

## BRANDING AND CONSUMER BUYING BEHAVIOUR OF FAST MOVING CONSUMER GOODS IN LAGOS NIGERIA



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### Abstract

One of the most valuable assets of any organization in this era of competitiveness is her brand. Brand has a lot to say of any organization either in a positive or negative perspective, it enhances sales or image if positively perceived or de enhances same if negatively perceived. This study surveyed the relationship between branding and consumer buying behavior of fast moving consumer goods (FMCG) in Lagos Nigeria. The study adopted survey and descriptive research design. 100 respondents were contacted and administered with well-structured questionnaire from 20 local government in Lagos state, 5 were randomly choosing from each LGA. 88 responses came successfully representing 88%. The elicited data was analysed with descriptive statistics and 2 hypotheses were formulated and tested using chi-square. Result indicated  $X^2_{t}=24.996$  while  $X^2_{c1}=65.54$  and  $X^2_{c2}=50.77$ .  $H_0$  (Null hypothesis) was rejected while  $H_1$  (Alternate hypothesis) was accepted in both cases. It was concluded that branding has significant relationship with consumer buying behavior. The study recommended that organisations should adopt both corporate and product branding as a top priority in pursuant of customer retention, profitability, and sustainability.

**Keywords:** *Branding, Consumer buying behavior, FMCG., Competitive advantage, Brand Image.*

### Background to the Study

Branding makes an organization to stand out amongst its pair, it is more than just marketing, and it creates an identity that lingers for a life time. Branding acts as an important cue to guide consumer's choice especially in fast moving consumer goods (FMCG) (Onyia, 2014). The success of a product, service, individual and business organization is based on being perceived as unique. Any market leader if watched well has a place in the consumer's heart. He has positively differentiated himself from other competitors. Branding has been a distinguishing factor used by companies in form of product differentiation Kabuoh (2012). Companies such as Airtel, Air Nigeria and IEDC have been rebranded from Zain, Virgin Nigeria and PHCN respectively. Recent happenings in the country are calling for rebranding of Nigeria. This goes to echo the importance of branding and its implications to individuals, organisations, Nations and the world at large.

Most industries are shifting and expanding their markets internationally as globalization is the key thing. Though, these industries tend to study the factors that will bullock their success. At the same vain there is need to unveil those stimulating factors which influence consumer buying behavior to excel in the FMCG industry. Such companies that have excelled in this category are; Friesland Campina WAMCO Nigeria PLC which is still maintaining number one position as the nation's leading milk with its brand of peak milk. Coca-Cola Nigeria with its Coca-Cola brand that stands supreme in the minds of consumers when it comes to soft drink. Consumers are overwhelmed with choice in today's clustered retail environment where an average shopper buys 30 items in less than 30 minutes. A lot of goods are on display attracting customers' eyes. At times customers are confused with which products to pick and at what price and quality, but the available shortcut option to select in a blink of an eye is branding which allows them to effectively and efficiently make selection from a huge array of products. Branding allows consumers to recognize familiar products.

Kotler and Keller (2006a), the most distinctive skill of professional marketers is their ability to create, maintain, enhance and protect brands. Branding is endowing a product with the power of a brand (Kotler and Keller, 2006b). It is the process by which companies distinguish their offerings from the competition (Jobber, 2004). Branding enhances the value of a product, it is the process of moving a product from ordinary commodities to brands.

### Statement of the problem

Branding is expensive despite its importance in business. Some business owners do not see the need investing in branding due to its associated cost and time consumption. However, the stringent competitive environment especially in FMCG calls for individual, product and companies identification if one has to excel. There are so much products on display that put consumers in overwhelmed situation in today's clustered retail environment when it comes to choice selection. The average shopper buys 50 items in 50 minutes. Consumers must therefore weigh up around 900 items each minute (Leighton & Geof, 2012). However, consumers aren't even able to attend to all of the items

on display, let alone weigh up all of the available options; They must decide what to buy in the blink of an eye. In order to make such fast decisions, consumers need to use mental shortcut, or heuristics to guide their choices. Often consumers are not conscious of the cues or the mental shortcuts they have used to arrive at a decision. Perhaps the most powerful mental shortcut available to the consumer is branding.

Gone were the days when branding was seen as a manufacturer inserting a name, signature or picture of a product or its package in the name of branding. In this era branding must mean a need to the consumer, it is to develop a deep set of consumer's perception of the brand. There is need for organisations to find out what the consumers want, reason for their preferences and why such purchase decisions. Some consumers have a demanding life style, saving much time as possible, some have no required energy to shop around especially when purchasing fast moving consumer goods. Branding on packaging allows us to quickly and efficiently select from a huge array of products. It draws consumer's attention to certain product; it allows them to recognize familiar products and serves as a cue for retrieving stored information from memory about those products.

#### Objective of the study

Hence this study was meant to;

- I. Evaluate the relationship between branding and consumer buying behaviour.
  - ii. To examine the importance of branding to manufacturers and consumers on products buying decisions.
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- i. Branding has norelationship with consumer buying behaviour
  - ii. Branding is not important to manufacturers and consumers on product buying decisions.

#### Literature Review

##### Brand

The word brand is derived from the Old Norse word-brand meaning to burn. This suggests to the ancient practice of producers literally burning the mark on their goods or products so as to identify them which has now been replaced by the use of trade marks. Berkowitz (1992) opine that trade mark identifies that a firm has legally registered its brand name, so that the firm has exclusive rights to it, thereby preventing others from using it.

A brand is an augmented product (Jobber, 2004). Brands are built on products, but are not same as the product itself. Brand plays important role of creating identification and differentiation within products and services for consumers (Hem and Iversen, 2003 as cited in Muhammad (2012). It is reference that consumers recognize and consider in their purchase decisions and it also provides a medium for marketers to target and engage with their customers. In most FMCG market organisations, there is the 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 organisations can rewrite industry rules and create new futures for themselves (wilman & Jerry, 1997 as cited in Eshun, Anyemedu, Baako, Asamoah & Sampson (2012) In the FMCG market, sustainable growth can only be achieved by companies that are successful in creating good, trusted brands (Eshun et al 2012).

#### Consumer Behaviour

Osuagwu and Eniola (1998 pg. 42) said that consumer behaviour is the behaviour customers or clients display in searching for buying, using, evaluating and disposing of products, services and ideas which they expect will satisfy their needs and wants. According to them, this make consumer behaviour a study of how individuals make decisions to spend their resources on consumption related items and their evaluation of such purchase decision. Achumber (1996 pg. 18) defined consumer behaviour as the activities of people engaged in actual services or potential use of market whether products, services, information or ideas. He noted that without consumers, there will be no marketing process. Consumer behaviour is a product of psychology and environment, i.e.  $CB=f(P, E)$  Osuagwu & Eniola 1998 pg. 47-48). Consumer behavior explains the logic that underlie purchasing decision and consumption pattern, it explains the process through which consumers make decision. The study include within its purview the interplay between cognition affect and behavior that goes within a customer during the consumption process: selecting, using and disposing of goods and services (Sanjay, 2013).

#### Fast Moving Consumer Goods

These are also known as Consumer Packaged Goods (CPG). Products in this category (FMCGs) are relatively low cost but have quick turnover and do not require so much stress to dispose. Little time, minimal investment could be adequate to purchase FMCGs. There is less profit margin on each of the products. The products get replaced within one year and play a major role in consumers' budget in so many countries. A major portion of the monthly budget of each household is spent on FMCG products (Anupam & Sharma 2012). According to Sarangapani & Mamatha (2008) as cited in Bijuna & Sequeira (2012) "The FMCG sector primarily operates on low margin and therefore success very much depends on the volume of sales. The good news is that the sellers make adequate turnover.

#### Competitive Advantage

Competitive advantage is what distinguishes you from the competition in the minds of your customers (Kimberly Amadeo 2012). It is an advantage a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competitors. As an organization keeps sustaining her competitive advantage, the more difficult it is for the competitors to challenge her.

## Theoretical Framework on Branding

### The Aaker Brand Theory

The main ideas in Aaker brand theories are:

**Brand Identity:** This approach indicates how the company wants her brand to be seen by the public and the association the company aspires to create in the market. Aaker (1996) defines brand identity as a unique set of brand association that the brand strategists aspires to create or maintain. This association represents what the brand stands for. There are different brand perspectives such as product, organization, person and symbol each has its own role all working to achieving excellent services and market niche.

### The identity Approach

This approach assumes that a strong coherent brand identity is pivotal for brand value creation. The brand must find out who we are as an organisation that is its focus leading to the expression of one coherent identity to all stakeholders.

Other theories are; The Cultural Approach, The Community Approach, The Rational Approach, The Consumer –Based Approach, and The Personality Approach.

## Theoretical Framework on Consumer Behaviour

**Economic Man;** Early research regarded man as entirely rational and self –interested, making decisions based upon the ability to maximize utility whilst expending the minimum effort. While work in this area according to Richarme (2007) began 300 years ago, the term “economic man” or even Homo economicus (Persky 1995) in the late 19<sup>th</sup> century was first used at the start of more sustained research in the area.

### Behavioristic Approach

John B. Watson in 1920 published a landmark study into behavior which became known as 'Little Albert' (Watson and Rayner 1920). This study entails teaching a small child (Albert) to fear otherwise benign objects through repeated pairing with loud noises. The study proved that behavior can be learned by external events and thus largely discredited the psychodynamic approach that was predominant at the time.

Other Theories of Consumer Behaviour include; Humanistic Approach and Cognitive Approach.

## Emperical framework on Branding and Fast Moving Consumer Goods

Firoozeh, Amini, Alireza & Khanmohammadi (2013) in their study on consumer behavior in purchasing fast moving consumer goods with regards to Brand of products, identified four elements as brand equity's components that affect the purchase of FMCGs. These are; Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty. Result indicated Brand Loyalty as having the highest impact on consumer purchasing behavior.

Eshun et al (2012) in their study of the impact of brand loyalty within FMCG found out that organisations that realize the importance of product branding as a valuable asset towards providing substantial returns on investment in the long run, highly set their objectives right. Organisations can experience exponential growth if they recognize the true value of brands and capitalize on that by creating good trusted brand.

### Methodology

The study adopted survey and descriptive research design. Primary and secondary data aided the work. 100 respondents were contacted and administered with well-structured questionnaire. The questionnaire was in three sections- A,B & C. A comprises of the respondents biodata, B comprises of questions on the independent sub-variables (Brand image & importance), Section C comprises of questions bordering on the dependent sub-variables (Consumer loyalty & Consumer buying decision)Data was elicited from 20 local government areas in Lagos state, 5 were randomly choosing from each LGA. 88 responses came successfully representing 88%. The elicited data was analysed with descriptive statistics and two hypotheses were formulated and tested using chi-square statistical tool.

The secondary source was through journals, text books and other related materials from where the study variables were reviewed.

### Hypothesis.

The two hypotheses were tested statistically using the chi-square ( $\chi^2$ ) test. The hypothesis was tested under 95% confidence level and a significant level of 5%. The statistical formula for  $\chi^2$

$$\chi^2 = \frac{(O-E)^2}{E}$$

O = observation

E = expectation

### Decision Rules

If  $\chi^2 > \chi^2_t$  accept H1 alternate hypothesis and reject H0 null hypothesis

If  $\chi^2 < \chi^2_t$  accept null hypothesis and reject H1 alternate hypothesis.

### Re-statement of Research Objective, Research Question and Hypothesis

- i. Research Objective 1: Investigate the concept of branding and consumer buying behavior.
- ii. Research Question 1: What is the effect of branding on consumer buying behavior

Hypothesis 1 Branding does not have effect on consumer buying behavior.

Table 1: Brand Image

Questions	SA	A	FA	FD	D	SD	Total
Brand image is the way customers view the brand and their impression about the brand	20 (23)	41 (47)	15 (17)	8 (9)	3 (3)	1 (1)	88 (100)
Product appeal, ease of use, functionality and overall value are all part of the brand image	22 (25)	44 (50)	9 (10)	9 (10)	4 (5)	0 (0)	88 (100)
Brand image enhances the company's goodwill and brand value	29 (33)	36 (41)	13 (15)	8 (9)	2 (2)	0 (0)	88 (100)
A positive brand image exceed the customer's expectation	35 (40)	21 (24)	14 (16)	11 (12)	5 (6)	2 (2)	88 (100)

Source: Researcher's field survey 2015.

Analysis of data in the table1 comprehensively reveals that 20 (23%) respondents strongly agree and 41 (47%) respondents agree that brand image is the way consumers view the brand and their impression about the brand, 22 (25%) strongly agree and 44 (50%) respondents agree that product appeal, ease of use, functionality and overall value are all part of the brand image, 29 (33%) strongly agree and 36 (41%) respondents agree that brand image enhances the company's goodwill and brand value, 35 (40%) strongly agree and 21 (24%) respondents agree that positive brand image exceed the customer's expectation.

Table 2: Consumer Loyalty

Questions	SA	A	FA	FD	D	SD	Total
Loyal customer's purchase or re-patronize a product without considering other options	17 (19.3)	46 (52.3)	13 (14.8)	8 (9.1)	3 (3.4)	1 (1.1)	88 (100)
Loyal consumer shop more consistently and spend greater share of their wallet on the product	23 (26)	38 (43)	12 (14)	9 (10)	5 (6)	1 (1)	88 (100)
Consumer loyalty is behavioral tendency to favor one brand over all others	32 (36)	24 (27)	13 (15)	8 (9)	7 (8)	4 (5)	88 (100)
Good brand image can attract and retain more loyal consumers	37 (42)	26 (29)	20 (23)	4 (5)	1 (1)	0 (0)	88 (100)

Source: Researcher's field survey 2015.

Data obtained in table 2 systematically reveals that 17(19.3%) strongly agree and 46(52.3%) respondents agree that loyal customers re-purchase or re-patronize a product without considering other options, 23(26%) strongly agree and 38(43%) respondents agree that loyal consumer shop more consistently and spend greater share of their wallet on the product, 32(36%) strongly agree and 24(27%) respondents agree that customer loyalty is behavioral tendency to favor one brand over all others, 37(42%) strongly agree and 26(29%) respondents agree that good brand image can attract and retain more loyal consumers.

Summarizing research question one (i.e. what is the effect of branding on consumer buying behavior). Data obtained from respondents as shown in tables 1 and 2 revealed that brand image is the way customers view the brand and their impression about the brand and a positive brand image exceed the consumers expectation hence loyal customers re-purchase and re-patronize an organization product without considering other options and a good brand image attract and retain more loyal consumers. Using chi square to analyze hypothesis one: It was analyzed by computing the average values of brand image and consumer loyalty.

Table 3: Contingency table for the summary of evaluation between brand image and consumer loyalty.

Variables	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly agree	26.8	14.6	12.2	148.84	10.19
Agree	34.5	14.6	19.9	369.01	27.12
Fairly Agree	12.3	14.6	-8.4	70.56	4.83
Fairly Disagree	8.1	14.6	-6.5	42.25	2.89
Disagree	3.7	14.6	-10.9	118.81	8.13
Strongly Disagree	1.1	14.6	-13.5	182.25	12.48
Total					65.54

Source: Researcher's field survey 2015.

Degree of freedom= (r-1) x (c-1) =(4-1)x (6-1)=15

Testing at 5% level of significance =0.05 with 15 degree of freedom  $\chi^2_t= 24.996$  and calculated value of  $\chi^2_c=65.54$

By interpretation  $\chi^2$  calculated is greater than  $\chi^2$  tabulated. We reject null hypothesis (H0) and accept alternate hypothesis(HI). Thus, we conclude that branding do have effect on consumer buying behavior.

#### Restatement of Research Objective, Research Question and Hypothesis

1. Research Objective 2: Evaluate the importance of branding to manufacturers and consumers on product buying decision.
2. Research Question 2: What is the importance of branding to manufacturers and consumers on product buying decision?
3. Hypothesis 2: Branding is not important to manufacturers and consumers on product buying decision.

Table 4. Branding Importance

Questions	SA	A	FA	FD	D	SD	Total
Branding enhances an organization's competitive advantage	33 (38)	25 (28)	11 (13)	10 (11)	6 (7)	3 (3)	88 (100)
Branding aids firms to generate greater sales and retain more customers	26 (30)	28 (32)	18 (20)	9 (10)	5 (6)	2 (2)	88 (100)
Superior customer service delivery helps firms to attain and sustain a positive brand image	31 (35)	28 (32)	14 (16)	11 (13)	3 (3)	1 (1)	88 (100)
A positive brand leads to increase market share and premium pricing	37 (42)	22 (25)	15 (17)	6 (7)	6 (7)	2 (2)	88 (100)

Source: Researcher's field survey 2015.

Data obtained in table 4 systematically reveals that 33(38%) strongly agree and 25(28%) respondents agree that branding enhances an organization's competitive advantage, 26(30%) strongly agree and 28(32%) respondents agree that branding aids firms to generate greater sales and retain more customers, 31 (35%) strongly agree and 28 (32%) respondents agree superior customer service delivery helps firms to attain and sustain a positive brand image. 37 (42%) and 22 (25%) strongly and agree respectively that a positive brand leads to increase market share and premium pricing.

Table 5: Consumer Buying Decision

Questions	SA	A	FA	FD	D	SD	Total
Consumer satisfaction is a leading indication of consumer repurchase decision	34 (39)	22 (25)	17 (19)	9 (10)	5 (6)	1 (1)	88 (100)
Customer's perceived value has strong impact on customer satisfaction and loyalty	40 (45)	23 (26)	14 (16)	7 (8)	4 (5)	0 (0)	88 (100)
Customer's perception of the overall quality of a product aids them in their buying decision	26 (29.5)	32 (36.4)	17 (19.3)	8 (9.1)	3 (3.4)	2 (2.3)	88 (100)
Corporate brand image significantly affects customers perceived value	28 (32)	33 (38)	8 (9)	10 (11)	6 (7)	3 (3)	88 (100)

Source: Researcher's field survey 2015.

Analysis of data obtained in table 5 comprehensively reveals that 34(39%) strongly agree and 22 (25%) respondents agree that consumer satisfaction is a leading indication of consumer repurchase decision, 40(45%) strongly agree and 23(26%) respondents agree that customer's perceived value has strong impact on customer's satisfaction and loyalty, 26(29.5%) strongly agree and 32(36.4%) respondents agree that customer's perception of

the overall quality of a product aids them in their buying decision, 28(32%) strongly agree and 33(38%) respondents agree that corporate brand image significantly affects customer's perceived value.

Summarizing research question two (i.e. what is the importance of branding to manufacturers and consumers on product buying decision). Data obtained from respondents as shown in tables 4 and 5 revealed that branding enhances organizations competitive advantage, generate greater sales, and increase in market share and premium pricing. Consumer satisfaction is a leading indication of firms repurchase decision and customer's perceived value has strong impact on customer's satisfaction and loyalty, also corporate brand image significantly affects customer's perceived value. Using chi square to analyze hypothesis two: it was analyzed by computing the average values of branding importance and consumer buying decision.

Table 6: Contingency table for the summary of evaluation between branding importance and consumer buying decision.

Variables	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly agree	31.8	14.6	17.2	295.84	20.26
Agree	26.6	14.6	12	144	9.86
Fairly Agree	14.2	14.6	-0.4	0.16	0.01
Fairly Disagree	8.5	14.6	-6.1	37.21	2.54
Disagree	4.7	14.6	-9.9	98.01	6.71
Strongly Disagree	1.7	14.6	-12.9	166.41	11.39
	Total				50.77

Source: Researcher's field survey 2015.

Degree of freedom=(r-1)x(c-1)=(4-1)x(6-1)=15

Testing at 5% level of significant =0.05 with 15 degree of freedom  $\chi^2_t=24.996$  and calculated value of  $\chi^2_c=50.77$ .

By interpretation  $\chi^2$  calculated is greater than  $\chi^2$  tabulated, we reject null hypothesis (H0) and accept alternative hypothesis(H1). Thus will conclude that branding is important to manufacturers and consumers on product buying decision.

**Conclusion**

It was concluded that branding has significant relationship with consumer buying behavior.

Branding is important to manufacturers and consumers on product buying decision.

Most organisations despite the importance of branding, still complain that it is costly and time consuming.

FMCG organisations that imbibe effective branding culture are usually the market leaders.

Brand awareness enables consumers to be able to recognize and recall a brand. Significant number of FMCGs consumers are stressed shopping around for numerous displayed goods but are better off with brand identity and image.

#### Recommendations

Fast moving consumer goods (FMCG) companies are hereby advised to have branding in their hearts if they need to be market leaders.

There is need for adequate promotional budget so as to guard against unbudgeted expenditure that might impact negatively on the organizational profit. Customer relationship is to be seen as “A must do” to keep customers close and loyal. It is important to create brand awareness incorporating corporate image seasonally to stay within the competitive environment. The study recommended that organisations should adopt both corporate and product branding as a *top* priority in pursuant of customer retention, profitability, and sustainability.

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