**THE EFFECT OF CONSUMER PROTECTION ON BRAND LOYALTY IN FAST MOVING CONSUMER GOODS**

**ABSTRACT**

The study examined the effect of consumer protection on brand loyalty in fast moving consumable goods in Lagos.

The descriptive survey design was used in carrying out this research work. The research considered the survey research design appropriate, due to the fact that there were many variables to be measured at the point in time. The research used the structured questionnaire to be able to gain vital information from respondents.

The research work was limited to the age of 20 and above. The sample which was used for the study comprised of selected users and customer of FMCG products in Lagos State. The simple random sampling technique method was used, with a combination of two or more sampling technique which was justified and used to select 400 respondents.

The findings revealed that there is no significant impact on consumer protection on brand loyalty of fast moving consumer good in Ikeja, Lagos State; there is no significant impact on the improvement on production as a means of referral from consumer in their various brands especially in Fast moving consumer’s goods in Nigeria; health labeling has a significant effect on Consumer Patronage; expiration date has a significant influence on consumer satisfaction.

In conclusion, in Nigeria there are a large number of uneducated and illiterate citizens whom have no idea about their right to be protected and patronize products from brands with high quality. As such the Nigerian populous should become more aware of their rights, they should be educated through open symposium and seminars so that the citizens can hold the government as well as their bodies to higher standards.

The study suggested that; The government should not just make policies and regulatory bodies like NAFDAC and SON to monitor the activities of the manufacturers of the Fast-Moving Consumer Goods in Nigeria so that it could increase Consumer protection and Brand loyalty; Consumer Protection is within the organization and Brand loyalty is measured from the consumers whom are outside the organization; Consumer Bodies should include medical practitioners, nutrition and dietarians, biochemist, micro-biologist, marketers, pharmacist and others from different fields that can be certified that they are inducted into their professional bodies and have up to 15 years of working experience; Health labeling should be largely printed in all products in Fast moving consumer goods so that consumer know and see exactly what they are taken into their system; Expiration date is very necessary and important to be vividly seen by consumers on products of fast moving consumer goods.

**CHAPTER ONE**

**INTRODUCTION**

**1.1 Background to The Study**

In 2002, World Health Organization stated that about 70 percent (%) of the drugs available in Nigeria were fake or substandard. Also, National Agency for Food and Drug Administration and Control (NAFDAC) states that 41 percent (%) of drugs alone were counterfeit. (Yankus 2006 & Akunyili 2007)

We can see that there is a problem which is reoccurring in Nigeria with respect to lack of protection to consumers. Consumers are not loyal to the brands which they continually purchase. Consumer sovereignty can be seen as the moral basis of Marketing theory. (Kelly 2005) Consumer rights are not respected and protected, which leads to lack of brand loyalty in Nigeria even in fast moving consumer goods (FMCG). Consumers have become so tired of the lack of respect shown by producers that make fake products and change the quality of their product which brought forth the term consumerism, to protect the interest of consumer’s right. (Arnt, Barksdale & Perreault, 1980)

The protection of consumers has brought about consumer orientation, consumer focus and consumer driven strategies which are strongly incorporated into marketing terminology. (Kelly 2005).  Consumerism has been defined as a social movement which seeks to improve the rights as well as power which consumers have. (Kotler 1972, Perreault & McCarthy 2002)

In Nigeria, businesses are driven by the need to make profit. This makes them do things which are unethical and immoral, which have come to make the lives of consumers endangered. This has led them to complain and show lack of patronage to their product. In Nigeria, and most developing countries there are lack of movements to support and help protect consumers. (Bello, Suleiman & Danjuma 2012) Consumerism is a missing factor in Nigeria that has brought about government policy through legislation and efficient way of enforcing their laws rather than supporting consumers’ interests and feelings. (Keynak 1985) The different democratic governments have been successful in implementing agencies aimed at protecting consumers from fake and sub-standard product. Some of these agencies are; National Agency for Drug and Administration and Control (NAFDAC), Standards Organization of Nigeria (SON), Nigerian Industrial Standard (NIS), Consumer Protection Council of Nigeria and Consumer Protection Council Act. These bodies try to protect consumers from harmful products of suppliers as well as producer. (Bello, Suleiman and Danjuma 2012)

Once consumers get protected from some of the harmful effect which make them switch between brands, they will show more patronage, satisfaction and referral to such brands which takes into cognizance their rights and interests. This will lead to repeat purchase of the brand which meet and supersede their expectation. Being protected especially in fast moving consumer goods which are used every day as a household item will keep them interested. Consumers are the heartbeat of companies because they produce goods and services to meet consumer needs. Once consumers are not protected and do not patronize such business, their production would slowly go down to a halt.

Barksdale & Darden 1971, states that consumers are the center of all Marketing activities as well as business activities. This makes them highly important to the sustainability of the business. There is a paradoxical feeling to this where business’ paramount focus is in the advertising of their product to consumers more than their welfare which can be seen as a servant or slave treatment. (Vetrivel & Mohanasvndari 2011). Nigeria as a nation has shown numerous factors which proves that there is a need for a strong consumer protection law that will protect their interest. This can also make them undividedly loyal to their brand. The lack of consumer protection has led consumers to make continuous purchase of products from road side hawkers and retailers with no brand names or unrecognized brand names with little reputation (Bello, Suleiman & Danjuma 2012). Consumers are faced with the difficulty of having the opportunity to reach out to manufacturers or dealers of products that are properly made with recognizable and highly reputable brands. This makes them acquire substandard products which they are not adequately protected from.  This has made a lot of Nigerian consumer show unstable loyalty to different brands by making purchase of any product with the cheapest price that meet their needs depending on their income levels.

Bello, Suleiman & Danjuma 2012, argues that consumers of Nigerian market can be complacent. Taking the statistics from Mercy 2008 which proves that Nigerian complacency comes from the fact that consumers make the wrong choice to the purchase especially from electronics. The consumers tend to purchase from dealers with no reputation or are not major importers which do not offer them warranty or refunds of their money along with post purchase services. Nigerian consumers need to grasp the idea that they are very important, or they are the main source of income which flow into companies. Once they understand that then, they will be more interested in ensuring that they are protected in their rights as consumers. This will make consumers show more undivided patronage to reputable brands which will in turn give them satisfaction and they will make referrals of the brand which they use as household product. The fact that, there are no policies or proper law put in place to check the authenticity of manufacturers and their advertisement claims about their product, and the fact that consumer pay for packaged product without the ability to monitor the quality and quantity in some cases has led to challenges faced by consumers in Nigeria. This led to the establishment of laws to protect consumers. (Uche 1990)

In a market place, where there is little or no competition there arise defective goods and services, (Kanyip, 2005). However, if there are competition in the market for goods and service, consumers will express their preference for better judgement of their choice which will drive away undesired suppliers of goods and services in the market. According to Kanyip, (2005) Nigeria today with its sharp recession and sky rocketing prices of good’s brand name and goodwill, those cheaper products lack warranty and services to repair when damaged. Umenyin, (2007), states that a market with imperfection and lack of proper information as well as misleading information through deceptive advertisement has encouraged the increase of fake and substandard goods. In Nigeria and other countries around the world, consumer protection is the idea designed to ensure consumers right and interest, and are protected from bad practices of businesses, unscrupulous producers and service providers. (Bello, Suleiman & Danjuma 2012). Government has made an attempt to make provision for regulatory policies to protect and enforce right of consumers who pay for the goods and services rendered to them. Consumer protection law has two parts to it are details out the need to protect the interest, right and safety of end users of products and services. On the other hand, it tries to monitor and regulate the contractual transactions and private laws of relationship regulated for consumer’s protection. (Oko & Anyanwu, 2015)

It is highly important that Nigerian consumers are protected from companies, wholesalers, retailers, manufacturers and suppliers of unscrupulous product that is not only harmful to their health. This shows there is an interest to ensure that the money they pay for goods and services are properly monitored. Consumers that are protected as well as given good services will show an undivided loyalty to such products. However, when these consumers are not protected, and they begin to lose patience for producers of unethical product they will show divided, unstable loyalty. Their loyalty will lead to lack of patronage and satisfaction to the brand. Such brands will not be able to have good referrals from loyal customers that have made repeat purchase of their product for years due to lack of knowledge of their right and interest which have not been valued. In a nut shell, Nigerian consumers need to be protected and they need to be able to ascertain the product they buy are of good standard and quality which meet their wants and needs. These consumers will remain loyal to these brands especially in fast moving consumer goods in Nigeria.

**1.2 Statement of the Problem**

In developed countries, there are laws which protect consumers from unscrupulous, fake and sub-standard products. In developing countries like Nigeria however, there seems to be a situation where their existing laws are not enough to protect consumers from fake and sub-standard products. This makes consumers show lack of patronage, customer satisfaction and referral to the different brands in Nigeria. Consumers therefore, show unstable loyalty to the different brands in Nigeria. Most consumers change brands once they feel that the quality of that product has dropped. This also happens if they feel the quality has been contested by the government bodies put in place to make checks on practices of manufacturers. Okeke (1981) states, “business exist to firstly satisfy the interest of their owners, shareholders, the management, employee, and secondly meet the needs and demands of their consumers”.

In Nigeria, protection of the consumer has taken backstage which is seen as not paramount to business and manufacturers. Oko and Linus (2013), buttress this point by stating that in Nigeria as well as other developing countries, the interest of consumers especially in fast moving consumer goods, and those industries in that category exploit their different target market with the aim to actualize high margin of profit. This has led to the desire and the need for consumers right to be protected, as brands who put the health and wealth of their consumer first will experience more satisfaction, referrals as well as patronage from consumer. They have undivided loyalty to those brands.

Consumer protection have been inactive in Nigeria from the perspective of various marketers since 1970s in the view of Onah (1979), Agbonifo, Ogwo, Nnolim and Nkamnebe (2007) and Ayozie (2013). They all have stated that the business environment has not made adequate attempt to ensure that consumers are properly protected in Nigeria which is a huge issue as users of product. If products which are easily consumed by large number of Nigerians are not checked to be sure that they are up to standard, this leaves them open and exposed to different illness which could mean that the interest of the consumers are not protected. Consumers are the reasons for which business exist. Their lack of opportunity to go directly to the manufacturer has derived the need for more protection to consumer so that they remain loyal to the brand in which they put so much trust.

Consumers’ perception influence consumer behavior to remain loyal to a brand or to switch to better brands that protect their right as well as their interest. This point emphasized by Hawkins, Best and Coney (2001) states, “Perception influences the behavior of consumers in which they determine the rate and level of accepting public and private view of market offers”. Consumer knowledge about the best-in-class product with superior quality, best standard, and good quantity have been certified authentic by National Agency for Food and Drug Administration and Control, Standards Organization of Nigeria and Nigerian Industrial Standard. The protection of consumers should be brand’s number one priority rather than making profit only. This will lead to the perception of consumers that these brands are actually protecting them from unscrupulous practices and fake product. Thus, they will continually patronize them once certified by the different governmental bodies.

Lack of consumer protection, therefore, in developing countries especially Nigeria has led to unstable loyalty to the different brands which has made consumers to change brands frequently to satisfy their needs. From the forgoing, therefore, the problem that this study seeks to address is to find out the extent to which the available consumer protection laws and activities would have effect on loyalty of consumers on different brands of goods in Nigeria. What is the extent to which government, the society, organizations and manufacturers are striving to protect consumer rights especially in fast moving consumer goods in Nigeria? There is need to know 1. if manufacturers had looked beyond making profit 2. if they are adopting societal marketing concept as well as consumer-oriented marketing to improve their credibility to consumers to satisfy them, get referral from them, and have large number of patronage so their brands remain market niche in Nigeria.

# RESEARCH QUESTIONS

* + 1. How would one identify the FMCG which are strong brands?
    2. In what ways will price differentiation on FMCG ensure brand loyalty?
    3. What effect has the factors that create FMCG had upon the competitive market?
    4. How do the effects and implications of determinant variables ensure markets for FMCG

# RESEARCH OBJECTIVES

* + 1. To identify FMCG which are strong brands
    2. To examine the factors that create consumer brand loyalty
    3. To draw conclusions on reasons to maintain brand loyalty in customers.

**1.7 Scope of the Study**

The study was focused mainly to investigate, the effect of consumer protection on brand loyalty in Fast moving consumable goods in Lagos. The target population of Lagos state is about 8,048,430 people based on the 2006 census. However, the sample size will be 400 which are made up of students, domestic mothers, lecturers, doctors and retailers. Simple random sampling technique was used to pick the respondents of the questionnaires. The survey will be done within two weeks between Ikeja and Berger axis of Lagos State Nigeria.

**1.8 Significance of the Study**

This research aimed at improving the general knowledge about consumer protection so that they become more loyal to the different brands in fast moving consumer goods in Nigeria. Once consumer interest and right are protected by the regulatory bodies it will have an impact on loyalty of brands in fast moving consumer goods.

1.8.1 Management Practices

Organizational management should see the importance of ensuring that they produce quality product and not just focus on quantities aiming at making profit only. They will begin to respect consumers who play a pivotal role in the success of the company. Management should integrate safe practices by using good quality substance; increase the quantity of the product as well as protecting their consumers. This will increase profitability and loyalty to the brands in fast moving consumer goods in Nigeria.

1.8.2 Industry

Industries in fast moving consumer goods in Nigeria will enjoy profitability as well as brand loyalty once they begin to protect their consumers by cutting out some of the unethical and unscrupulous activities which they perform. Industries should also adopt marketing philosophies by ensuring that they meet the needs of their consumers. This research will have impact on industries by allowing them understand they need to protect their consumer. This in turn would increase brand loyalty as well as increase profitability.

1.8.3 Government

Government play a vital role in ensuring that their citizens are protected from unscrupulous and immoral activities of business practices. This research will help the government to take a deeper look at the regulatory bodies whom should continually check Organization’s practices for unethical behaviors. The government should also take a look at the activities of National Agency for Food and Drug Administration and Control, Standard Organizations of Nigeria, Nigerian Industrial Standard as well as amend the Consumer Protection Council Act to ensure their citizens are properly and efficiently protected from different brands in fast moving consumer goods in Nigeria. This research would help the government to address issues of sub-standard, fake and adulterated products in the marketplace consumed by Nigerians. This will also help to meet and satisfy the needs of all Nigerians no matter their religious belief that need to be protected. The government should especially make provision of Halal products both in fast moving consumer goods as well as pharmaceutical products for the Muslims.

1.8.4 Society

This research looked to impact and educate the Nigerians that as consumers whose rights should be protected from bad practices of organizations who only want to make profit. Consumers and citizens of Nigerian should be educated enough to know they have the right to complain when organizations give them adulterated products which are harmful to their health. Consumers should be able to fight for their right hence the marketing concept called consumerism aimed at shielding consumers from the unethical and unscrupulous practices of businesses. This research also aims at helping consumer know that organizations that protect their interest are worth being loyal to and should continually purchase such products. It is hoped that this research will open the minds of consumers to know that they should not be silent, and take fake products from fast moving consumer goods. They should be able to call out to the government to make adequate policies to protect them.

**1.9 Definition of Operational Term**

Consumerism: an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to seller.  It can also be said to be an organized effort of consumers aimed at promoting, protecting and enforcing the rights of consumers in their exchange relationships with all organization and individuals. Consumerism is an organized effort of concerned citizens, businesses and government to equate the balance of power between parties to an exchange, and redress and remedy injustices done to the consumers in the pursuit of a standard living. (Philip Kotler)

Consumer products: a product or service bought by final consumers for personal consumption. (Marketing Dictionary)

Brand: A name, term, sign, symbol, or design, or a combination of these, that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors. (Philip Kotler)

Consumer-oriented marketing: A principle of sustainable marketing that holds that a company should view and organize its marketing activities from the consumer’s point of view. (Philp Kotler)

Consumers: Consumer are people who buy products and services provided by the producers. (Business Dictionary)

Consumer Loyalty: is a positive attitude and behavior related to the level of future re-purchasing commitment among consumers. Consumer Loyalty is a commitment of customers to do dealing with a particular firm, buy their product and services and refers it to colleagues. (Marketing Dictionary)

Consumer Protection; this is the protection of buyers of goods and services against low quality or dangerous products and advertisement that deceive people. Consumer Protection can also be defined as a means of safeguarding the interest and rights of consumers from unscrupulous and unethical malpractices by the business and to provide them speedy redresser of their grievances. (Investopedia)

Brand Loyalty: is a pattern of consumer behavior where consumers become committed to brands and make repeat purchases from the same brand over time. Loyal customers consistently purchase product from their preferred brands, regardless of convenience or price. Brand Loyalty can also be defined as the extent of the faithfulness of consumer to a particular brand, expressed through their repeated purchases irrespective of the marketing pressure generated by the competing brand. (Business Dictionary)

# CHAPTER TWO

# REVIEW OF LITERATURE

# BRANDS FOR EXISTING MARKETS

Brands are among an organization’s most valuable assets, and leading organizations (as in the case of Coca Cola) today realized that capitalising on their brands is more important than their tangible assets. Doing so can help them achieve their growth objectives quicker and more profitably (Davis, 2000). Leading organizations know that brands are more than just products: brands are also an indication of what the organization does and, more importantly, what the organization is. Usually brands are why an organization exists; not the other way round (Davis, 2000). However, most organizations are not maximising their potential financial returns because they are not maximising the power of their brands. With proper brand management, organizations can experience exponential growth, but this will happen only if these organizations take advantage of the most important growth weapon at their disposal: their brand (Davis, 2000). Most organizations within the FMCG market believe that they operate in a ‘mature’ industry and therefore use little imagination in marketing and branding their products. In order to distinguish its brand, an organization needs to be innovative. In this way imaginative organizations can rewrite industry rules and create new futures for themselves (Wileman & Jary, 1997). In the FMCG market, sustainable growth can only be achieved by companies that are successful in creating good, trusted brands

# CONSUMER LOYALTY WITHIN FMCG

Central in a market economy is a diversity of taste and preference. Organizations cater for this in differentiating products on both tangible and intangible attributes. This product differentiation provides an opportunity to consumers to claim their difference, demonstrate their originality and express their personality through their brand choices. In this way, consumers can also communicate their value system (Lambin, 2000). Both Keller (1998) and Kapferer (1999) believe that there are three types of qualities of brand characteristics that are important to consumers: Qualities that are noticed by contact before buying. That is, the brand’s attributes can be evaluated by visual inspection (for example size, colour, style and ingredient composition). Qualities noticed uniquely by experience, thus after buying. Actual brand trial and experience is necessary (for example service quality, safety, and ease of handling). Credence qualities that cannot be verified even after consumption and which consumers have to take on trust. Because of the difficulty in assessing and interpreting product attributes and benefits through experience and with credence brands, brand names may be particularly important signals of quality and other characteristics to consumers.

De Chernatony and McDonald (2000) go one step further in arguing that a brand is more than just the sum of its component parts. For the purchaser or user, a brand embodies additional attributes which, while they might be considered by some to be “intangible”, are still very real and in consumers’ minds, are seen as added values. The added value of a product is created through the marketing mix of the product, packaging, promotion, price and distribution and creates a distinctive position within the consumer’s mental map.

# MARKETS FOR FMCG

The market presence of a brand is everything about the brand that is external to the consumer’s mind, namely, distribution, in-store position, relative price, et cetera. It does not help a brand if the consumers are looking to purchase a brand, but it is unavailable (Hofmeyr & Rice, 2000).

Mariotti (1999) lists a few more factors that drive brand loyalty. These include:

* + 1. value (price and quality);
    2. image (both the brand’s own personality and its reputation);
    3. convenience and ease of availability;
    4. satisfaction;
    5. service; and
    6. Guarantee or warranty.

Lambin (2000) believes there is a link between satisfaction and loyalty and illustrates this by using the real-life example of research conducted at Rank Xerox. According to conventional wisdom, the relationship between satisfaction and loyalty should be a simple linear one: as satisfaction increases, so does loyalty. A research conducted at Rank Xerox and replicated by Jones & Sasser (in Lambin, 2000) showed a much more complex relationship.

# 2.3.1 Competition within markets

Terblanche (2002) assets that the rapidly increasing competitiveness within the fast-moving consumer goods (FMCG) market compels an organization within this market to not only entice consumers to purchase the organization’s brand, but also to keep these consumers purchasing the brand. It is therefore essential that an organization creates and maintains loyalty among consumers towards its brand.

# VARIABLE EFFECTS OF FMCG

Oliver (1997) argues that there are different attitudinal phases of loyalty and that consumers can become “loyal” at each attitudinal phase of the attitude development structure. In theory, consumers first become loyal in the cognitive sense, followed by loyal in the affective sense, then by loyal in the conative manner and finally, in the behavioural sense. The final stage is also called “action inertia”.

Cognitive loyalty: In this stage loyalty is based on brand belief only. The brand attribute information available to the consumer determines whether one brand is preferred above its alternatives. Loyalty to the brand in this stage is therefore based on the brand’s attribute performance levels and the available information about the brand. This loyalty is, however, of a very shallow nature and applies mostly to transactions of a routine nature, for example, utility provision trash pick-up. During these routine transactions satisfaction is hardly ever processed and the depth of loyalty is no deeper than mere performance. If satisfaction is processed, it becomes part of the consumer’s experience and begins to take on affective overtones. Oliver (1997).

Affective loyalty: At this phase of loyalty development, a number of satisfying usage occasions results in the development of a liking, or attitude towards the brand. The consumer becomes loyal due to the pleasurable satisfaction derived from using the brand. Whereas cognition is directly subject to counter argument, affect is not easily dislodged. However this form of loyalty remains subject to switching, as evidenced by data that show that large percentages of brand defectors claim to have been previously satisfied with their brand. It would be more desirable, for the organization, if consumers were loyal at a deeper level of commitment. Ibid.

Conative loyalty: Conation, by definition, implies a brand - specific commitment to repurchase. This stage of loyalty is brought about by repeated episodes of positive affect towards the brand. Conative loyalty is a loyalty state that, at first, appears to result from a deep commitment to rebuy. However, this commitment is more to the intention to rebuy the brand and not to the brand itself.

Action loyalty: In the action loyalty phase, the motivated intention in the previous loyalty state is transformed into readiness to act. In addition to the intention to rebuy the brand, the consumer is also motivated by a desire to overcome obstacles that might prevent the action. If this is repeated, an action inertia develops, thereby facilitating repurchase. Oliver (1997).

The various phases of loyalty can therefore be summarised as follows: cognitive loyalty focuses on the brand’s performance aspects, affective loyalty is directed towards the brand’s likeableness, conative loyalty is experienced when the consumer focuses on wanting to rebuy the brand, and action loyalty is commitment to the action of rebuying.

# BRAND LOYALTY FOR FMCG MARKETS

Brand loyalty in fast moving consumer goods space is fast changing in the Indian context. Armed with better purchasing power, wider options and desire to experiment, the Indian consumer is redefining the concept of brand loyalty. Lamb (2000) explored the different ways through which brands can strengthen their loyalty according to the following indicators.

# Strengthening Brand Loyalty

**Product Differentiation:** If the products are well differentiated among the **segment** and the difference is perceivable by the consumer then there are chances of building brand loyalty based on satisfaction derived out of the brand that fits their needs. Loyalty is driven by functional or symbolic benefits. Functional benefits here refer to tangible features offered by the product while symbolic benefits are intangible features like brand personality. What are the different product differentiation variables? It is important to understand these variables while devising the product differentiation strategy. There is no point having a well differentiated product which is no one is willing to buy. The following are important variables:

* + - 1. What are the basic needs - Price, size etc
      2. What are the expected needs – Quality, level of service
      3. What are the desired needs

**Price Differentiation**: Indian consumer is very price sensitive. If the price differentiation is perceivable then price led loyalty can be built. Price differentiation is often practiced by supermarkets & hypermarkets, airline companies and FMCG brands, which comes out with sales promotion and freebies. But continued sales promotion can also lead to brand dilution. For example, Milo when it was launched in India had always some freebies like cricket bat, tennis ball etc on its purchase. This helped Milo initially but as soon as the sales promotion was stopped the sales of Milo nosedived and the product had to be taken out of Indian Market. More the Sales promotions, lesser the likelihood of brand loyalty in the segment which is the focus of such efforts. Sales promotion strategy should be used well with overall strategy of the brand. A **premium brand** which gets into frequent sales promotion has the risk of losing its premiumness

— a permanent damage to a brand which has spent years creating the premium aura. Price can also be taken as indicator of brand quality, and customer might go for higher prices options. Price led differentiation should be carefully considered and customer should not never perceive dilution. Lamb (2000).

**Branding Activity:** Branding activity is often associated with the brand names, **logos**, symbol, images and associations. Branding activity influences customers towards not only functional aspects of product but also towards symbolic aspects. Cadbury dairy milk’s advertisement always focus on the emotional connect of the consumers. This is one good example of using symbolic dimension. Branding activity can also be achieved through sponsorships. Lamb (2000).

**Involvement of Consumers:** Higher involvement of customers in the brand promotions means higher rate of repeat purchase. With the advent of social media more and more brands are involving consumers in the new initiatives through various social networking websites like facebook and twitter. Lamb (2000).

# CHAPTER THREE

# RESEARCH METHODOLOGY

# RESEARCH DESIGN AND STRATEGY

The study adopted a quantitative and deductive way to understudy the research investigation. A quantitative approach was to enable a complete understanding of the variables affecting the fast moving consumer goods markets. Coding the determinant variables to elicit respondents’ data enabled the numerical representation of the collected information to provide empirical results for the study.

# RESEARCH POPULATION

The research population for the study defined the generally large collection of individuals and objects that were the main focus of the scientific query. It is for the benefit of the population, the fast moving consumer goods markets, which made the research study conclusive. Due to the large size of the initial population, in this case, the wholesalers, retailers, agents, third party persons, experts, consultants, general public, economists and government in general. The estimated population numbered 1,000,000.

Sample survey techniques covered individuals and bodies in the group being investigated. A fraction of the total population was selected in a way to effectively represent the entire population. The study used a simple random sampling technique to represent the total population.

# SAMPLE SIZE

A sample frame of a figure about 2,500,000 was streamlined into a population figure of 1,000,000. A further representative deduction realized a sample size from an initial 250 to an approximate size of 84. Using the random sampling technique, the investigation determined the nature of the subjects to solicit opinions from. This effectively represented the population of the study. The concept of sample arises from the inability of the researchers to test all the individuals in a given population. The sample used was the representative of the population from which the study was drawn and it was a good size to warrant statistical analysis.

The selection of a suitable Sample Size from the population was paramount to the achievement of the set objectives under study. The final sample size is almost always a matter of judgment as well as of calculation. Sharp et al. (2002).

Assuming an initial 200 elements, forming major subject-criteria for the research investigation, this represented 10 different divisions or markets for fast moving consumer goods, for the conduction and administration of the research under the population. And therefore, estimating the sample size is as follows:

That is, population number = 1,000,000

Population category = 10 (of 200 elements each) Total elements within population category = 200

Therefore, the Sample Calculation = 1,000,000/2000

Hence, initial Sampling estimate = 500

Since resource constraints; therefore = 500/6

**Representative Sample Size** = approximately, **84** in number

With a sample size of 84, the expectations were to elicit from these respondents data surrounding the research objective and questions.

# RESEARCH INSTRUMENTS

As part of data collection to answer the research questions of the study, research instruments were the tools employed to effectively describe the process of categorizing and grouping aspects of the population in order to elicit accurate responses, numerically quantify them to answer the problem of the study. Kumekpor (2002). Observation, interview and questionnaire were the research instruments used to score data towards effectively achieving research objectives.

# Observation, Interview and Questionnaire

A major contributing factor towards studying variables under the research investigation was the use of direct observation as a research instrument. Kumekpor (2002). The general observation of trends and some business transactions showed the behavior and attributes of the problem under study. The variables in these indicators were valuable criteria in the conduct of the research questions and problem statement.

The conduct and administration of the research study was to use Interviews and Questionnaires in a structured way to elicit accurate, reliable, valid, and consistent findings. Reliability of a research refers to the extent to which data collection techniques or analysis procedures yield consistent findings.

The interview was designed in a way to enable the researcher use the response after a careful design, development and administration. The questionnaire was grouped in order of main research objectives and conduct of the problem. The criterion for the selection of answers to these categories depended on the respondents’ background understanding of the determinants variable.

The questionnaires were distributed to respondents by the researcher over a period of six days and were collected almost immediately. A face-to-face interview was conducted to elicit supporting data from experts within the industry. Personal interviews schedules were strictly simple and had similar basis with the structured questionnaire. The questionnaire and interview items were in the form of 2% open-ended and 98% of closed-ended questions. Underpinning a research design was the issue credibility of the research findings and the relatedness was the deployment of reliable questionnaire and interview. Sharp et al. (2002).

# MODE OF RESEARCH ANALYSIS

The data was descriptive and explained the fundamentals of the research variables set within the empirical investigation of social research. Analyses of data collected were expressed most quantitatively, using Microsoft Excel program, as well as SPSS. Statistical techniques such as frequency distribution tables and pie chart were the primary visual forms of research communication that further described the research variables under study. Conclusions were thus drawn upon analysis of these relevant variables inherent in the problem statement as: in what ways would strategies be implemented to maintain brand loyalty for the fast moving consumer goods product despite a fierce market competition?

# CHAPTER FOUR

# ANALYSIS OF DATA RESULTS

# DISCUSSION ON FINDINGS

# Table 1 THE FMCG HAS TO DO WITH THOSE CONSUMABLES WHICH ARE REGULARLY BEING CONSUMED?

|  |  |  |
| --- | --- | --- |
|  |  | |
|  | Frequency | Percent |
| **Valid** YES | 69 | 82 |
| NO | 4 | 5 |
| MAYBE | 7 | 8 |
| DONT KNOW | 4 | 5 |
| Total | 84 | 100 |

The respondents rightly discovered a problem was to inform the researchers on the basic consumables which were regularly being consumed by the target audience. The primary objective of the study was to explore why loyalty develops in fast moving consumer good(FMCG) markets from the consumers’ perspective. This was seen as a result of the dependence of these targeted audiences on the performance of their daily activities. Some customers even identified pharmaceutical products, paper products, and even telecom cards or phone credit cards. The essence was to entice consumers to continue to purchasing the brand. It was noted that organizations creates and maintains loyalty among consumers towards its brand by practicing conditional advertising too.

# BRANDS AND LOYALTY WITH FMCG MARKETS

# Table 2 WHAT FACTORS DRIVE BRAND LOYALTY FOR FMCG MARKETS?

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Cumulative  Percent |
| **Valid** VALUE | 9 | 11 | 11 |
| IMAGE | 36 | 43 | 54 |
| SATISFACTION | 15 | 18 | 71 |
| SERVICE | 4 | 5 | 76 |
| PRODUCT | 20 | 24 | 100 |
| Total | 84 | 100 |  |

The research study through the data collection instruments, identified the highly sensitive nature of the markets for FMCG. A consumer would switch to even a private label depending 70% of the times on prices alone. Figure 8 was quick to demonstrate this scenario for study.

# Table 3 WHY WOULD A CONSUMER SWITCH FROM ONE FMCG TO ANOTHER?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | | |
|  |  |  |  |  |
|  |  | Frequency | Percent | Cumulative  Percent |
| **Valid** | INEFFICIENCY | 13 | 15 | 15 |
|  | PRICES | 59 | 70 | 86 |
|  | PRODUCT | 12 | 14 | 100 |
|  | Total | 84 | 100 |  |

# Table 3. WOULD YOU RECOMMEND CREATION AND MAINTENANCE?

**OF BRAND LOYALTY AT YOUR ORGANIZATION?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Cumulative  Percent |
| **Valid** YES | 65 | 77 | 77 |
| NO | 8 | 10 | 87 |
| MAYBE | 5 | 6 | 93 |
| DONT  KNOW | 6 | 7 | 100 |
| Total | 84 | 100 |  |

The need for recommendation of a brand to another was a positive finding from the data collected. A satisfied customer owes it a duty, a moral one, to relay a delightful experience to another client for a possible purchase.

That is, the brand’s attributes can be evaluated by visual inspection (for example size, colour, style and ingredient composition). Qualities noticed uniquely by experience, thus after buying. Actual brand trial and experience is necessary (for example service quality, safety, and ease of handling). Kapferer (1999).

# Table 4. DO YOU THINK THE INCREASING COMPETITIVENESS WITHIN THE FMCG MARKET COMPELS

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Cumulative  Percent |
| Valid COMPETITION | 10 | 12 | 12 |
| SATISFACTION | 51 | 61 | 73 |
| NEEDS | 5 | 6 | 79 |
| STRATEGY | 18 | 21 | 100 |
| Total | 84 | 100 |  |

Oliver (1997) argues that loyalty to the brand in this stage is therefore based on the brand’s attribute performance levels and the available information about the brand. This loyalty is, however, of a very shallow nature and applies mostly to transactions of a routine nature, for example, utility provision trash pick-up. During these routine transactions satisfaction is hardly ever processed and the depth of loyalty is no deeper than mere performance.

# EFFECTS AND IMPLICATIONS OF FMCG

# Table 5 LEADER IN PRICE AND QUALITY ENSURES HIGHEST CONSUMER PATRONAGE-

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Cumulative  Percent |
| **Valid** YES | 65 | 77 | 77 |
| NO | 10 | 12 | 89 |
| MAYBE | 9 | 11 | 100 |
| Total | 84 | 100 |  |

Respondents were quick to point out that leader in both price and quality earned their respect in terms of sales and profit benefits. 77% of respondents believed competitive pricing and quality caused consumers to maintain brand and hence band loyalty.

# Discussion of findings

The research investigations were conducted to ascertain the nature of brand loyalty within the FMCG markets in the Lagos metropolis of the Ashanti Region. The causal-effects, implications and the benefits associated with the impact of brand loyalty on the conduct of fast moving consumer goods, according to the study, imposed a strategic communication approach for adoption by the organization. The study established the process towards effectively describing the determinant variables of the research investigation. These communication strategies identified some commonalities between the variables describing the empirical study: that for effective branding deployed communication mixes to keep reminding the consumer of products and services of the FMCG markets and industry. Respondents attributed the deployment of efficient customer relationship management as well as effective integrated marketing communication strategies.

The results found that the FMCG market and industry were highly competitive, depending on a low operational cost and also largely dependent on a distribution network for the products and services. Keeping track of the consumers’ attitudes towards the brand was a process to provide vital feed back to FMCG markets. Respondents were of the view that competitive prices (low operational cost) and consistent quality of FMCG products and services had major implications impacting on brand loyalty.

# CHAPTER FIVE

**SUMMARY, CONCLUSION AND RECOMMENDATION**

# SUMMARY OF STUDY

The study introduced the research investigation by setting out the modalities, scope, and terms of reference for understudying the empirical study. It define the research objectives by expounding on the research questions, hence described the hypothesis of study. A problem statement for embarking on the research study further established the empirical research study for on the impact of brand loyalty on the performance of FMCG markets within the industry.

The Literature review relevant data and studies documented in the field of brand loyalty and FMCG markets as determinant variables in the thematic area of the study. Most of these written materials formed the basic understanding of the data collected on FMCG markets. The secondary data was the defining point for establishing the facts under the research investigation.

Then the procedure, design and methodology used by the researchers to the conduct and administration of the study were deployed. This was developed to conceptualize the causal- effects and implications of FMCG markets. The research design and methodology was the general plan to answer the research questions. A quantitative approach to the study depended on effective research instruments to efficiently describe the exploratory process of the study. it was still prudent to conduct a survey using the simple random sampling technique to assess respondents opinions, hence the collection of primary date upon which the research depended. With a relative sample size of 84, the main research instrument used was the questionnaire and interview. Conclusions on these were drawn by analyzing data using SPSS, and Microsoft Excel. Results presented were generally through discussion of findings – as demanded from the problem statement, research objectives and research questions. Visually supported communications using graphs, charts and tables further streamlined all results presentations and findings of the study. Description of facts and data were best enabled through the use of these tables and figures.

# CONCLUSION

Increasing competition within the local Nigeriaian FMCG markets has made the traditional price and quality producing leadership in an industry as too little. It is no longer enough to depend on these attributes for leadership in products and services. Organizations that realized the importance of product branding as a valuable asset towards providing substantial returns on investment in the long run highly set their objectives right. Organizations can experience exponential growth if they recognise the true value of brands and capitalize on that by creating good, trusted brands.

The study indicated a level of management involvement in first and foremost defining the brands for FMCG markets, and then identifying which ones are strong brands within the industry. The measure of branding was seen to be dependent on communication strategies for deploying conditional advertising and promotional campaign to create a general awareness of FMCG products and services. The consumer expects the FMCG markets to provide their expectations from needs assessment carried across by the organization.

The study found out that the maintenance of FMCG market was connected to the methods for building and crafting brand loyalty. In order to survive in such an environment, organizations need to proactively formulate and adopt strategies that will enable them to establish a strong base of customers that are loyal towards the organization’s brand.

The main focus of the research study aimed at establishing the strength and weaknesses of the impact of brand loyalty and the bonds existing between consumers of FMCG products and services through the distribution channels like wholesalers, and retailers. The factors that create consumer loyalty were closely associated with the short to long term planning of the FMCG markets. Building brand loyalty is not a simple process and organizations should realise that it is a long-term process with many facets.

# RECOMMENDATION

Based on the research findings discussed and analyzed on the impact of brand loyalty on the performance of FMCG markets, the researcher would like to recommend the following suggestions for possible adoption and usage:

That conduct and administration of corporate organization within the FMCG markets should continuously stream line their communication strategies to effectively integrate consumer relationship on creating and maintaining brands.

The need to use information system technologies and marketing surveys to determine the levels of consumer loyalty within the FMCG markets would provide adequate competitive advantage for establishing brand loyalty.

It is not a simple matter these days for the FMCG markets. Planning on FMCG products and services must not only be in the short term. It becomes most expedient to rather plan for the long term as FMCG markets thrive on that to build its brand and hence brand loyalty.

FMCG markets depend on management policy at using programs within the print and electronic media for crafting the awareness of products to the consumer.

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# QUESTIONNAIRE

As a requirement for the award of a degree, this research data collection process is to elicit respondents’’ opinion on the theme of the topic. It is confidential and only for academic purposes.

Thanks sincerely

…………………………….

Please tick and answer as appropriate.

1. The Fast Moving Consumer Goods has to do with those consumables which are regularly being consumed?
2. 1.Yes 2.No 3. Maybe 4.Don’t know
3. Factors that made the FMCG industry highly competitive are …
   1. Low operational cost 2. Distribution networks 3. High prices
4. Do you think every market can identify with FMCG?
   1. Yes 2. No 3. Maybe 4. Don’t know

**PART THREE:** Brands and Loyalty with FMCG markets

1. What factors drive brand loyalty for FMCG markets?
   1. Value 2. Image 3. Satisfaction 4. Service 5. All of above
2. Why would a consumer switch from one FMCG to another?
   1. Inefficiency 2. Prices 3. Service 4. Product
3. Would you recommend creation and maintenance of brand loyalty at your organization?
   1. Yes 2. No 3. Maybe 4. Don’t know
4. Why would a consumer switch from one FMCG to another?
   1. Inefficiency 2. Prices 3. Recession 4. Stability

**PART FOUR:** EFFECTS and IMPLICATIONS of FMCG brands

1. Leader in price and quality ensures highest consumer patronage-
   1. Yes 2. No 3. Maybe 4. Don’t know
2. What is a major effect of FMCG market in Nigeria today?
   1. Price changes
   2. Branding
   3. Competition
   4. Experience
3. Would you suggest the creation of positive attitudes towards products and brands?
   1. Yes 2. No 3. Maybe 4. Don’t know
4. A satisfied consumer base can reduce uncertainty and risk at FMCG-
   1. Yes 2. No 3. Maybe 4. Don’t know