

A STUDY ON BRAND EXTENSION OF FAST MOVING CONSUMER GOODS TO CUSTOMERS' PERCEPTION WITH SPECIAL REFERENCE TO KANYAKUMARI DISTRICT

¹S.Catherine Jenifer

²Dr.S.Bhagavathi

³Dr.J. Ferusha Pearl

1. S.Catherine Jenifer, Part-time Ph.D. Research Scholar. Reg no.22223281012001, Department of Commerce, Women's Christian College, Nagercoil, Kanyakumari District, Affiliated to Manonmaniam Sundaranar University, Tirunelveli-627012,TamilNadu, India

2. Dr.S.Bhagavathi (supervisor), Assistant Professor, Department of Commerce, Aringnar Anna College, Aralvoimozhi, Kanyakumari District, Affiliated to Manonmaniam Sundaranar University, Tirunelveli-627012,TamilNadu, India

3. Dr.J. Ferusha Pearl (co-supervisor),Assistant Professor, Department of Commerce, Women's Christian College, Nagercoil, Kanyakumari District, Affiliated to Manonmaniam Sundaranar University, Tirunelveli-627012,TamilNadu, India

Abstract

Fast Moving Consumer Goods are products that are sold quickly and at relatively low cost. These satisfy the elemental and day-to-day household needs other than grocery, ranging from packaged foodstuff, dairy products, cooking oil, bread, butter, cereals, beverages like tea & coffee, pharmaceuticals, confectionery, biscuits, glassware, stationary items, watches, toiletries, detergents, shampoos, skin care products, cosmetics, toothpaste, dish washing liquid, energy drinks, soft drinks, clothing, furniture and household accessories to electronic goods like cell phones, laptops, computers, digital cameras etc. that are usually categorized as Fast Moving Consumer Electronics (FMCEs). India is a mixed economy a proper mix of Rural as well as of urban market. Rural markets are an important and growing market. Rural markets offer an enormous growth opportunity like untapped market, large population, and huge scope for penetration. At the same time this market poses some challenges as well urban market is almost reaching towards the saturation point, thus there is an urgent need to focus on rural development. Moreover, more than 70% of India's population lives in villages and constitutions a big market for industry. Henceforth, FMCG and its closest companion Retail sector, both are likely to create most of the jobs in India in the coming years primarily in functions like marketing, sales, advertising, supply chain, logistics, human resources, product packaging and development, finance, operations, general management, supervising and so on. The cost of introducing an entirely new brand is often very high, accompanied by the risk of the failure of new brands in a crowded market. These factors encourage companies to use brand extensions, particularly in the FMCG segment, to leverage the brand capital of the parent brand. The study is based on 150 respondents in kanyakumari district in order to maintain the overall visibility, perception and acceptance of brand enhancement in the FMCG segment.

Keywords: Brand extension, Brand effect, Brand loyalty, Brand trust, Emerging Market

Introduction

Fast moving consumers goods or consumer packaged goods have its presence in everyone's day –to-day life. These items are sold quickly having short shelf life. These products include nondurables such as soap, shampoo, toiletries, cosmetics, food items, pharmaceuticals, consumer electronics etc. This product operates at low profit margin. Indian

FMCG sector is the major contributor to Indian economy. FMCG sector in India is witnessing tremendous growth over the years. India is having a vast untapped rural market, increasing literacy, income level and life style in increasing awareness among rural customers. It is creating ample opportunity for investment in rural sector. Now customers are becoming more conscious regarding brand to elevate their social status, they are ready to experiment new brands. Companies are also launching new products to match dynamic expectations of the customer. In the emblematic marketing era FMCG companies are not only selling their product in the market but also adopting 360 degree strategy to gain customers and market share. They are focusing on factor which influences customer preferences. Companies have understood the importance factor influencing preferences of customers. Companies are now offering online grocery store with home delivery where customers can order the product and gather information regarding the product. Customer associate brand with the quality of product, therefore companies are paying attention on maintaining the quality of product along with packaging, color and other attributes.

Fast moving consumer goods(FMCG)are generally lower profit margin products and therefore it is selling in large quantities in the regional market. Thus, it is very important to understand how to improve brand value for the customers as many brands are available for the same categories of products in the market. The fast-moving consumer goods (FMCG) sector is an indispensable contributor to India's GDP. It constitutes a large part of consumers' budget in all countries. FMCG Industry is featured by an established distribution of network, an intense competition between the organized and unorganized segments, lower penetration levels, lower operating cost and also a lower per capita consumption.

The FMCG sector is an important contributor to India's GDP. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packed foodstuff and household accessories are certain electronic goods. The Indian FMCG sector, which is the fourth biggest sector in the Indian economy, has a market size of Rs.2 trillion with the rural India contributing to one third of its revenues.

Brand perception of FMCG

In fast moving consumer goods (FMCG) segment, the companies are also applying brand extension strategy because of the inbuilt advantages. The study done in Kanyakumari district showed that there were five times more successful to extend existing FMCG brands. In India, the consumer purchasing power in FMCG sector gained the traction in the first quarter of 2016 and most of the categories, include household, registered a healthier growth. From this, it can be seen that there stands a far better opportunity of growing in India's FMCG sector. However, the influences of brand extension on consumer consciousness studied in the FMCG industry has not been tested all over in India. With the rapid development of FMCG sector, more and more FMCG brands extensions have appeared in the market. These brand extensions tend to be followed by other companies to keep their positions in the market competition. Although extending the brand will enhance, revitalize the image of the parent brand and give more choices to the customers, at a certain point it can be confusing, frustrating and even cannibalize the sales of the parent brand. (Keller, 2013). Therefore marketer should understand how to extend the brand in the proper way.

The good customer perception about branding is so important to win the competition in FMCG market, but by understanding on what determinant factors that have a positive relationship to this perception, it can lead the marketers to achieve this objective. This study focused on investigating these factors and its relationship to the customer perception

Objectives

The objectives of the study are,

1. To study the perception and purchasing behavior of consumers in relation to products introduced by brand enhancement in the FMCG segment.
2. To identify the factors affect consumers in order to accept brand extension to FMCG product

Literature Review

In this study, more than 70 scientific articles, search books and research reports were mentioned. The review of the literature, included the following areas:

- Determining brand and its meaning.
- Brand retention and consumer perception of brand Expansion.
- Study on brand expansion in the FMCG Segment. Some of the reviews,

Moosa and Jagadesan (2020) evaluated the influence of social median customer purchasing behavior for fast moving consumer items. In the fast-moving consumer products industry, the study emphasized the relevance of product acquisition behavior, information seeking behavior, and selection seeking behavior. Product acquisition and information seeking are examples of consumer behavior that occur in response to environmental stimuli. Marketing has been shown to have a major influence on customer purchasing behavior. Consumers gather information before purchasing any product in order to make educated purchasing decisions, hence marketing is widely employed to get understanding about FMCG items, according to the findings. According to the study, various factors influence consumer purchasing behavior, with social and individual factors being the most significant.

Veerraju (2020) aimed to examine client purchasing habits for fast-moving consumer goods. The study sought to elucidate the influence of several factors on customer purchase behavior for personal care items. Consumers feel that television advertising, followed by quality and brand loyalty, are important aspects that have a stronger influence on consumer purchase behavior, regardless of income level. Furthermore, educated and younger clients are more likely to utilize personal care goods. According to the findings, consumers are also interested in employing print media and incentive systems to reach out to end customers with branded items. It was found that marketers must constantly watch their customers and use electronic media to increase brand awareness among high-quality product buyers.

Shamsuddin et al. (2020) investigated customer purchasing behavior and preferences for FMCG items in Andhra Pradesh. Gender, income level, education, family size, and family type were discovered to be associated to the media sources via which they learnt about FMCG items. According to the findings, the majority of buyers preferred promotional offers like buy two, get one free above other offers like price decrease, bundled offer with another product, and free gift. It is possible to conclude that as organized retail methods such as buy one get one free have risen in popularity. According to the study's findings, consumer understanding of FMCG items has increased, and they are better able to make decisions about which brand to buy and what types of promotions are available in various product categories.

Yashodha (2019) researched client preferences for rapid moving consumer goods sales marketing strategies. The study emphasized that, due to the intense competition, consumer preferences are crucial to the success of any manufacturing organization. It was shown that people are willing to purchase fashionable items for personal usage. As a result, fast moving consumer goods companies get sufficient accreditation and requirements to market their items. The study's findings demonstrated that businesses' sales marketing strategies, such as proneness bargains, cash discounts, free presents, and greater amounts, aid to decide client preferences. In conclusion, customers are satisfied with the promotional strategies utilized by fast moving consumer products enterprises

Statement of Problem

In a competitive world, there are many problems in marketing of goods. Some problems can be solved, but many problems may not be solved. Manufacturers industries face many problems in marketing their product in rural areas because most of the rural consumers, have low levels of literacy and low levels of brand awareness The consumers are facing various problems in selecting their fast moving consumer goods. It is identified that there is a need for research work in the field of perception of brand in FMCG .The study is carried over Kanyakumari District of Tamil Nadu.

Research Gap

FMCG segment in India, which is one of the largest emerging economies with a billion inhabitants, is also one of the world's largest economies in terms of purchasing power with a middle-class population of over 500 million.

- Worldwide, the middle class will expand dramatically by 2020. Over 1 billion new customers are expected to drive consumption patterns Worldwide.
- FMCG sector has a strong growth momentum in India and Worldwide. In order to meet the growing market demand for new products, FMCG companies are relying on their mother brands to bring new products or variants to Market.
- The literature survey shows that very few studies have been conducted on the FMCG sector and how consumers perceive brand extensions in this Sector.
- No comprehensive study was carried out on the result of brand expansion in the FMCG sector in the Indian market, in particular in Ahmedabad.

Research Methodology

This study is based on both primary and secondary data. Primary data collected from 150 customers of FMCG products from Kanyakumari district. Convenient random sampling method is adopted to select the 150 respondents. Secondary data were collected from various websites, journals and newspaper articles.

Data Analysis and Interpretations of Research Findings

The demographics and the technical analysis of the survey have given the necessary inputs to understand the perception and evaluation of brand expansion strategies in the FMCG segment by the Consumers. The primary aim of the research is to examine the perception and purchasing behavior patterns of the consumers in terms of product launches

through brand enhancements in the FMCG Segment. Exploratory research provided valuable insights into consumer attitudes towards brand Expansion.

On the basis of the literature study, the following hypotheses were established

H1: Similarity and fit between the parent brand and extended brand are important for consumers' evaluation of brand extension in FMCG segment.

H2: Reputation of the parent brand influences the consumer

In the present study, the Cross tabulation analysis was taken into consideration, since the variables are categorical in Nature. A cross tabulation is a common frequency distribution of cases based on two or more categorical variables. The representation of a distribution of cases according to their values on two or more variables is referred to as emergency table analysis and is one of the most commonly used analytical methods in the social Sciences. The joint frequency can be analyzed with the chi-square statistic (χ^2) to determine whether the variables are statistically independent or whether they are associated. If a dependency exists between variables, other indicators such as Cramer's v, phi, gamma, and so on can be used to describe the degree to which the values of a variable are associated or vary with those of other Variables.

Hypothesis Testing: H1

To find out the joint frequency, cross Tabulations analyze were carried out between the Variables. The common frequencies were analyzed by the chi-square statistic (χ^2) to determine whether the variables are statistically independent or whether the variables are Associated. Table 3, gives a summary of the Analysis.

Interpretation of the findings

From table 3 It was found that a large proportion of the respondents from Kanyakumari District, who are loyal consumers, regularly buy branded products and buy follow-up brands of the mother's brands, feel similarity and fit. Between parent brands and their extended brands are very important. There is a strong association between the variables, 1, 2, 3, which is mentioned in table 3 above, Cramer's value is calculated as 0.519, 0.526 and 0.318. The calculated value of Pearson's chi-squared values for 1, 2, and 3 are 380.62, 388.18 and 29.77 with a p-value of < 0.001 show that the result is significant and the variables are not independent of each other. This applies irrespective of age, income, gender and occupation, since in all cases the p-values < 0.001 . Occupation/occupation has, however, close connection with the similarity between parent and extended brand, age, income and gender have a moderate relationship to the similarity factor.

Table 3

Summary of Analysis of Frequency Tables, Cross-Tabulations and Chi-Square Test for Independence of Attributes.

Cross Tabulation	Chi-Square Value	df	pValue	Cramer' V
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1. Do you think similarity between Parent Brand and Extended brand is important? * Are you a loyal customer for the Branded products you buy?	380.62	2	<0.001	0.519
2. Do you think similarity between Parent Brand and Extended Brand is important? * family Income	388.18	1	<0.001	0.526
3. Do you think similarity between Parent Brand and Extended Brand is important? * Age	29.77	4	<0.001	0.138
4. Do you think similarity between Parent Brand and Extended Brand is important? * Gender	41.22	1	<0.001	0.173
5. Do you think similarity between Parent Brand and Extended Brand is important? * Profession / Occupation	200.46	5	<0.001	0.311

Table 4

Similarity between FMCG parent brands and their extended brand using Pearson's Chi-Square test

Sl.No	Parent Brand vs Extended Brand	df	Pearson's Chi-Square Value	Asymp. Sig (p-value)
1	Maggie Noodles vs. Maggie Sauce	3	346.504	< 0.001
2	Lux Soap vs. Lux Body Gel	4	216.542	< 0.001
3	Dove Soap vs. Dove Shampoo	4	256.069	< 0.001
4	Amul Milk vs. Amul Butter	4	342.581	< 0.001
5	Himalaya Soap vs. Himalaya Shampoo	4	301.271	< 0.001
6	Glow & lovely face cream vs. Glow lovely face wash	4	312.44	< 0.001
7	Lifebuoy Soap vs. Lifebuoy Hand Wash	5	61.845	< 0.001
8	Dettol Antiseptic vs. Dettol Soap	5	247.061	< 0.001
9	Pond's Cream vs. Pond's Powder	4	386.565	< 0.001
10	Knorr Soup vs. Knorr Soupy Noodles	4	403.089	< 0.001

Table 4 shows how the consumers of Kanyakumari district think that the aforementioned FMCG products are similar to their parent brands. In most cases, you think that the existence of similarities between parents and extended brand products are calculated at P-value < 0.001 is Important. Therefore, Image similarity between Parent Brand and Extended Brand is very important and proved to be significant (First Hypothesis).

Hypothesis Testing: H2

A summary of the analysis of Cross-Tabulations and Chi-square-test for the independence of attributes and Cramer's v to measure the degree of association is given in table 5. It was found that in all 1, 2, 3, 4, 5 cases indicated below, RUF influenced the Brand's loyal consumers of Ahmedabad to buy mother Brand extended Product. The consumers of Ahmedabad, who think similarity and fit between parents and extended brands, are important to buy also advanced products because of the reputation of the mother Brand. The reputation of the mother brand is important for safety and security and for the purchase of follow-up

brand. All variables are not independent of each other, P-value shows < 0.001 . The variables are closely related because it was observed in the value determined in Cramer's value. If the 11 FMCG parent brands and their extended brands cross the parent brand variable "reputation", which will influence consumers to purchase the follow-up brand, the following results will result (table 6)

Interpretation

The reputation of the mother brand has influenced the respondents to buy follow-up brand. Ten of the FMCG products with the exception of pond's, as shown in Table 6 above, show that the reputation of the mother brand makes them to buy their extended products, P-value < 0.05 (except pond's, p-value < 0.095). This suggests that the reputation of the FMCG parent brands affects consumers to buy their extended products. Therefore, it can be concluded that "the call of the mother brand" affects consumers to buy extended product (second hypothesis).

Table 5

Summary of Analysis of Frequency Tables, Cross-Tabulations and Chi-Square Test for Independence of Attributes.

Cross Tabulation	Chi-Square Value	df	pValue	Cramer' V
1. Do you think reputation of the parent brand influences the decision to buy follow up brand? * Do you always buy branded products?	245.08	3	<0.001	0.374
2. Do you think reputation of the parent brand influences the decision to buy follow up brand? * Are you a loyal customer for the Branded products you buy?	347.38	2	<0.001	0.488
3. Do you think reputation of the parent brand influences the decision to buy follow up brand? * Had the follow up brand being known differently than the mother brand then also reputation of the parent brand influences you to buy that?	273.33	1	<0.001	0.408
4. Do you think reputation of the parent brand influences the decision to buy follow up brand? * Do you think similarity between Parent Brand and Extended Brand is important?	341.93	1	<0.001	0.482
5. Do you think reputation of the parent brand influences the decision to buy follow up brand? * Is it safety and security that drives you to buy known/ reputed brand?	245.22	3	<0.001	0.374

Table 6

Similarity between FMCG parent brands and their extended brand using Pearson's Chi-Square test

Sl.No	Parent Brand vs Extended Brand	df	Pearson's Chi-Square Value	Asymp. Sig (p-value)

1	Maggie Noodles vs. Maggie Sauce	4	25.664	< 0.004
2	Lux Soap vs. Lux Body Gel	5	388.75	< 0.001
3	Dove Soap vs. Dove Shampoo	4	24.322	< 0.006
4	Amul Milk vs. Amul Butter	4	17.974	< 0.095
5	Himalaya Soap vs. Himalaya Shampoo	4	396.827	< 0.001
6	Glow & lovely face cream vs. Glow lovely face wash	4	26.568	< 0.002
7	Lifebuoy Soap vs. Lifebuoy Hand Wash	4	365.794	< 0.001
8	Dettol Antiseptic vs. Dettol Soap	4	50.832	< 0.001
9	Pond's Cream vs. Pond's Powder	4	256.426	< 0.001
10	Knorr Soup vs. Knorr Soupy Noodles	4	24.756	< 0.005

Limitations

a) The study is confined to Kanyakumari district only. Hence, perceptions of the consumers are restricted to limited consumers only. Hence, the result may vary in other parts of the country.

b) In the survey only few FMCG products already extended and another hypothetical extension have been considered. There are many FMCG products available in the market.

Conclusions

The consumers of Kanyakumari district are very strong brands and they stick to the brands they like and enjoy the Most. The retail offers and displays occasionally cause you to change to new brands, but usually you don't experiment much with the new BRANDS. But the consumers usually do not experiment much. That is why those consumers are Low-risk. This phenomenon exists regardless of age, income group and Gender. However, try out the Brand's expanded FMCG product. The reputation of the mother brand also has a positive effect on consumers ' minds. The stronger the mother brand, which is easier for you to Expand. The image similarity and the category match between the parent brand and the extended brand is very important. They find similarities between parents and extended brands that help them connect with the new Products. How to observe is pond cream (mother Brand) has less similarity with pond powder and not accepted by the Respondents.

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