
IMPACT OF COVID-19 ON BRAND LOYALTY IN FMCG SECTOR: IN INDIA.

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Abstract

The global impact of the Coronavirus pandemic is unprecedented, and consequently the impact is even greater in emerging economies like India. Fast-moving consumer goods (FMCG) is one of the most important sectors in India, with numerous businesses, including domestic, care, and so on, that are in high demand, regularly consumed, and services are offered for a minimal cost. This paper is a decision to investigate the COVID-19 epidemic in the FMCG sector.

Key words: Coronavirus, Brand Loyalty, FMCG

Introduction

Coronavirus pandemic had changed each part of life radically. Organizations are among the most influenced area, being at miniature level or multinationals organizations. For example, the investigation of Jung, Park, Hong and Hyun (2016) during MERS flare-up in Korea uncovered that client had changed their utilization conduct on different item classes and their inclination on appropriation channel additionally changed colossally. It is normal that life after pandemic would be harder to specific organizations furthermore, customers particularly in adjusting 'new ordinary' wonders also, overall monetary emergency. During pandemic, brand wellbeing become a significant subject important to different partners. Brand had a wide choice either to 'make' or 'break'. Brand wellbeing is solid when their clients are steadfast and had a decent standing then brand is powerless when client's inclination, mentality furthermore, conduct begin blurring (Berg, Matthews and O'Hare, 2007; Sadi and AlMallah, 2018). Notwithstanding, exceptionally creative brand could endure this difficult new ordinary scene. Brand becomes more noticeable during pandemic on the off chance that they show sympathy and start methodologies to delay client relationship (Waldron and Wetherbe, 2020). For example, BYD, the Chinese electric vehicle creator got one of the world's biggest face cover makers during COVID-19 (Sonne maker, 2020). Other clinical supplies (cover, attire, PPE, ventilator) were also created by Proton, General Motor, and Passage for use by front-line personnel (Proton, 2020, April 9; Ulrich, 2020).

These companies have developed strong brand recognition by demonstrating their concern and responsibility in the fight against the pandemic on both a local and global scale.

Overview of the Industry

The fourth-largest market in India is for fast-moving consumer goods (FMCG), with family and individual consideration accounting for half of all transactions. The three main factors influencing development in the area have been the growth of mindfulness, easier access, and shifting lifestyles. The city-regional part (represents an income portion of around 55 percent) is the main driver of the overall income that India's FMCG industry generates. On the other hand, compared to urban India, the FMCG market has grown more quickly in rural India over the last few years. The semi-metropolitan and rural areas are growing quickly, and half of all provincial spending is on FMCG products.

Market Size:

According to estimates, India's retail market will grow from US\$ 840 billion in 2017 to US\$ 1.1 trillion in 2020. Current exchange rates are predicted to grow at a rate of 20 to 25 percent annually, which is likely to boost FMCG companies' profits. The FMCG sector's revenue totaled Rs. 3.4 lakh crore (US\$ 52.75 billion) in FY18, and it is projected to reach US\$ 103.7 billion by 2020. The FMCG market is anticipated to grow by 9–10% in 2020.

Increased country usage will fuel the FMCG market. It makes up about 36% of the overall FMCG expenditures. Due to various government initiatives (like packaged staples and cleanliness classes), high rural produce, inverted relocation, and a lower unemployment rate, FMCG saw a twofold digit development recovery of 10.6 percent in country India in the second to last quarter of FY20.

Ventures/ Developments:

In food handling and single-brand retail, the government has allowed 100% Foreign Direct Investment (FDI), and 51% in multi-brand retail. As a result, consumer spending would be supported and additional product shipments would be enabled. This would also strengthen the work, store network, and high perceivability for FMCG brands through coordinated retail showcases. From April 2000 to September 2020, there were significant FDI inflows of US\$17.8 billion into the region.

The following are some recent advancements in the FMCG sector:

- Emami Ltd. announced its entry into the home hygiene industry in November 2020, with products under the 'Emasol' brand.
- In December 2020, Fresh To Home (FTH), which offers online fresh fish and meat, revealed that it expects to more than quadruple its sales to Rs 1,500 crore in the next 12 months, supported by business-wide expansion, including its 'FTH Daily' service.

Categories & Major Players in FMCG

FMCGs are classified into various categories, including:

- Processed foods include cheese, cereal, and boxed pasta.
- Prepared meals include: Meals that are ready-to-eat
- Beverage options include bottled water, energy drinks, and juices.
- Baked items, including cookies, croissants, and bagels
- Fresh, frozen, and dry goods: fruits and vegetables, frozen peas and carrots, raisins, and almonds
- Medicines: Aspirin, pain killers, and other medications available without a prescription
- Cleaning supplies, including baking soda, oven cleaner, and window and glass cleaner
- Cosmetics and toiletries: shampoo, concealer, toothpaste, and soap

Major Players in India-

1. **Hindustan Unilever Limited (HUL):** Hindustan Unilever Limited (HUL) is a multinational consumer goods corporation headquartered in Mumbai, India. It is a subsidiary of the Anglo-Dutch conglomerate Unilever. Foods, beverages, cleaning chemicals, personal care items, water purifiers, and other fast-moving consumer goods are among its products. HUL was founded in 1931 as Hindustan Vanaspati Manufacturing Co. and was renamed Hindustan Lever Limited after a merger of constituent firms in 1956. In June 2007, the firm was renamed Hindustan Unilever Limited.
2. **Dabur:** Dabur India Ltd is an Indian multinational consumer goods firm headquartered in Ghaziabad, Uttar Pradesh, founded in 1884 by S. K. Burman. It produces Ayurvedic medication and natural consumer goods. It is one of India's largest fast-moving consumer goods (FMCG) corporations. Dabur generates roughly 60% of its revenue from the consumer care industry, 11% from the food business, and the remainder from the foreign business unit. As of May 27, 2020, the company's market capitalization was 93,650 crores. Dr. S.K. Burman, an Ayurvedic practitioner in Kolkata, developed Ayurvedic medications for disorders such as cholera, constipation, and malaria in the mid-1880s. In 1884, he founded Dabur India Ltd to mass-produce his Ayurvedic compositions. C.L. Burman, his son, established Dabur's first R&D unit. Dr. Anand Burman, the current chairman, and vice-chairman Amit Burman are members of the family's fifth generation. When they handed over control of the company to experts in 1998, they were among the first business families in India to separate ownership from management.
3. **Amul:** Amul is an Indian dairy cooperative association located in Anand, Gujarat, India. It is a cooperative brand administered by the Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), which is presently jointly owned by 36 lakh (3.6 million) milk producers in Gujarat and the apex body of 13 District Milk Unions distributed across 13,000 villages in Gujarat. Amul was a driving force behind India's White Revolution, which saw the country become the world's largest producer of milk and milk products. Tribhuvandas Patel's efforts resulted in the establishment of Kaira District Milk Union Limited (later renamed Amul) in 1946. Amul's inception made a crucial contribution to India's white revolution.
4. **Nestlé:** Nestlé is a Swiss multinational food and beverage processing firm headquartered in

Vevey, Vaud, Switzerland. Since 2014, it has become the world's largest food company in terms of revenue and other criteria. It was placed No. 64 on the Fortune Global 500 in 2017 and No. 33 on the Forbes Global 2000 list of the world's largest public corporations in 2016. Nestlé makes baby food, medical food, bottled water, breakfast cereals, coffee and tea, confectionery, dairy goods, ice cream, frozen food, pet meals, and snacks. Nestlé's brands have annual revenues of more than.

5. **Godrej Group:** The Godrej Group is an Indian multinational conglomerate headquartered in Mumbai, Maharashtra, India, and is managed and largely owned by the Godrej family. Ardeshir Godrej and Pirojsha Burjorji Godrej formed the company in 1897, and it now engages in industries as diverse as real estate, consumer items, industrial engineering, appliances, furniture, security, and agricultural products. Godrej Industries and its subsidiaries Godrej Consumer Products, Godrej Agrovvet, and Godrej Properties, as well as the private holding firm Godrej & Boyce Mfg. Co. Ltd., are among its subsidiaries and related companies. Godrej has a charitable arm that has created schools, dispensaries, and a housing complex for its employees.. Godrej trusts continue to invest in education, healthcare, and the upliftment of the underprivileged. Godrej is a World Wildlife Fund supporter in India, and it has built a green corporate campus in Mumbai's Vikhroli township, which includes a 200-acre mangrove forest and a school for company employees' children.
6. **Colgate Palmolive:** The Colgate-Palmolive Company is an American multinational consumer products corporation located on Park Avenue in Midtown Manhattan, New York. It is a manufacturer, distributor, and provider of household, health care, personal care, and veterinary products. William Colgate, a pious Baptist English immigrant soap and candle maker, founded William Colgate & Company on Dutch Street in New York City in 1806, as a starch, soap, and candle factory. In 1833, he suffered a serious heart attack, which halted his business's sales; after recovering, he resumed operations. The company began selling individual cakes of soap in standardized weights in the 1840s. Colgate died in 1857, and the company was reformed as Colgate & Company, led by his devout Baptist son Samuel Colgate, who did not want to continue the business but thought it was the right thing to do. He invented Cashmere Bouquet, a fragrant soap, in 1872. Colgate Toothpaste, an aromatic toothpaste marketed in jars, first introduced in 1873.
7. **Patanjali Ayurveda:** Patanjali Ayurveda is an Indian multinational consumer packaged goods firm based in Haridwar, India, founded in 2006 by Ramdev and Balkrishna. Its registered office is in Delhi, and its manufacturing units and headquarters are in the Haridwar industrial region. Cosmetics and food goods are produced by the company. According to a corporate spokesman, the company's monthly sales in March 2016 ranged from \$5 billion (US\$70 million) to \$5 billion (US\$77 million). Balkrishna remains the company's CEO, with a 94 percent stake, directing day-to-day operations, while Ramdev is the company's face and makes the majority of commercial decisions.
8. **Britannia:** Britannia Industries Limited is a food and beverage corporation based in India. It is one of India's oldest enterprises, having been founded in 1892 and having its headquarters in

Kolkata. It is now a subsidiary of the Wadia Group, which is led by Nusli Wadia. The company was founded in 1892 by a group of British businesspeople with a \$295 investment. Biscuits were first made in a modest cottage in central Kolkata. Later, the Gupta brothers, primarily Nalin Chandra Gupta, an attorney, bought the company and renamed it "V.S. Brothers." C.H. Holmes, an English merchant residing in Kolkata, joined as a partner in 1918, and The Britannia Biscuit Company Limited (BBCo) was established. The Mumbai facility opened in 1924, and Peek Freans UK purchased a controlling stake in BBCo. Biscuits were in high demand during WWII, which helped the company's sales. In 1979, the company name was changed to "Britannia Industries Limited." In 1982, the American corporation Nabisco Brands, Inc. purchased Peek Freans' parent company and became a major foreign shareholder.

RESEARCH METHODOLOGY

Objectives of the study

- To determine the preferences of the consumers, their selection of FMCG brands and products.
- To study whether the quantity of the purchase intended affected brand loyalty in the FMCG sector.
- The essential target is also to find the change in their ideology while purchase of a FMCG brand or a product during and post COVID-19 in India.
- To observe for the distinguished behaviour of consumers in different tiered cities towards FMCG sector Pre and Post Covid-19 lockdown period.
- To determine whether their frequency of purchase affected the brand preference during this period.

Research Design

The growth of private label sales on E-commerce platforms such as Grofers and Big Basket, which have completely different business strategies, is close to 40%, and the CEO predicts a 20% increase in sales share. Consumers in the FMCG business have always been enticed by novel items that offer distinct quality.

According to a Nielsen India study, local companies have gained market share, particularly in the rice and hand sanitizer markets. It was about 1.75 times the share in February in July. With supply chain barriers during lockdowns, consumers preferred local brands to fill supply gaps; in fact, some of these brands have remained in the market even after FMCG giants returned. In terms of the famous adage "Consumer wants Cheap & Best," the figures show that brand loyalty has undergone a paradigm shift.

Hypothesis-

H0: There is significant change in consumer preference for selection of FMCG brands and products in the pre COVID lockdown and post COVID lockdown period.

Sources of Data

Sources of data collection will be primary as well as secondary. The sales figures, the consumer

preferences changes mentioned in the conceptual background is secondary. We tried to fetch the primary data to measure the brand awareness and Brand loyalty of FMCG companies and to find out how much brands aware in the market among the consumers. The secondary data is collected to find out the loyal customers, to determine the factors which is affecting promotional activities. , to find out drawbacks.

Data Analysis – Tools/Techniques

Descriptive Analysis, Correlation and Regression

Sampling Design

In depth interviews & Focus groups of 10-15 people per tier and Questionnaire by around of 100 people

Limitations of the study

- Opinions will be difficult to categorize from focus groups
- Geographical barriers
- Respondents may quote single instances as change in preference.

LITERATURE REVIEW

Previous studies on brand loyalty No.	Scholar(s)	Predictors	Context of study
1.	Banerjee & Dasgupta (2020)	Corporate social responsibility image	Cooking oil brand, India
2.	De Carvalho, Azar & Machado (2020)	brand gender, consumer engagement, perceived quality, brand love	Social media, Portugal
3.	Kataria & Saini (2020)	Perceived quality, perceived value of cost, brand identification, trust, lifestyle congruence, customer Satisfaction	Oral care product, India
4.	Bisschoff, C.A. & Schmulian, M. (2019)	Brand trust, brand affect, brand commitment, switching cost, customer satisfaction, culture, perceived value, involvement,	Chicken brand, South Africa

		brand relevant	
5.	Sampaonthong, S. (2018)	Brand awareness, brand association, perceived quality, customer satisfaction	FMCG, Thailand
6.	Semadi & Ariyanti (2018)	Brand experience, brand trust, brand image	Electronic money, Indonesia
7.	Kosiba et al. (2018)	Trustworthiness, customer engagement	Retail banking, Ghana
8.	Ossama Fazal, O. & Kanwal, S. (2017)	Perceived value, trust, customer satisfaction, price of the product	Mobile phone, Pakistan

CONCEPTUAL BACKGROUND

Appearance of worldwide pandemic, COVID-19 has brought about making a worldwide emergency in the FMCG business. Affecting more than 195 nations across the worldwide, the pandemic has effectively made monetary scenery across the globe, along these lines indicating for the following worldwide downturn. Solid activities are embraced by various governments for containing the flare-up. Nonetheless, social removing affects the FMCG business. Strategic issues, absence of satisfactory works, tasks restricting to creation of just fundamental things and so forth are a portion of the couple of models most FMCG organizations are looking across the globe.

Food and drink industry has additionally not been saved by the effects of COVID-19. For example, organizations engaged with assembling of handled food and durable has seen vigorous expansion in deals inferable from the absence of accessibility of new products of the soil. Be that as it may, cafés and retail food foundations are confronting moves attributable to lack of food supplies, workers and severe government lockdowns. Moreover, interest for natural and common fixing injected food items are expanding at an outstanding development rate. For example, Nourish Organic Foods Pvt Ltd., an India based natural food provider, spent significant time in selling of natural, sans gluten and vegetarian food things has encountered 30% deals development during February-March 2020.

Interest for restorative and shading items, in the midst of the COVID-19 flare-up is expected to see a lofty defeat. Aside from those items that are considered to be fundamental during such emergency, other superfluous items are expected to cook colossal misfortune in later 50% of the year. For instance, post Covid-19 flare-up, U.S. customers are changing their purchasing practices with 27.5% saying that the flare-up has brought about restricting itself and keeping

away from public get-togethers, consequently bringing about steep decrease popular for corrective items. Then again, interest for individual cleanliness items, for example, hand sanitizers and hand washes are developing at a remarkable rate across the globe.

Brand Loyalty

Brand loyalty happens when clients come to confide in the items and administrations of a specific business over others. This trust can be founded on a wide assortment of variables, from great principles to relationship with especially dearest famous people, yet the outcome is something very similar.

Clients with this sort of steadfastness will buy explicit brands all through time, paying little heed to the promoting efforts of the opposition. They pick a brand name over "the best deal offered."

Additionally, brand loyalty can turn into a wellspring of pride and even character for a few. There's a degree of connection that occurs in the most grounded type of this conduct. Individuals with solid brand reliability will even support their loved ones to purchase similar items inside the brand.

Brand Scarcity

Brand Scarcity is the limited supply of product, even when demand is high, sometimes it is done intentionally to maintain exclusivity or this can happen when abnormal demand arises in case of emergencies like COVID 19.

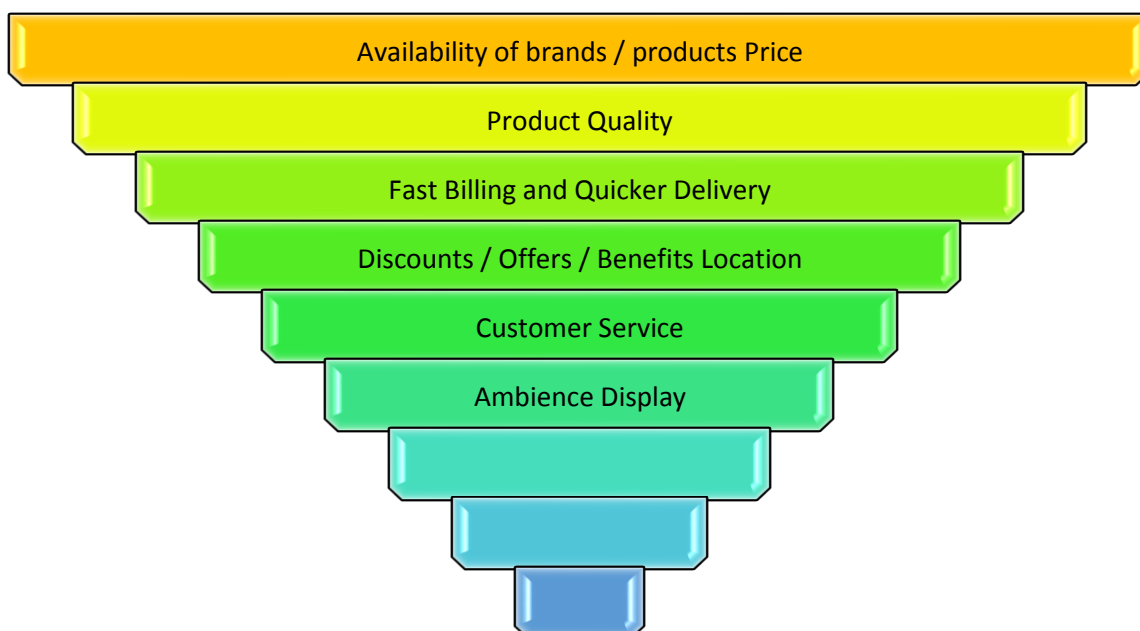
Tier 1- Cities having population more than 10 lacs, often metros.

Tier 2 - Cities having population more than 5 lacs

Tier 3 – Towns and Smaller Districts having population less than 5 lacs.

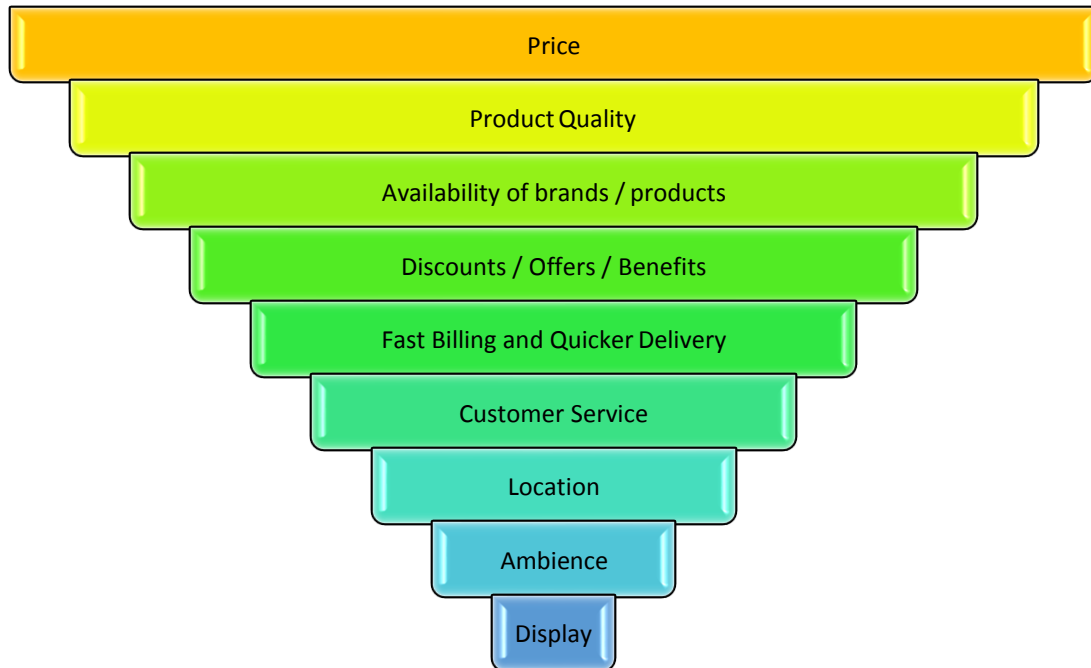
Tier 1 Analysis

As per the analysis, people prefer to be loyal to their preferred brand. Only 19 % are likely to continue to use the brand they use and 33% of people are doubtful about choosing their preferred brand.



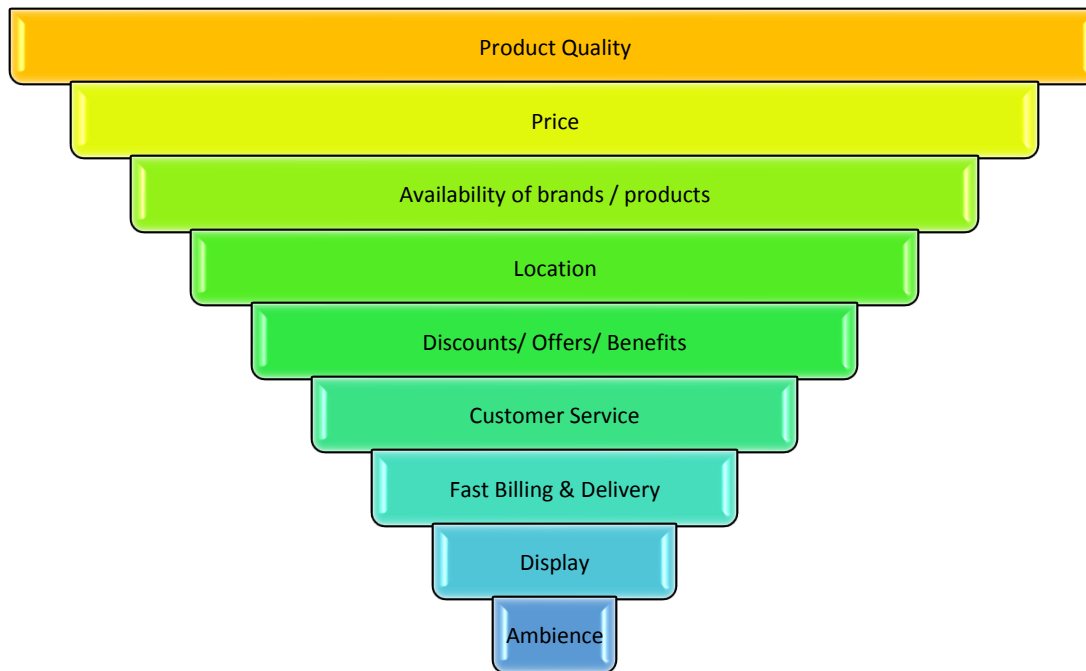
Tier 2 Analysis

People prefer to be loyal to their preferred brand in the pandemic. Only 21% are loyal to the brand. And 39% of people are doubtful about choosing their preferred brand.



Tier 3 Analysis

The results are not the same in Tier3. People diversify their choice and preferred brands as per their personal needs. Only 9% are loyal to the brand. And 31% of people are doubtful about choosing their preferred brand.



Findings

The findings and inferences deduced from the study and analysis of various processes are noted below:

- Tier 1

The responses show that top 3 concerns while purchasing FMCG products in tier 1 were:

Availability, Price and Quality.

It can be perceived that the consumers are looking for their preferred brands in Tier 1 cities as they cite that Availability is their top most factor while making their purchase. Subjects during interviews also quoted that using their preferred brands when talking home care and hygiene was a deep satisfaction. For cleanliness they preferred Dettol, Savlon and Lifebouy over other local brands. A subject also quoted that they found it rather humorous how the sanitizer market was full of new entrants like VLCC, Bisleri and other local brands.

It was also seen that the price awareness for comparatively high when the Tier 1 purchase was considered as they looked to buy value. An Example quoted was they preferred to buy 209/- handwash of 1.5 litre rather than buying 2 x 750 ml for 218/-.

Quality of the product is always considered a top-notch markup as it's the quality of the product that influences the further purchase.

They respondents stated that at least once they had to use the substitute product other than their preferred one. Whereas larger chunk of the respondents said straight no to substitute brand, a good chunk stated may be and some said yes. Likewise in an interview a subject quoted that they used a certain brand's skincare handwash and now with the entry of brand like Yardley and Dove which they had to use during pandemic, they now buy the same and pitted the skincare variant of that brand.

- Tier 2

The responses show that top 3 concerns while purchasing FMCG products in tier 1 were:

Price, Quality and Availability.

Choosing Price as the most influential factor states that tier 2 population is more price conscious. Taking Quality as the second factor it states that they want to buy value for money goods. Subjects in interviews were not shy of praising private labels as they came to the rescue when there was a certain brand scarcity. Some often insisted that they continued to use private labels as it looked a better deal to them somehow.

The Intrigued buyer by value for money proposition, 60% said they definitely or may leave their previous preferred brand.

- Tier 3

Quality, Price and Availability were the top 3 factors while considering a FMCG purchase. Surprisingly, subjects and respondents insisted that they did not had to buy substitute goods as their preferred brands were available.

This also is validated by the fact that they respondent's data shows that they are the most loyal to their preferred brands with 60% straightway refusing that they would use the substitute brand or a product they had to in lockdown period when the business was suffering logistical challenges.

The primary data directly asked to the respondent's states that on an average of all tiers 49% are sure that they won't change their preferred brands when it is available. 33% are in dilemma which is the ideal serviceable market for the new entrants in the category, where-as 18% said that they have already moved on. Therefore, by counting only refusals we say that our primary data i.e.; the consumer opinion analysis, we reject H0.

CONCLUSION

As per the report, there is no significant change in brand loyalty, the serviceable market yet is 33% customers who are the leaky bucket in terms of FMCG brands.

The surprise came in the tier 3 study where respondents claim that their preferred brands were available more than in the tier 1 & 2 cities. This can be cited through the fact that tier 3 markets run on wholesale channel more than normal distribution of goods. And wholesale channel only sells star products which have high demand. The tier 3 cities often lack the variants of brands and products which are easily available in the Tier 1 & 2 markets.

Respondents claiming that they did buy other product due to lockdown and pandemic as their mentality shifted towards the survival of the whole scenario, rather than being choosy at that very time. Some also quoted that they simply did not care what they were buying at that time but now when things are close to normal, they again do.

The conclusion of this report is that allot of consumers had to buy substitute/local/private brands, but they only did it for surviving the COVID 19 Lockdown scenario. Given the opportunity they will still prefer the brands and the products which they are loyal to.

RECOMMENDATION

However, the demand of a product is also affected by life cycle. If the product is in the introduction stage, then it will be definitely taking some time to capture the market because in the introduction stage, consumers are not much aware about the product. Therefore, it is the responsibility of the organization to create awareness amongst the consumers. They should adapt rigorous market strategies, in order to sustain in the market. There is immense competition in this sector. Therefore, the organizations should try to gain competitive advantage against their competitors. They should try to reach as many as possible.

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