



**A COMPARITIVE STUDY OF “EFFECTIVENESS OF PROMOTION & CROSS SELLING ON THE BASIS OF  
ATTITUDINAL LOYALTY AND HABIT”**

**AVINASH KAUR**

**Asst. Prof. MLN College, YNR**

**VINOD SHARMA**

**Asst. Prof. Govt. College, CHHACHHRAULI**

**ABSTRACT:**

Fast moving consumer goods are also known as consumer packaged goods are generally bought frequently by the customers as they are small in value but together form a major part of consumer’s wallet.

A customer is “loyal” to a brand or a company if they have a positive ,preferential attitude toward it .A person who shops at a same place regularly is “behaviourally” loyal, while a person who tells others how great a product is, or simply feels really positive about the brand him or herself internally, is “attitudinally” loyal.

Repeat Purchase also known as Repurchase or Replacement Sale is when consumer purchases the same brand that replaces the previous purchase which is already consumer. Brand loyalty can be measured through repeat purchase of the brand. In order to increase repeat purchase there is need to pay more attention to customers than competition then only repeat purchases can be garnered. Either as salesperson or a corporate, repeat sales are necessary to make profits. Statistics have shown that it costs more to attract new customers than to retain existing customers because of high costs of advertising and promotion .The research has been Descriptive in nature as it seeks to discover ideas and insight to bring out new relationship based on previous findings in other organizations.

This research paper mainly attempts to study the effectiveness of cross selling and promotion on Repeat purchase. Various statistical tools have also been applied like **Principal Component Analysis, Regression analysis and Structured Equation Modeling** to analyze the data using software for Statistical Package for Social Sciences (SPSS) 16.0.

Another focus of this paper is to measure the experience of habit with respect to FMCG industry through key factors like time, social setting and location .

## **INTRODUCTION:**

Fast moving consumer goods are also known as consumer packaged goods are generally bought frequently by the customers as they are small in value but together form a major part of consumer's wallet. FMCG are called fast moving simply because they are the quickest items to leave the retailer's shelves. It has been observed that the level of involvement of consumer is low while making purchase decision as most of the consumers does not give much importance in going into deep of technical specification of the products. Major FMCG players include ITC, HUL, Nestle, Dabur, Godrej Consumer Products, and Marico.

Repeat Purchase also known as Repurchase or Replacement Sale is when consumer purchases the same brand that replaces the previous purchase which is already consumer. Brand loyalty can be measured through repeat purchase of the brand. In order to increase repeat purchase there is need to pay more attention to customers than competition then only repeat purchases can be garnered. Either as salesperson or a corporate, repeat sales are necessary to make profits. Statistics have shown that it costs more to attract new customers than to retain existing customers because of high costs of advertising and promotion. Existing customers is the most easily approachable segment to target through marketing campaigns and promotions. It is easy to contact the existing customers because of the contact information and a connection that has been made due to earlier purchases. Those existing customers feel positive engagement with the brand and tend to respond more effectively to marketing campaigns and make repurchase decisions. A customer is "loyal" to a brand or a company if they have a positive, preferential attitude toward it. They like the company, its products or its brands, and they therefore prefer to buy from it, rather than from the company's competitors. In purely economic terms, the attitudinal definition of customer loyalty would mean that someone who is willing to pay a premium for Brand A over Brand B, even when the products they represent are virtually equivalent, is "loyal" to Brand A on "willingness," rather than actual.

A person who shops at the same place regularly is "behaviourally" loyal, while a person who tells others how great a product is, or simply feels really positive about the brand him or herself internally, is "attitudinally" loyal. Yes, in many cases a person can be one without the other; in fact, very frequently this is the case. Some people grudgingly shop at a place because they have no other choice, or where the costs of shopping elsewhere just aren't worth the effort. A habit is a routine of behaviour that is repeated regularly and tends to occur unconsciously. A habit, from the standpoint of psychology, is a more or less fixed way of thinking, willing, or feeling acquired through previous repetition of a mental experience.

Habit formation is the process by which a behavior, through regular repetition, becomes automatic or habitual. Some habits are known as "keystone habits", and these influence the formation of other habits. Purchase of the same brands over and over again, more due to absence of dissatisfaction than because of a positive loyalty. Habit buying is associated usually with low involvement products such as toothpaste or shoe polish. This is the that kind of buying behaviour of customer where they don't think much before buying the product and involvement in the decision making is very low. The product is perceived as commodity and doesn't provide much difference from its rivals.

**RESEARCH METHODOLOGY:**

**Construct:** To study the effectiveness of cross selling and promotion on Repeat purchase

<b>Dependent variable:</b>	Repeat purchase	
<b>Independent variable:</b>	Promotion	Cross- selling
	Time	Social setting
	Location	Ensuing events
<b>Moderating variable:</b>	Attitudinal loyalty	
<b>Intervening Variable:</b>	Habit of the consumers	

**RESEARCH OBJECTIVES:**

- To study the effectiveness of cross selling and promotion on Repeat purchase.
- To measure the experience of habit with respect to FMCG industry through key factors like Time, Social setting, Location and Ensuing events.

**RESEARCH DESIGN:**

The present study has been **Descriptive in nature**, as it seeks to discover ideas and insight to bring out new relationship based on previous findings in other organizations. The present study has been **Causal relationship** because the researcher has attempted to find out the cause & effect relationship between customer firm interaction and customer channel adoption. The study has been found to be **Cross-sectional** as data has been collected at particular time duration. The study setting is **Non Contrived** as the study has been carried out in natural environment and no researcher interference has been there in data collection. Five point Likert (interval) scaling has been used for conducting the survey to analyze the impact of marketing mix elements and brand equity which has been given as follows:

**1–Strongly Disagree, 2 – Disagree, 3 –Neutral, 4 - Agree, 5 –Strongly Agree**

**Hypothesis Development and Testing**

**H<sub>0</sub>:** Attitudinal Loyalty has no significant impact on repeat purchase

**H<sub>1</sub>:** Attitudinal Loyalty has significant impact on repeat purchase

**One-Sample Test**

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
[If i have a positive attitude towards the brand i will surely go for re-purchase.]	58.004	400	.000	2.905	2.81	3.00
[I defend this brand when other say bad about it and my level of intensity to support the brand would lie as.]	59.810	400	.000	3.030	2.93	3.13

**INTERPRETATION:**

Through T-test it has been found that Attitudinal Loyalty has significant impact on repeat purchase since significant level is .000 which is less than 0.05 so, this statement has been found that there is significant relationship between attitudinal loyalty and repeat purchase

**H<sub>0</sub>:** Habit of the consumer has no significant impact on repeat purchase

**H<sub>1</sub>:** Habit of consumer has significant impact on repeat purchase

**One-Sample Test**

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
[If i have a positive attitude towards the brand i will surely go for re-purchase.]	58.004	400	.000	2.905	2.81	3.00
[If i am habitual with the brand so i am never think too much while purchase the product again.]	60.095	400	.000	2.948	2.85	3.04

**INTERPRETATION:**

Through T-test it has been found that Habit of the consumer has significant impact on repeat purchase since significant level is .000 which is less than 0.05 so, this statement has been found that there is significant relationship between Habit of consumer and repeat purchase

**H<sub>0</sub>:** Promotion has no significant impact on repeat purchase

**H<sub>1</sub>:** Promotion has significant impact on repeat purchase

**One-Sample Test**

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
[If i have a positive attitude towards the brand i will surely go for re-purchase.]	58.004	400	.000	2.905	2.81	3.00
[If i am habitual with the brand so i am never think too much while purchase the product again.]	60.095	400	.000	2.948	2.85	3.04

**INTERPRETATION:**

Through T-test it has been found that Promotion has significant impact on repeat purchase since significant level is .000 which is less than 0.05 so, this statement has been found that there is significant relationship between promotion and repeat purchase

**SAMPLE AND SAMPLING DESIGN:**

<b>TARGET POPULATION</b>	<b>Customers of Amul, and Patanjali cow Desi ghee</b>
<b>SAMPLE SIZE</b>	<b>406 customers</b>
<b>SAMPLE METHOD</b>	<b>Non Probability Sampling</b>
<b>SAMPLING TECHNIQUE</b>	<b>Convenience Sampling</b>

**DATA COLLECTION:**

Data collected from both primary and secondary sources .Observation and questionnaire is used to collect the primary data. Various books, journals and websites are used for secondary data.

**STATISTICAL TOOLS:**

Statistical tools helped the researcher to correctly analyze the data .The researcher is likely to use the SPSS 16.0 (Statistical Package for Social Sciences) and Lisrel (student edition) software for analysis of the data.

The following tools are to be used by the researcher:-

- **Principal Component Analysis**
- **Logistic Regression Analysis**
- **Structural Equation Modeling**
- **Reliability Test**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.959	32

**INTERPRETATION:**

By applying reliability statistics on variables, the value of Cronboach’s Alpha has been found to be 0.959 which is greater than 0.5. It means that data under study is reliable and sample is true representative of the population. It also shows that the data collected is 95% reliable.

**PRINCIPAL COMPONENT ANALYSIS:**

Factor Analysis is a commonly used data/ variable reduction technique. This multivariate statistical technique is used for three primary reasons:

- Reduce the number of variables, from large to small
- Establish underlying dimensions between measured variables and constructs and
- Provide construct validity evidence

Some of the points, of Factor Analysis, discussed in class include the types of factor analysis, i.e.,

**EXPLORATORY FACTOR ANALYSIS (EFA) AND CONFIRMATORY FACTOR ANALYSIS (CFA):**

As the names suggest, EFA is used where the study is being conducted with no pre-conceived theories or expectations while CFA is used where the study is being conducted to test a proposed theory.

While the uses of Factor Analysis including a) interdependency and pattern delineation; b) data reduction; c) structure; d) classification; e) scaling; and f) hypothesis testing, have been discussed in detail in the class, one aspect in Factor Analysis that needs mention in detail includes **KMO & Bartlett's Test of Sphericity.**

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.944
Bartlett's Test of Approx. Chi-Square	8316.832
Sphericity Df	406
Sig.	.000

**INTERPRETATIONS:**

- Kaiser-Meyer-Olkin measure of Sampling Adequacy is 0.944 which is more than 0.6  
 The Kaiser-Meyer-Olkin measure of sampling adequacy tests whether the partial correlations among variables are small. Bartlett's test of sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate-- From the SPSS on-line help.
- Kaiser-Meyer-Olkin (KMO) and Bartlett's Test: The next item from the output is the Kaiser-Meyer-Olkin (KMO) and Bartlett's test.
- Here the KMO measures the sampling adequacy which is greater than 0.5 for a satisfactory factor analysis to proceed.

**Rotated Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
I am loyal towards branded cow Desi ghee instead of unbranded cow Desi ghee.	.771				
I am satisfied with product; i will surely go for repurchase.	.740				
Easy availability of product matters to me.	.797				
I am satisfied with the company's promotional activities.	.799				
Availability of products on time matters to me.	.735				
Loyal customers are not likely to feel disrupted in their purchase because of a cross-selling promotion.	.775				
I recommend products of this company to my friends and relatives	.755				
Habits are highly resistant to the brand.	.657				
I think my past experience helps in repurchasing the product.	.583				
This brand makes me inclined to purchase the other products of this brand.	.560	.428			
I would switch from one brand if an alternative brand is sold in a more convenient location.	.534	.488			
I usually don't spend too much time during purchase of a product.		.673			
I think cross-selling helps me in purchasing variety of products.		.766			
Family, friends, opinion leaders influence me to purchase the product.		.814			
If I am habitual with the brand so I am never think too much while purchase the product again.		.766			
I think positive relation with the salesperson influences me to visit the store again.		.671			
The advertisement of product attracts to repeat purchase.		.491			.605
I consider this brand as my first choice while going for buying of cow Desi ghee.					.722
Easy accessibility of transport easily influences me when I go for purchase.					.750
I like to switch brand preference if I get some promotional schemes with another brand.				.438	.665
I purchased other products of same brand with help of cross-selling done by salesperson				.671	
I defend this brand when others say bad about it and my level of intensity to support the brand would lie as.				.748	
Past performance of the product influences me to repurchase the product.				.730	
If this brand would raise their prices, I would continue to purchase their products.			.449	.594	
I never switch to any other brand after watching promotional activities of other brands.			.567	.450	
In future I want to remain connected with the same brand.			.740		
I usually say positive things about the brand.			.772		
I think promotional events organized by company influence me to repurchase the product.			.669		
I feel emotionally connected with the product.			.570		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

**INTERPRETATION:**

After Applying factor analysis we have 5 components. All the 19 questions have been reduced to following 5 components.

- Repeat purchase
- Attitudinal loyalty
- Promotion
- Ensuing events
- Social setting

**LOGISTIC REGRESSION ANALYSIS**

Logit model is a regression model where the dependent variable (DV) is categorical. This article covers the case of a binary dependent variable—that is, where it can take only two values, "0" and "1", which represent outcomes such as pass/fail, win/lose, alive/dead or healthy/sick. Cases where the dependent variable has more than two outcome categories may be analyzed in multinomial logistic regression, or, if the multiple categories are ordered, in ordinal logistic regression. Logit regression refers to where study is dichotomous, according to researcher construct dependent variable is brand loyalty which is dichotomous.

**Variables in the Equation**

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 0 Constant	1.172	.117	.011	1	.000	3.229

**Hosmer and Lemeshow Test**

Step	Chi-square	df	Sig.
1	.011	1	.915

**INTERPRETATION:**

**Wilk's lambda** test how well each level of independent variable contributes to the model. Here in this case value of **WILK'S Lambda** is 1.172 which is appropriate.

Hosmer and Lemeshow table shows and proves the dichotomous and significance level of study. Which is .000 and should be less than .005 that is significant and appropriate.

**Structural Equation Model:**

Structural equation models (SEM) allow both confirmatory and exploratory modeling, meaning they are suited to both theory testing and theory development. Confirmatory modeling usually starts out with a hypothesis that gets represented in a causal model. The concepts used in the model must then be operationalized to allow testing of the relationships between the concepts in the model. The model is tested against the obtained measurement data to determine how well the model fits the data. The causal assumptions embedded in the model often have falsifiable implications which can be tested against the data. Among the strengths of SEM is the ability to construct latent variables: variables that are not measured directly, but are estimated in the model from several measured variables, each of which is predicted to 'tap into' the latent variables. This allows the modeler to explicitly capture the unreliability of measurement in the model, which in theory allows the structural relations between latent variables to be accurately estimated. Factor analysis, path analysis and regression all represent special cases of SEM.

**INTERPRETATION:**

**Model Fit Summary**

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	42	282.054	94	.000	3.001
Saturated model	136	.000	0		
Independence model	16	4127.636	120	.000	34.397

**RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	.050	.918	.881	.634
Saturated model	.000	1.000		
Independence model	.515	.263	.165	.232

**Baseline Comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.932	.913	.953	.940	.953
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

**Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	.783	.730	.747
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

**NORMED FIT INDEX:**

The normed fit index (NFI) analyzes the discrepancy between the chi-squared value of the hypothesized model and the chi-squared value of the null model. However, this NFI was found to be very susceptible to sample size. NFI should range between 0 and 1, with a cutoff of .90 or greater indicating a good model fit. Here NFI value is .932, so the model is good fit.

**RELATIVE FIT INDEX:**

The relative fit index analyze the model fit by examining the relation between the data and hypothesized model, the RFI value should be between 0 and 1 and in this model the value of the .913 which indicates that the model seems goods fit but up to certain limit

**TUCKER-LEWIS INDEX:**

The tucker-Lewis Index was given the two researchers Tucker and Lewis. According to them, for a good model fit the value of the TLI should be between 0 and 1. If the value of the TLI is 0 then the model would be poor fit. The more the value is closer to 1, the good fit would be the model. Here in this model, the value of the TLI is .940 and it indicates that the model is fitted well

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.071	.061	.080	.000
Independence model	.289	.281	.297	.000

**RMSEA:** The root mean square error of approximation (RMSEA) avoids issues of sample size by analyzing the discrepancy between the hypothesized model, with optimally chosen parameter estimates, and the population covariance matrix. The RMSEA ranges from 0 to 1, with smaller values indicating better model fit. A value of .071 or less is indicative of acceptable model fit.

**RESULTS AND FINDINGS:**

The following are the major findings of the study:

**FROM PRINCIPAL COMPONENT ANALYSIS:**

- After applying factor analysis **5 factors** have been extracted namely.  
Repeat purchase, Attitudinal loyalty, Promotion, Ensuing events, Social setting.

**FROM LOGISTIC REGRESSION:**

- Logistic Regression analysis signifies that value of Wald is 0.11 that should remain between 1 to 3

**FROM SEM:**

**Structural equation modeling (SEM)** is a statistical technique for testing and estimating causal relations using a combination of statistical data and qualitative causal assumptions

- **RMSEA** value represent should remain always less than 1. In above case value of RMSEA is 0.71 that shows that model is being proved
- **CFI** value represent should remain always more than .95. In above case value of RMSEA is .953 that shows that model is being proved
- **GFI** value represent should remain always more than .90. In above case value of GFI is .918 that shows that model is being proved

**CONCLUSION:**

Brand loyalty can be measured through repeat purchase of the brand, in order to increase repeat purchase there is need to pay more attention to customers than competition then only repeat purchases can be garnered. It has been proved from PRINCIPAL COMPONENT ANALYSIS that Behavioural loyalty and Promotion both are leaving same impact on Repurchase. It also shown in STRUCTURAL EQUATION MODELLING that PROMOTION dimension is the most important which affect the Repeat purchase. In STRUCTURAL EQUATION MODELLING value of RMSEA shows that standard estimate which is 0.71 which is less than 1. Further in SEM it has been proved that using Promotion and Attitudinal loyalty help to predict consumer behaviour. Repurchase needs to be further investigated because it has effected by promotion but other variables also have effect on it.

**REFERENCES:**

1. **Sekaran Uma(IV Edition)** “*Research Methods for Business*”,
2. **Hair Joseph F., Bush Robert P. & Ortinau David J.(IIIrd Edition)**,”*Marketing Research- Within a Changing Information Environment*”
3. **Sharma D.D,** “*Marketing research-Principles, Applications & Cases*”
4. **Kothari C.R.**(II Revised Edition )<sup>4</sup>, “*Research Methodology Methods and Techniques*”, New Delhi, New Age International (P) Limited, pp 45- 49, 301-306, 236-243
5. **Beri G.C** (IV Edition), “*Marketing Research*”
6. **Malhotra K. Naresh,** “*Marketing Research- An Applied Orientation*”
7. **Kotler Philip, Armstrong Gar** “*Principles of Marketing*”
8. **Jain T.R.,** “*Statistics for MBA*”;
9. **Beri G.C**<sup>14</sup>.(III Edition), “*Marketing Research*”;
10. **Shrestha Binod** (July2012), Consumer responses to sale promotion of fast moving consumer goods in Nepal” *Journal of business Research.*
11. **Lars Meyer warden and Christophe benevent,** “The impact of loyalty programme on re-purchase behaviour “*Journal of Marketing Management* 2006.”
12. **Grewal Rajdeep, Mehta Raj (Febraury 2004),** “The timing of repeat purchase on consumer durable goods: the role of functional basis of consumer attitudes.) *Journal of Marketing research*
13. **Ramananthan suresh and Menon Geeta , (Nov. 2006),** “Time varying effects on chronic hydonic goals on impulse behaviour”, *Journal of Marketing research*”.
14. **Christian Homburg, Nicole Koschate, & Wayne D. Hoyer,(1999)** “*Content class as a contextual clue in the cognitive processing of publicity vs. Advertising.*” *Journal of public relational research.*
15. **Hardeep Chahal and Madhu Bala (January-June 2010,)** “*Confirmatory study on brand equity and brand loyalty: A special look at the impact of attitudinal loyalty and behavioural loyalty*”. *VISION-The Journal of Business Perspective.*
16. <http://www.amul.com>
17. [https://en.wikipedia.org/wiki/Fast-moving\\_consumer\\_goods](https://en.wikipedia.org/wiki/Fast-moving_consumer_goods).