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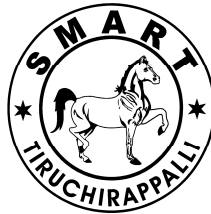
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IMPACT OF SOCIAL FACTORS ON BRAND LOYALTY OF RURAL BUYERS TOWARDS BATH SOAP (A case study of Chittoor District in Andhra Pradesh)

C. Saradamma

Research Scholar, Dept. of Commerce, Sri Venkateswara University, Tirupati
Andhra Pradesh, India. E-mail : saradammachembeti@ymail.com

Mamilla Rajasekhar

Professor, Dept. of Commerce, Sri Venkateswara University, Tirupati
Andhra Pradesh, India. E-mail : mamillarajasekhar@yahoo.com

Abstract

The Rural India accounts for 53 per cent of total market for FMCG products and stands as a big attraction to their marketers. Brand Loyalty is an important component of rural marketing strategy and it is a major requisite to foster brands' assets. The development of a brand name entails a complex structure which must be understood in order to build a strong brand. This study aims at analyzing the major social factors on brand loyalty of rural buyers towards bath soap. The results of the study highlight the impact of social factors such as reference groups including friends, celebrity and mother; main bread winner in the family and own shopping, affordability, self-decision and interest to lead simple life, on the brand loyalty of rural buyers towards bath soap that they used. It can be concluded that the brands are successful because rural buyers preferred them to ordinary bath soap products.

Keywords: 4 Ps of Rural Marketing, Brand Loyalty, Factor Analysis, Social Factors, Reference Groups.

Introduction

India has more than 65 per cent of its population living in its 6.4 lakh villages of 597 districts, speaking 33 languages, 1652 dialects, with diverse sub-cultures and hence diverse requirements. More than 80 per cent of the rural consumers (72 crores) depend upon agriculture and allied activities for their livelihood for various products and services. Rural Marketing is a two-way marketing process, encompassing inflow of products into rural areas for production or consumption purposes and the outflow of products to urban areas. Rural area is vast in size but amorphous in detail. And yet, the Rural Market represents the largest potential market in the country. At present, rural consumers spend about \$ 9 billion per annum on FMCG items and product

categories such as instant noodles, deodorant and fabric, with the pace of consumption growing much faster than urban areas. The rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today and almost four times the size of today's urban Indian market and the size of the rural market is estimated at \$577 billion. It is no wonder that even MNCs have been drawn towards on to the idea of a resurgent rural India, waiting to happen for their FMCG products like toothpaste, soap, etc.

Statement of the Problem

From the marketing point of view, the soap market structure in India is dichotomous having rural and urban markets. But many companies do not concur with this view as they contend that soap consumer everywhere is a consumer

and hence their needs, aspirations, beliefs and attitudes will also be the same. There are certain unique features which call for separate marketing strategies to be distinctively developed to suit the rural and urban market behavior towards soap. The Indian Rural Market is worth studying closely, not only because of its unique size and spread but also due to the variety of language, polity, religion, customs and values existing within. A sound distribution network and an intricate study of the village psyche are an absolute essential for making inroads into rural markets and any generalization whatsoever about Rural India could be wrong. The focus of soap corporates, therefore, needs to be on the introduction of brands specific to rural customer by developing specific strategies. One of the deterrents for soap marketers to exploit the rural market potential has been the vastness in area to be covered and the location of the population. Contrary to it, it is much easier to cater to the needs of urban population because of their concentration in relatively much smaller geographical areas, besides assured mobility and communication. Hence there is a great need to solve the problems by consistent changes in the 4Ps of rural marketing mix that are required for marketing the bath soap.

Objective of the Study

To study the impact of various social factors of rural buyers on their brand loyalty towards bath soap.

Hypothesis of the Study

A null hypothesis has been formulated based on the objective cited above.

H01: There is no significant difference between the social factors in their impact on the brand loyalty of rural buyers towards bath soap they use.

Sample Selection

A sample of 150 consumers each from three revenue divisions of Chittoor District of

Andhra Pradesh, namely, Chittoor, Madanapalli, and Tirupati, covering 15 villages, were selected by using stratified random sampling method according to their gender, age, marital status, caste, religion, education, occupation, and income (**Table- 1**).

Review of Literature

Paurav Shukla (2009) asserts that the impact of all important reference groups and friends have the most influence on the loyalty behaviour of young adults. They have an integrated approach towards decision making part of consumer behaviour on FMCGs. Kotler (1980) opined that the reference group concepts have been used by advertisers in their efforts to persuade consumers to purchase products and brands. Park and Iessig (1977) investigated reference group influence and found students to be more susceptible than housewives to group influence for a variety of products. Ramesh Kumar (2009) opined that a brand derives value from celebrity associations. The concept of brand loyalty has had a long and inconsequent history. The very first mention of the idea was attributed to Copeland (1923) and since then, over 200 definitions have appeared in the literature (Jacoby and Chestnut, 1978). In fact, Aaker (1991) stated that ‘ the brand loyalty of the customer base is often the core of the brand’s equity’. Day (1996) viewed brand loyalty as comprising both repeated purchases and strong internal disposition (i.e. attitudes). Jacoby and Chestnut (1978) concluded a composite definition of brand loyalty that included both attitudinal and behavioral components. Brand Loyalty is the ultimate desired outcome of consumer learning (Schiffman and Kanuk, 2004). According to Rawly and Dawes (1999), Brand Loyalty is the likelihood of positive attitudes and behaviours of consumers towards a particular brand and this could amount to repeat purchase and positive word-of-mouth. Brand Loyalty has been proclaimed to be the ultimate goal of

marketing (Reichheld and Sasser, 1990). The topic on Brand Loyalty was first published through the works of Copeland in 1923 (Jacoby and Chestnut 1978). Subsequently, there were numerous definitions of the construct with many measurement methods that were employed. However, there has been a dearth of regional research studies on Brand Loyalty towards bath soap.

Data Collection

The study was based on both primary and secondary data. The primary data were collected through personal interview method. An interview schedule was used to collect the data relating to the profile of consumers and their opinions on various elements of their Brand Loyalty towards bath soap. The questionnaire was totally structured, with closed-end type questions, formulated on the Likert Scale. The secondary data were collected from relevant journals, magazines, books, and survey reports and websites.

Period of the Study

The study was undertaken during the period September, 2010 to March, 2011.

Tool of Analysis

Factor Analysis was used for analyzing the primary data.

Limitations of the Study

1. Bath soap alone, a personal care FMCG product, was considered for the present study.
2. The present study was confined to the impact of social factors on bath soap buying behaviour.
3. The present study was limited to Chittoor District in Andhra Pradesh.
4. The present study was limited to the causal relationship between brand loyalty constructs, without relating them to their

antecedents like marketing efforts, and their consequences like value of the firm that might be more useful for the marketing strategies.

5. The sample size was limited to 450 respondents of the sample unit.

Factor Analysis

In the present study, **factor analysis** was applied to opinions expressed by the respondents to group together variables that were highly correlated (Nargundkar 2005). This analysis involves three steps: firstly, extracting factors from a correlation matrix; secondly, deciding how many factors are to be correlated and thirdly, rotating these retained factors. The Eigen Value or the total variance explained by a factor, represents the sum of the squares of the factor loadings of each variable on that factor. It indicates the relative importance of each factor in accounting for a particular set of variables being analyzed (C.K.Kothari 2010). Eigen values, greater than 1.0, are considered significant and a total variance greater than 60% is considered satisfactory.

Tests of Sample Adequacy

Measure of sample adequacy such as Bartlett's test of sphericity (approx Chi-Square is 14268.103, degree of freedom is 268, significance is 0.000) and the Kaiser-Meyer-Olkin (KMO) sampling adequacy test were used to measure sampling adequacy. The KMO index ranged from 0 to 1, reaching 1 when each variable was perfectly predicted without error by the other variables. The KMO Test affirms that the sampling data at 74.8% was adequate for this factor analysis and thus came within the meritorious range of 0.8 and above (Hair et al., 1998). The number of factors that were extracted and retained were different from each other.

Analysis and Discussion

Through SPSS, the Principal Components Analysis and Varimax Rotation were used for

generating and extracting factors, as a result of which four factors (*with Eigen value of more than 1.0, which is considered significant*) accounted for an explained total variance of a significant 61.218% (**Table 2**).

Naming of factors and discussion

The five extracted factors were given appropriate names on the basis of variables represented in each case, as shown in **Table-2**. These factors representing values of opinion on the impact of reference groups on brand loyalty of rural buyers towards bath soap are given below.

Factor 1 - Friend, Celebrity and Own Shopping: The total variance explained in Table 2 reveals that this factor could explain the highest variance of 29.285%, with Eigen value of 4.393. Five variables were loaded on this factor. The Researcher named this factor as '*friend, celebrity and own shopping*', as it includes 'my friend forced me to buy this product', 'I have to do my own shopping', 'the bath soap I own say a lot about how well I am doing in life', and 'I would buy a product that is endorsed by a celebrity I like'. The higher factor loadings such as 0.799, 0.799, 0.797 and 0.797 respectively on its attributes help in identifying attributes associated with factor 1. The above said four attributes recorded high communalities ranging between 0.710 and 0.771 and indicate that these attributes enjoy very high association among themselves. It could be concluded that the above attributes were powerful and strong enough to determine the impact of reference groups on brand loyalty towards bath soap.

Factor 2 - This explains 13.128% of variance in the opinion on the impact of reference groups. The Researcher named it as '*affordability, self-decision, and simple life*'. The factor was positively and equally loaded on both 'I prefer taking most of my decisions myself' and 'I try to keep my life simple, as far as possessions are concerned' (0.890). Two

out of fifteen variables were significantly loaded on this factor. Among the attributes of factor 2, it could be observed that the above factors played successive roles and it can be concluded that the above two attributes were the most crucial in influencing the decision of rural buyers while choosing a particular bath soap.

Factor 3 - This explains 9.123% of variance and positively, highly loaded at 0.881 on 'my mother still buys almost every product that her mother did', at 0.865 on 'I decide to buy a particular brand of bath soap because my friends or those with whom I have a social interaction like it', at 0.498 on 'I find it hard to break away from the opinions established', at 0.465 on 'I purchase a particular brand of bath soap because my colleagues or boss like it and they expect me to buy it', and at as low as 0.465 on 'I would be happier if I could afford to buy more brands'. The researcher has named this factor as '*foot steps of mother and friends*'. The values of communality for the above five attributes indicate that higher amount of variance is explained by the extracted factors. It could be concluded that the above attributes are powerful and strong variables that determined the impact of reference groups on brand loyalty and the variable 'desire to have affordability to buy more brands' has shown least loading role.

Factor 4 - This explains 5.982% of variance and is loaded positively, highly and equally at 0.789 on 'I am attracted to advertisements that use celebrities' and on 'I select a brand of bath soap because the people whom I consider having good taste of bath soap use it'. The Researcher has named this factor as '*good taste and advertisements by celebrities*'. The higher value of communality for the two attributes indicates that higher amount of variance is explained by the extracted factors and association that existed between themselves. It could be concluded that these attributes, which determined the impact of reference groups on brand loyalty among rural buyers, were more influential.

Factor 5 - The impact of reference groups on brand loyalty under the factor 5, explains 3.700% of variance and positively loaded on 'the main earner in my family has an important say in selecting brands' and 'I searched for information about the brand of bath soap from those who work with the products as a profession' at 0.804 and 0.625 respectively and thus the Researcher has named this factor as '*decision by main earner in the family*'. The higher value of communality for the two attributes indicates that higher amount of variance was explained by the extracted factors. The variable 'main earner is important in selecting brands', played a leading role in the impact of reference groups and the variable, 'searching information about the product with product professionals', recorded the least leading role.

Acceptance or Rejection of the Formulated Hypothesis

Based on the results of the factor analysis, the formulated null hypothesis is rejected (Table -3).

Conclusion

It can be concluded that of the reference groups, factor 1 consisting of '*friends, advertisements by celebrities*' and '*own shopping experiences*' was the most influencing one with 29.3 per cent of the total variance explained, while the factor 5, '*decision by family's main earner*', was the least influencing one with 3.7 per cent of the total variance explained.

Suggestions

The suggestions which emanated from the sample respondents through various interviews conducted in this research work are given below from the perspective of extracted factors.

The marketers of bath soaps should consider promoting the soaps through primary reference group like friends and associative

group like celebrities as they account for 29% of the explained variance (factor 1). It is wise to consider the price affordability of the soap and fix a reasonably lower price on bath soap in order to be consistent with the buyer capacity to pay for and the simpler life that majority (factor 2, accounted by 13% of explained variance) intended to lead. Since it is difficult to fix a relatively lower price when compared to urban areas, it is suggested that the low-priced soaps can be sold to rural consumers through fair price shops in contract with Local Governments. The intended advertisements should appeal to the primary reference groups such as mother, friends and colleagues (factor 3), and cine celebrities (factor 4) accounting for 9.23%, and 5.98% of the variance serially. While marketing to the rural consumer, it is important that positioning of the bath soap brand to be consistent with the appreciation of decision making power of the head of the family, for instance, parent of the customer or customer himself (factor 5 accounting for 3.7% of the variance) so as to give them psychological satisfaction and should be motivated to continue with the same good old brand which he has been using for several years.

Scope for Further Research

Rural Consumers are fundamentally different from their urban counterparts and display considerable heterogeneity in their geographics and hence it requires rural-specific and region-specific analyses of consumer behaviour for understanding the rural consumers. Their buying behaviour is very much influenced by experience of their own and their family members. One of the important challenges that bath soap companies in India face is how to communicate with vastly heterogeneous rural consumers. It is, therefore, suggested that bath soap companies should conduct region-specific market studies like the present research study which is a focused one, to increase the market share and brand

penetration. The methodological contribution of the present study lies in providing process analysis of communication and its eventual effects. As this study is limited to a single district, namely, Chittoor in Andhra Pradesh, it may not be possible to generalize the findings of this study for the entire Andhra Pradesh or India as a whole but the process of analysis undoubtedly helps in the understanding of the broader features of the message before its adoption or rejection. Further analysis on similar lines would help in contributing to the theories of human communication and the role of mass media in rural developmental orientation because whatever the information may be by any medium, it has to pass through the human channel.

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Table- 1
Sample selection

(Sample size: 450)

Sl. No.	Characteristics	No. of Respondents				
1.	Gender	Male = 149		Female = 301		
2.	Age (yrs)	15-20 = 79	21-30 = 104	31-40 = 122	41-50=117	>51=28
3.	Marital status	Married = 360		Unmarried = 90		
4.	Caste	FC = 81	BC = 93	SC = 240	ST = 36	
5.	Religion	Hindu = 335	Muslim = 46	Christian = 69		
6.	Education	Illiterate = 251	Up to SSC = 106	Intermediate = 50	Graduate = 30	Higher education = 13
7.	Occupation	Business = 45	Housewife = 83	Employed = 19	Cultivation = 22	Agricultural labour = 281
8.	Type of family	Joint family = 51		Nuclear family = 399		
9.	Household size	Up to 3 = 82	4 = 289	5 = 69	6 = 7	>6 = 3
10.	Head of the family	Husband = 320		Wife = 130		
11.	Possession of house	Owned house = 270		No = 180		
12.	Type of house	Hut = 76	Thatched = 10	Tiled = 111	Building/ Pucca = 15	
13.	Monthly income	<5000 = 318	5001-10000 = 93	10001-15000 = 22	15001-2000=14	>20000 = 3
14.	Possession of land	Yes = 152		No = 298		
15.	Wet land holding (in acres)	Landless = 298	Below 1 = 28	1-2 = 14	3-4 = 8	4-5 = 1
	Dry land holding (in acres)	Above 5 = 0	Dry land = 101			
	Dry land holding (in acres)	Landless = 298	Below 1 = 71	1-2 = 16	3-4 = 9	4-5 = 4
	Dry land holding (in acres)	Above 5 = 1	Wet land = 51			

Source: Primary data

Table- 3
Acceptance/rejection of the formulated hypothesis

Null hypothesis	Statement	Test used and acceptance / rejection of hypothesis
H01	The social factors do not differ significantly in their impact on the brand loyalty of rural buyers towards bath soap they used.	Tool used for testing : Factor analysis H01 is rejected (see table 2)

Source: Primary data.

Table- 2

Impact of social factors on brand loyalty of rural buyers towards bath soap

Attribute no.	Factors retained (1,2,3,4 and 5) and variables (numbered from 1 to 15 in the questionnaire administered)	Loadings of variables/ attributes	Communalities	Percentage of variance Explained and its Eigen value
<i>Factor 1: Friend, celebrity and own shopping</i>				
2.	My friend forced me to buy this product.	0.799	0.771	Variance explained = 29.285% (Eigen value = 4.393) No. of variables = 4
7.	I have to do my own shopping.	0.799	0.771	
9.	The bath soap I own say a lot about how well I am doing in life.	0.797	0.710	
3.	I would buy a product that is endorsed by a celebrity I like.	0.797	0.710	
<i>Factor 2: Affordability, self-decision and simple life</i>				
5.	I prefer taking most of my decisions myself.	0.890	0.822	Variance explained = 13.128% (Eigen value = 3.469) No. of variables = 2
14.	I try to keep my life simple, as far as possessions are concerned.	0.890	0.822	
<i>Factor 3: Footsteps of mother and friends</i>				
1.	My mother still buys almost every product that her mother did.	0.881	0.918	Variance explained = 9.123% (Eigen value = 2.118) No. of variables = 5
12.	I decide to buy a particular brand of bath soap because my friends or those with whom I have a social interaction like it.	0.865	0.907	
8.	I find it hard to break away from the opinions established.	0.498	0.308	
13.	I purchase a particular brand of bath soap because my colleagues or boss like it and they expect me to buy it.	0.465	0.383	
15.	I would be happier if I could afford to buy more brands.	0.465	0.383	
<i>Factor 4: Good taste and advertisements by celebrities</i>				
4.	I am attracted to advertisements that use celebrities.	0.789	0.687	Variance explained = 5.982% (Eigen value = 1.347) No. of variables = 2
11.	I select a brand of bath soap because the people whom I consider having good taste of bath soap use it.	0.789	0.687	
<i>Factor 5: Decision by main earner in the family</i>				
10.	The main earner in my family has an important say in selecting brands.	0.804	0.666	Variance explained = 3.700% (Eigen value = 1.005) No. of variables = 2
6.	I searched for information about the brand of bath soap from those who work with the products as a profession.	0.625	0.549	
Total variance explained				61.218
Total no. of variables				15

Source: Primary data.