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# THE INFLUENCE OF CUSTOMER PERCEPTION ON LOYALTY TOWARDS AN ORGANIZATION. A SPECIAL REFERENCE TO THE FMCG SECTOR IN SRI LANKA

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## **ABSTRACT**

The customer perception is a concept that mainly includes the customer's impression, awareness of the customer and consciousness of the customer towards the goods and services produced by the organization. The paper mainly investigates how brand, price, usability, and promotional activities influences the customer loyalty in an organization. The main problem which is identified by the study is the gradual downfall of market share over the years experienced by FMCG sectors in Sri Lanka. Keells Pvt Ltd is selected to delineate the FMCG sectors in Sri Lanka. The study mainly addresses the factors such as the branding, pricing, usability, and promotional activities which acts as the determinants of the customer perception which are observed to be the gap notified from previous research. The study was conducted for 150 customers selected through simple random sampling using pragmatic philosophical stance along with a deductive approach. The data are collected through a mixed method approach. The study confirms that branding, pricing, usability, and promotional activities have an impact towards the customer loyalty within the firm. The paper concludes with key recommended approaches which mainly includes the modern management styles and Marketing tactics which are applicable for all types of FMCG sectors in the Developing Nations.

**Keywords:** Perception, Loyalty, Branding, Usability, Pricing, Promotional Activity

## **INTRODUCTION**

The paper hereby mainly investigates the perceptions of customers towards the organizations that they seek services. The research is carried out by the author based on FMCG sector in Sri Lanka. Keells super is chosen to signify the FMCG sector in Sri Lanka. The study conducted clearly provides a brief understanding regarding the brand and the loyalty that exist in order to attract the customer base, the price and the ways how the price impacts the loyalty for a product or a service, the usability of the products and the services that are offered and the promotional activities that are carried out by the organization in order to enchain the loyalty among customers. Overall, the influence of customer perception is very well analyzed and the influence of the customer perception towards the customer loyalty is well articulated.

### **Background of Study**

The customer perception is considered to be an evolving concept across the globe. The demand and trend towards goods and services that exist within the customers changes over the time due to globalization, industrialization, mechanization etc. These changes had resulted in the

psychological and physiological shifts in preferences. The influence of global trend change has affected many developing nations including Sri Lanka. The evolution of trend has shifted the marketing from the traditional view to a modern marketing view. The customer centric view under modern marketing needs more of a focus in understanding the everchanging needs, wants and trends among customers in order to retain them for a long run in the market. The changes over the perception of the customers resulting in an instability in the decision criteria over purchase has created a greater level of challenges to both manufacturing and service industry.

Upon looking into the context of Sri Lanka, being a nation progressing on the steps of growth has confronted with many kinds of cultural shifts within a period less than 2 decades. Within this short period, large number of sectors under service and manufacturing industries started to penetrate the Nation. Some of which has started to expand the capacity in order to cater the increase in demand. In such monopolistic competitive market, retain a customer within the firm is a challenge than acquiring a new customer into the firm. The perceptions of the customers started to change over the time. Upon comparing many sectors, the FMCG sector within the country has shown a greater scale of growth within the nation over a period less than 20 years. The expansion includes two types of criterions where it was observed that the new players entered the Nation as well the existing players started to market develop their products and services across other districts. Upon conducting a preliminary study, it was observed that the customer selection over the FMCG sector showed a greater level of flexibility whereas the said customers have a constant selection towards the other service/manufacturing sectors. The study mainly focusses on analyzing what factors of customer perception leads to flexibility over the

customer choices which influences the loyalty towards an organization under FMCG sector.

In order to perform an in-depth analysis on the concepts discussed above, the researcher hereby limits the study only with one selected firm under FMCG sector which can later be generalized for the other firms under the FMCG sector. The study progress with the FMCG subsidiary owned by John Keells Holding known to be Keells Super Pvt Ltd which is considered to be one of three largest subsidiaries in the Nation. Keells Super mainly trades different types of products which can be commonly categorized as beverages, chilled, frozen foods, fruits, grocery, households, liquors, meat, fish, vegetables, and home ware. There are more than 24 million customers on board with Keells super (Nadarajah, et al., 2014). There are nearly 106 supermarket chains are available throughout the nation.

The analysis conducted in the form of a survey is objective in nature towards identifying the factors of customer perception which influence the customer loyalty towards the FMCG sector in Sri Lanka.

### **Research gap**

As per Folkes (1988), the product awareness is considered as one of key determinants influencing the customer loyalty within an organization. The after sales services and the role of management towards problem analysis are factors that influence the customer loyalty towards an organization (Parasuraman, et al.,1985). Xu, et al. (2007) states, the customer perceived service value in the presence of the customer satisfaction as the mediating factor influences the customer loyalty. The call quality, price structure, mobile devices, value added services, convenience in procedure, customer support, attitude, social influence, switching cost, prior switching behavior, variety seeking, trust, familiarity and partnering are considered as the factors

that determine the customer loyalty within an organization (Segoro, 2013).

Through a thorough investigation of the existing literature, it was evident that researchers have failed to analyze Branding, Pricing, Usability of the products and Promotional activities as the determinants under the customer perception which influence the customer loyalty within an organization. Thus, the paper hereby mainly focusses on the gap identified from the previous researchers.

### **Research problem**

The preliminary study conducted on a sample audience of 25 respondents from FMCG sector concludes with various types of problems. The identified issues are later supported by the evidence from other researchers. The pilot study concludes that the current market lacks in effective branding for goods and services offered. Wickremetilleke (2019) says, the current market shifts towards the segments of mobile customers, millennials and generation z who ever are social conscience and people of eco enthusiasts who gives importance to the clean label and guilt free products which is not adequately provided by the service and manufacturing sectors in Sri Lanka. Although the demands and markets trends are changed, the FMCG sectors lacks in resources to shift to AI and new technologies; adding to which the differentiation and the direct customer experience also remain at its infancy. The findings too conclude that the innovation of the organizations under the FMCG sector takes a slow growth starting from 2010.

In line with the daily reports published by the Central bank of Sri Lanka, mainly from 2017-2019; the fast-moving goods such as vegetables, rice and other types of wholesale goods such as onion, potato, coconut etc. shows a higher level of price flexibility in the market. The price flexibility has eventually led the retailer to fluctuate in the price scale. Randomness

over the price flexibility has made the customer to jump into the retails which offers considerably lower price in the market (CBSL, 2016/19). This had affected the loyalty at a greater scale.

The Usability of demanded goods showed an inefficiency mainly due to the lack of enterprise resource planning within the firm. The inefficient strands in the usability has led many organizations to fail in achieving the desired performance level. The usability is considered to be an inefficient strand within a FMCG sector which has concluded to be a key factor influencing the performance of an organization mainly due to the lack of technological knowhow within the firm, weak information management, lack of user training and limitation in the proper consultancy services (Herath & Wijenayake, 2019).

The promotional activities that are carried out by the organizations within the FMCG sector are very much traditional and inefficient in nature. Dissanayake (2015) justifies the above problem stating that the primary focus of organization under the FMCG at the time of promotion is mainly on social media which relies on soft metrics such as number of likes, shares and comments than the absolute actual conversation to customers. Hence Dissanayake argues that the promotions carried out by the organizations in FMCG sector fail to address the importance of changing environmental demand and new innovative initiatives to lever the performance.

### **Research Question**

The study is based on identifying the relationship in between the customer perception and the customer loyalty within an organization. The research question is mainly focused on whether the brand, price margin, usability and stability, promotional activities of the product and

the services influences the loyalty of the customers within an organization.

### **Objectives of the study**

To evaluate the impact of the brand towards the customer loyalty in the service sectors.

To analyze the influence of the price scales for the products and services towards the customers loyalty in the service sectors

To assess the usability of the products and the services towards the customers loyalty in the service sectors in an organization

To identify the influence of the promotional activities towards the customers loyalty in the service sectors in an organization

### **Significance of the study**

The research conducted by the author helps the other researchers to get more knowledge regarding the impact of the customer perceptions towards loyalty within FMCG sector in Sri Lanka. The research findings by the author will help the existing business and the other third party business people to know how the customer satisfaction can be achieved and the ways in which the organizations can adopt themselves to full fill the customers' perceptions and to develop the loyalty of the customers towards the organization. The research findings by the author supports the policy makers and the administrators of Keells super to identify the ways in which the customers can be attracted and the ways in which those customer perceptions can be fulfilled and the ways the organizations can conduct loyalty programs and customer satisfaction survey to attract customers and to position their market accordingly.

## **LITERATURE REVIEW**

### **Introduction**

In this research the author had clearly analyzed the impact of the customer's

perception which mainly affects their loyalty towards an organization. The focus of the research is to find out the ways how the key elements in the customer's perceptions can be improved and the strategies that can be followed in order to improve the performance of FMCG sector under service industry.

### **Customer's perception**

In line with the Barsky (1992), consumer Perception is a concept that mainly includes the customer impression, the awareness of the customer and the consciousness of the customer towards the goods and services provided by the organization. The customer perception is considered as one of the important elements in the current digital world. The customer perception or customer interpretation towards the goods and services offered by an organization are determined by the brand, pricing strategies that are used by the organization, the usability of the goods and the services that are offered and the promotional activities that are carried out to advertise the products or services (Flavian & Guinalfú, 2006).

### *Theory Associated with the organization*

The customer perception is a key determinant in an organization to benchmark the loyalty of the customers towards the firm. Upon discussing about the customer perception, it is observed that the most organizations within the FMCG sector follows the application of dissonance theory. The paper hereby critically assesses the application of dissonance theory within the FMCG sector and finally concludes with the most appropriate theory that can be implied in place.

The dissonance theory states, if the consumer seeks for a high value product instead receives the low value product would experience a disparity and lead to a cognitive dissonance. The variance observed leads to a state of dissonance or

the psychological discomfort. The adjustment over the perceived disparity that exist among the individuals can lead to the reduction of pressure which results in the formation of dissonance. The prevalence of variance in between the expectation and the performance of product/service brings physiological tension within consumers which would later be reduced by the consumers through altering their perception with respect to the product/service consumed. The cost of the product/service consumed against the perceived worth of the product/service by the individuals act as the determinant of performance.

### **Major determinants of customer perceptions**

#### **Branding**

The brand is the name, term, design, symbol, or other feature that helps to differentiate an organization/product/services from its competitors (Collins,2003). The brand plays an important role in business, marketing and advertising. The brand act as the point which helps to give an organization a voice, identity, value, awareness among the consumers. Hosany, et al. (2006) says that the brand is considered as the asset of an organization. The branding mainly involves different concepts. The main concepts are Brand identity by the organization, Brand equity and Brand personality. As per De Chernatony (1999), the brand identity is one of the basic foundations in branding in which the organization chooses its design, logo, uses, color, shape and the other visual elements for the product, services and the promotions. The brand image is an outcome of effort, successfulness, and unsuccessfulness of the brand identity. The brand equity is another important concept which mainly specifies the value premium that is generated through the name which can mainly be created through the memorable, easily recognizable, and

superior quality and reliability of the product or service (Aaker, 2009). As per Azoulay and Kapferer (2003), the brand personality act as a framework that helps an organization to shape the way people feel about the products, services, and the mission. The company's brand personality elicits an emotional response in a specified consumer segment which indirectly leads an organization to achieve a positive benefit. The general classifications of the brand personalities considered by an organization are excitement, sincerity, ruggedness, competence, and the sophistication.

#### **Pricing**

The pricing is a critical component in marketing as well in formulation of competitive strategy upon influencing the performance of an organization (Hao & Papalexopoulos, 1997). The price is a benchmark used by both the commercial as well the industrial customers to judge the standards and values of the offerings. Pricing plays a key role in determining the brands among varied types of alternatives (Shiple & Jobber, 2001). The pricing reveals the true worth that the product or service captures in the real competitive market (Yeoman & McMahan, 2004). In line with Paul, et al. (2013), the pricing acts as the key component in marketing mix that helps in the inflow of revenue to the organization and also helps an organization to come up with quick decision for varying micro and macro environmental conditions (Diamantopoulos, 1991). The company's functions with respect to the objectives are multifaceted; where the sustainability of businesses depends on a mixture of different objectives of pricing (Shiple & Jobber, 2001). These objectives are unstable which changes over the time due to various micro and macro environmental interventions. The pricing objectives could either be supportive or conflictual in nature. The sales increase vs. market share increase could be termed to be a

supportive component whereas on the other hand the sales maximization vs. profit maximization could be termed as the conflictual component (Myers, et al., 2002).

### **Usability**

The usability of the product and services are an important element in the customer perception. The process mainly includes the evaluation of the product or service by testing it with the users who represents the whole consumer segment where the company seek services (Casalo & Flavian, 2008). The usability act as the important key component during the testing in the internet sector where user interface and the user experience are very much hard to stimulate during the development stage of a product or the services (Adellia & Prasetio, 2016). The main aim of the usability is to identify the problems that are faced by the consumers related to the individual products or services. The usability testing is mainly done through three main procedures that are; initially the company develops the usability test plan, recruit the participant who fits the consumer profile and finally analyzes and reports the usability test findings (Lidwell, et al., 2010). In accordance to the Mithas, et al. (2006), the usability test helps the organization to identify whether the participants can complete the tasks successfully, identify the capability of the sample audience to adopt to the product or services, analyses the satisfaction level of the individual consumers, identify and analyses the changes that has to be implemented in order to modify the products and services, analyses the performance of the products and services (Dewi & Darma, 2014). The consideration of usability process helps the organization to get a clear and a broader picture of the customer perception towards the organization and also supports an organization in evaluating the performance with respect to the product and services (Kim & Moon, 1998).

### **Promotional Activities**

The business promotion is a key aspect in an organization through which the organization communicate with the public and influence them to buy the product and services that are offered by the organization (Liu, 2002). There are different types of strategies involved in the product promotion such as social media, mail order marketing, product giveaways, point of sale promotion and end cap marketing, the customer referral incentive program, causes and charity, branded promotional gifts, customer appreciation events and the aftersales customer survey (Narasimhan,1988). Regardless of the product and services offered by an organization, it is necessary for an entity to have a proper promotional strategy in order position the products and services against the other competitors. The presence of the promotional activity helps an organization to create a network of potential customers who view the organization through different perspectives. Along with the globalization the technology implied with internet has become the modern trend among most firms to showcase their promotional activities in value creation (Van, et al., 2000). The mail order marketing is a key promotional tool utilized by many firms in general; where the loyal customers are provided with an alternative product as an exchange of the personal information that are provided by the customers, hence such actions helps to create more influence among the customers to positions the products and services in much effectual manner (Aliata, et al., 2012). Tuten and Ashley (2011) say that the customer referral incentives, as a promotional tool helps the entities to grab new customers through existing customers. Thus, the action brings more reliability among new customers as the promotion is highly based on word of mouth. In general, the presence of an effective promotional tools within a firm is a depiction of an effective

communication process established by the firm among both the internal and external stakeholders (Pizarro, 2017).

### **Customer Loyalty**

Dick and Basu (1994) say that the customer loyalty is a process which includes the positive emotional experience, physical attributes-based satisfaction and perceived value of an experience that includes products and services. The customer loyalty act as the key component to establish the relationship between customer and companies, persons, products or brands. The loyalty of the customer is a depiction of the longevity of purchase towards the products and services made by the customers from the familiar and trusted vendors. The risk of retaining an existing customer on board is more than bringing a new customer on board. The customer loyalty in physical marketplace is mainly the superior quality over the service provided and the trust that is developed by such services (Gefen, 2002). The customer loyalty is a profitable component for an organization; the profitability is thought to be generated from reduced servicing costs, low price sensitivity, gradual increase over the spending pattern and the favorable recommendations which ever are conveyed to the other potential customers by these loyal customers (Hallowell, 1996). With the growth of the technological era the loyal customers in the market are viewed with the aid of computerized database technology which provides the detailed analog of the customer behavior. These techniques currently are largely practiced by the retailers and many other packaged goods manufacturers which help those entities to allocate the appropriate market resources to attain a maximum return (Dick & Kunal, 1994). The customer profitability analysis (Uncles, et al., 2003) which is conducted in the modern corporate era by analyzing the lifetime value of a customer is a significant tool to identify the

importance of consumer loyalty (Kandampully & Suhartanto, 2000). Loyalty being an important milestone for varied types of industries in the market; the loyalty programs had become a vital topic in the lifecycle of an organization to bring out a defensive move to protect the existing customer base (Griffin & Herres, 2002), an offensive approach to improve the sales (Heskett, 2002), margin and profit and also to motivate a cross product purchase habit among the prevailing customer base within an organization (Innis & La Londe, 1994).

### **Critical Evaluation of the theory applied to the Customer Perception.**

Reviewing the application of the Dissonance theory to the customer perception which is identified among the FMCG sector; hereby states that the approach of dissonance theory assumes that the consumers generally create a perception that the product mostly get deviated from the expectation or the effort expenditure and in such case the cognitive repositioning become necessary in action. The theory cannot be accepted purely to the study as there are many numbers of contradictions exists with respect to the actions of the customers whether the consumers would engage in the discrepancy adjustments quoted in the model as the consumption situation would vary depending on situations. For an example the satisfaction is termed to be a magnitude and the direction of the difference in between the customer's expectation and product performance, which affects one's post decision affect level. As the customers are not under any pressures to identify and resolve the difference that exist in between the customers expectation and product performance hence it can be concluded that the satisfaction or the dissatisfaction is something which mainly arises through the recognition and acknowledgment of dissonance with respective to brand and



usability standards of a product and services rendered.

On the other hand, upon looking into the perspective of the model treated to be true enough, the companies hold a responsibility to raise the expectation of a product or a service eventually more than the product performance to obtain a higher level of an evaluation for the product or services. The uplift of the expectations can be made possible through stressing more on the promotional activities conducted by the firm, utilizing new pricing strategies to grab more market share and through new branding strategies into the play. Upon reviewing FMCG sector discussed in the paper the dissonance theory is applied mainly to hold the market share and to penetrate more into the market. But the application of dissonance theory for an effective management style is always questionable. The dissonance theory application into the management can backfire, if the company fails to meet the expectations which ever are lifted through the implication of branding, promotion and pricing strategies. The application of this type of practices could result in minor level of discrepancies to arise most frequently and thus the accumulated scale of discrepancies can result in the formation of a negative evaluation. The model also fails to consider the 'tolerance level' into the account. Where the application of tolerance level suggest that the consumers are willing to accept the performance in range around an estimated point as far as the range which is suggested is reasonably expected. If perceptions of a brand, price, promotional activities, and usability performance that are close to the standard (initial expectation) are within the latitude of acceptable performance and can then be assimilated to the standard.

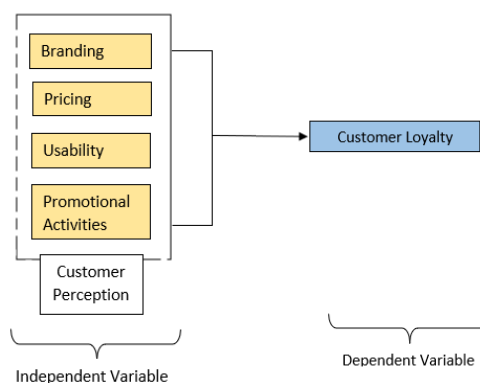
The dissonance theory which is applied and practiced by most of the FMCG sectors fails to bridge the gap that exist in between the expectation and perception. Also, the study helps to reach out an

understanding and a clarity over the fact that the expectations associated with a consumer are never static and expectations fluctuate significantly with the consumer experience. For an instance, the expectations of a consumer before reaching a FMCG outlet would be different from the moment the consumer reaches the outlet and seek the service from the retail outlet.

## RESEARCH METHODOLOGY

### Chapter Introduction

In this context the author clearly explains the methods that are been used by the author to collect the information that are needed to make the project successful.



### Proposed Hypothesis

Upon the analysis it is hypothesized that the Branding, Pricing, Usability and Promotional Activities have a significant impact towards the Customer Loyalty. To validate the statement, the below hypothesizes are formulated.

H1: The Branding has a significant influence on customer loyalty to their preferred FMCG sector/s.

H2: Pricing has a significant influence on customer loyalty to their preferred FMCG sector/s.

H3: Usability has a significant influence on customer loyalty to their preferred FMCG sector/s.

H4: Promotional Activities have a significant influence on customer loyalty to their preferred FMCG sector/s.

### **Research Design**

In general, the main purpose of a research can be divided into exploration, explanation and description. The study conducted by the author mainly focus on the exploration and description research. The exploration research mainly focusses on areas which are unexamined or with varied type interest than the other researchers. The selection of an exploration research for the purpose of analysis in the study is that FMCG sectors are in a growth trends over the observation for a period of a decade. Also, on the other hand most of the researchers have examined the customer perception along with the loyalty for tobacco industry, ecommerce, hotel industries etc. There is a limited number of research conducted in the FMCG sector in general. Besides everything, the study conducted also utilizes the description research as the approach that helps to define the situations and events. The author selection of the topic mainly analyses the customer's perception on how well the customers are loyal to their preferred FMCG Sector.

The study is based on Quantitative method followed by deductive approach. The research question is based upon deriving the relationship in between the variables identified. Hence, the study mainly investigates the pragmatic philosophical stance. The survey was conducted based on 150 self-administrated questionnaires for respondents from both the sectors mainly through physical survey and least through online survey. The brief explanation on the objective of the research will be provided by the researcher before initiating the survey. Out of 150

questionnaires which ever were circulated only 138 questionnaires were found to be free of response error and was suitable for the data analysis. The simple random sampling is used upon the collection of data samples. As per the approach the study was conducted from the members of population who ever are chosen randomly and entirely by a chance. Due to the high restrain over the time and cost, this technique brings more efficiency and accuracy over the data collection. Questionnaires were distributed among the respondents in the Kohuwala, Kalubowila, Dehiwala-Mount Lavinia, Nugegoda and Wellawatta regions during both Weekdays and Weekends. The questionnaire which was designed was pretested to determine the feasibility and reliability. The pilot test was conducted for 45 respondents. At the time of the pilot test, the respondents were evaluated through interviews as well. The pilot test was conducted twice which eventually means that the respondents must answer the questionnaire twice to test the feasibility and reliability. The survey results which ever are collected will be analyzed through the SPSS Software analysis which mainly employs demographic analysis, descriptive analysis and multiple regression analysis

### **DATA ANALYSIS**

The chapter hereby clearly analyses the data collected by the author at the time of survey conducted. The quantitative data collected, are initially tested for the validity and the reliability. The regressors and regressands considered under the conceptual framework were briefly described and analyzed. The multiple regression model is used to prove the hypothesis.

#### **Reliability**

#### **Reliability Analysis towards the Quantitative data analysis**

The reliability test was conducted by the author to evaluate the internal consistency of the measures conducting the aspects of the inter-item consistency reliability through the aid of the Cronbach's coefficient of alpha. The overall summary of the test that is conducted are given in the table below.

Table 1 Reliability statistics

Variable	Cronbach's Alpha
<b>Threshold Value</b>	> 0.7
<b>Independent Variables</b>	
Branding	0.829
Pricing	0.878
Usability	0.810
Promotional Activities	0.903
<b>Dependent Variable</b>	
Customer Loyalty	0.704

Source: Survey data

The findings of the reliability analysis performed concludes that the Cronbach alpha value obtained for both the independent and the dependent variables are observed to be greater than the threshold value of 0.7; it clearly concludes that there is a high level of internal consistency exists for the scale with this sample obtained.

### Demographic Presentation

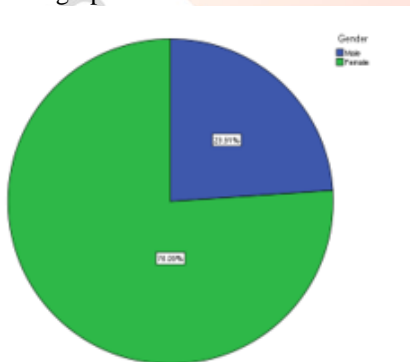


Figure 1 Gender

Source: Survey data

The demographic factors associated with the survey conducted is reviewed

through the individual analysis on gender, age, income and expenses of the respondents, ceteris paribus. The sample clearly shows that most of the purchasing and service seeking are done by females than the males. The total number of females observed from the data sample is nearly 76% and the males are nearly 24%. The ratio that existed in between the Female consumers: Male consumers is observed to be 3:1.

Upon looking into the age dispersion of the respondents, large number of responses are obtained from respondents in the age group of 41-45 and on the other side the least responses are obtained from the respondents in the age group more than 50 years. Approximately 41% of the respondents are in the age group of 41-45 and nearly 2% of the respondents are in the age more than 50 years. The findings clearly show us that in overall most of the purchases are made by the customers from Generation Y and least comes from Generation X. Overall the summary findings show us that the involvement of Millennials in the purchase is insignificant in number. The age distribution shows us a clear evident in how well the segmentation, targeting and positioning needs to be streamlined upon developing new strategies.

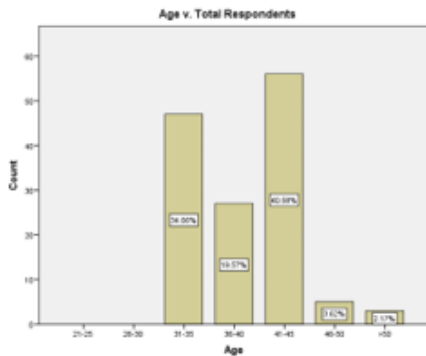


Figure 2 Age distribution  
Source: Survey data



Figure 3 Salary distribution  
Source: Survey data

The overall monthly expenses showed us that nearly 55% of purchases are made within a range of Rs.15,000-Rs.24,999. On the other hand, an equal proportion of nearly 22% respondents make purchase less than Rs.15,000 and in the range of Rs.25,000 to Rs.34,999. Upon comparing the responses related to the monthly salary and the monthly expenses it is very clear that the purchases are made highly by the middle-income households and it was largely observed that the purchasing is performed by females in most households. The findings of the study can be generalized to all the other organizations under the FMCG sector such that the promotional activities, branding can be more biased towards females than males. Also being a large proportion of purchase being made by customers in Generation Y

category; the branding and pricing needs to be much informative and less complex in nature. Also, the findings of the age can be correlated with the salary statistics to derive to a conclusion that nearly 76% of respondents with an average salary scale of Rs.50,000-Rs.99,999, fall into the age group of either 31-35 years or 41-45 years. Whereas the strategies need to be largely focused on individuals in the Generation Y than any other Generations in the market.

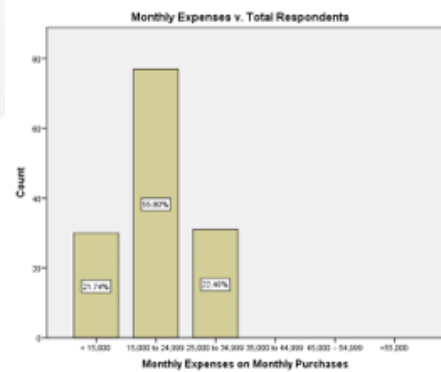


Figure 4 Expense distribution  
Source: Survey data

### Variable Analysis

The demographic analysis hereby clearly illustrates the statistical summary of the independent variable, Branding. The summary statistics showed a negative skewness of  $-0.968$ . The negative skewness clearly concludes that majority of the data are clustered between the ranges in between the 3 to 5. This clearly concludes that most of the respondents disagree or strongly disagree with the fact that the branding within the organization is of required level of satisfaction. The median and the mode are observed to be 3.75 and 4.25, respectively. The mean which is observed to be 3.696 and the standard deviation is observed to be 0.602 and the value indicates that the data points dispersed around the mean value are with a significant level of distance. Upon observing the peak and the flatness of the

distribution of the series, it shows a platykurtic with a value of -0.145.

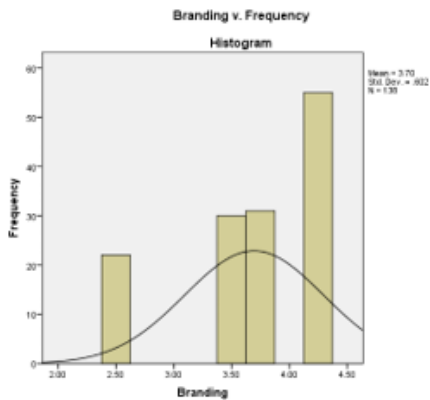


Figure 5 Branding towards customer loyalty

Source: Survey data

respectively and the dispersion of the variables around the mean value is observed to be 0.815. The flatness of the curve showed a positive platykurtic value of 0.559.

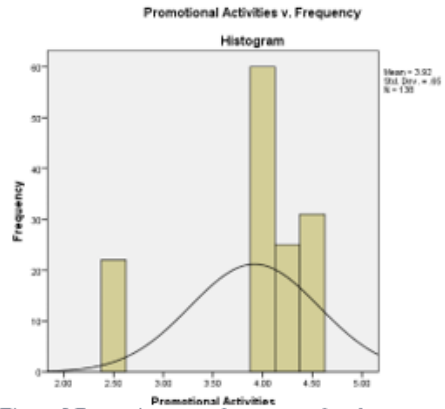


Figure 8 Promotion towards customer loyalty

Source: Survey data

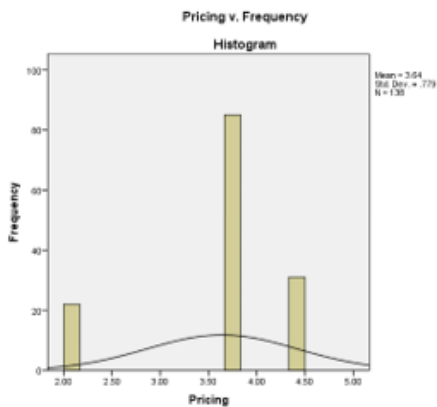


Figure 6 Pricing towards customer loyalty

Source: Survey data

The summary view of the pricing variable which showed a skewness of -1.208, the negative skewness showed that most of the respondents disagree with the standard and effectiveness over the pricing within the organization. The median and the mode are observed to be 3.75 and 3.75 respectively. The mean which is observed to be 3.64 and the standard deviation is observed to be 0.779 and the value indicates that the data points dispersion for the pricing is closer to the mean value compared to the branding. The flatness of the curve showed a positive platykurtic value of 0.578

The statistical analysis performed for the independent variable; Usability showed the negative skewness of -1.317 which reflects that majority of the respondents had either disagree or strongly disagree on the fact that the organization has effectiveness, efficiency, error tolerance and easy adoptability over the systems. The mean, median and mode are observed to be 3.73, 3.75 and 3.75

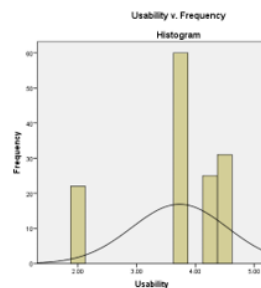


Figure 7 Usability towards customer loyalty

Source: Survey data

being an independent variable in the survey

conducted showed a negative skewness of -1.503 with the dispersion of variance around the mean value of 3.92 is 0.65. Furthermore, the observation had shown both the median and mode values to be the same which is 4.0. The dispersion of the graph clearly concludes that respondents disagrees on the fact, that the firm has an adequate marketing, differentiation upon the promotion, buyer readiness and innovative promotional approaches. The flatness of the curve showed a positive platykurtic value of 0.901.

The customer loyalty being a dependent variable showed a negative skewness of -1.458 concluding that majority of the customers within the sample identified are less satisfied, lack of trustworthiness towards the firm, less committed, least involved with the firm activities and are not ready to bear any type of risk associated with the organization. The analysis had shown that the median and mode takes the same value of 3.75 while dispersion of the values around the mean 3.56 was observed to be 0.606

The variable analysis clearly concludes that the consumers shows a high level of acceptance towards the importance of branding, pricing, promotional activities, and the usability over the loyalty towards an organization.

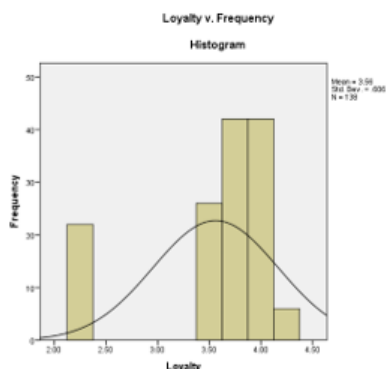


Figure 9 Customer response towards loyalty  
Source: Survey data

on basis of eight assumptions namely, relevant scatterplots and partial regression plots, histogram with super imposed normal curve, Normal P-P plots and Normal Q-Q plots, Correlation coefficient and Tolerance/VIF values, Case wise diagnostics and studentized deleted residuals.

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.980 <sup>a</sup>	.960	.959	.12290	.960	800.174	4	133	.000

a. Predictors: (Constant), Promotional Activities , Branding, Pricing, Usability

Source: Survey data

Upon observing the findings of the model summary, it is conclusive that the multiple correlation coefficient (R) which measures the quality of the prediction of the dependent variable shows a good level of prediction depicted by the R value of 0.980. The coefficient of determination which emphasis the proportion of variance in the dependent variable explained by the independent variable shows us the independent variable in the finding explain 96% of the variability of dependent variable. The degree of strength is justified by the fact that the adjusted R2 and R2 values being nearly similar to one and another.

Table 3 ANOVA table

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.343	4	12.086	800.174	.000 <sup>b</sup>
	Residual	2.009	133	.015		
	Total	50.351	137			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Promotional Activities , Branding, Pricing, Usability

Source: Survey data

The F ratio obtained from the ANOVA table tests on the good fit of the data in the overall estimated regression model. The findings concludes that the  $F(4,133)=800.174$  which is significant at 5%. Significance level observed is 0.000 which is less than 0.05 (5%) thereby the regression model is a good fit of the data.

Table 4 Summary Statistics of Coefficient

Model	Coefficients <sup>a</sup>						
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	95.0% Confidence Interval for B
	B	Std. Error	Beta				Lower Bound
1 (Constant)	-3.727	.255		-14.604	.000	-4.232	-3.222
Branding	.478	.042	-.474	-11.292	.000	-.561	-.394
Pricing	-1.855	.107	-.2384	-17.402	.000	-2.066	-1.644
Usability	-2.100	.167	-.2823	-12.605	.000	-2.429	-1.770
Promotional Activities	6.033	.316	6.469	19.079	.000	5.407	6.658

a. Dependent Variable: Loyalty

Source: Survey data

The unstandardized coefficient indicates how much the dependent variable varies with independent variable when all the other independent variable in the study is kept constant. That is the B value shows that for every 1 unit increase in independent variables how many units of increase/decrease of dependent variable take place.

Upon reviewing the hypothesis 1, the statistical results reveal that observations clearly show that the P value of the analysis is observed to be 0.000 which is less than the ‘α’ value 0.05. Since  $P < 0.05$ , the study rejects the null hypothesis and accepts the alternate hypothesis. Hence it is statistically proven that the branding is a significant determinant of customer loyalty.

The findings of the Pearson correlation coefficient observed in the analysis concludes a significance value of 0.000 upon testing the hypothesis II. The significance value is less than the threshold ‘α’ value 0.05, thereby the null hypothesis is rejected. The findings statistically prove that the pricing is a significant determinant of customer loyalty.

The significance level observed upon testing the hypothesis III is 0.000 which is far below the threshold of 0.05. Since  $P < 0.05$  the null hypothesis is rejected, and the alternate hypothesis is accepted. The findings statistically prove that the usability is a significant determinant of customer loyalty.

Finally looking into the statistical relationship established in between promotional activity and customer loyalty the Pearson correlation coefficient showed

a significance value of 0.000. The significance value observed is less than 0.05,  $P < 0.05$  thereby the null hypothesis is rejected, and the alternate hypothesis is accepted. The findings conclude that the promotional activity is a significant determinant of customer loyalty.

The relationship that is occupied in between the independent and dependent variable in presentation through a linear equation of  $Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$  as given below.

$$\text{Loyalty} = -3.727 - 0.478 * (\text{Branding}) - 1.855 * (\text{Pricing}) - 2.1 * (\text{Usability}) + 6.033 * (\text{Promotional Activities})$$

## DISCUSSION AND CONCLUSION

### Introduction

This research was set to find out the impact of customer perception on loyalty towards the organizations. A special reference to the FMCG sector in Sri Lanka. Initially the research findings on customer perception by the previous research were studied properly with the help of the secondary literature.

The findings clearly explain us that the management of the Keells super has to properly restructure their functions in a way such that they give importance to the brand of the organization, the usability of the products and the services, the pricing of the services offered and the promotional activities that are followed by the organization. The customer’s expectations are not static, the expectation changes depending on the experience earned by the consumers. It is a primary duty of an organization to understand the pulse of the customers and act accordingly. The branding of the organization must be revised minimal by every quarter. The study clearly confirms that the majority of the sample respondents mainly look into the determinants such as product market characteristics, firm-based characteristics and underlying market dynamics to evaluate the branding in an organization

which finally influence the loyalty of the customers towards the organization. Also, the study proves that the usability being a component under the customer perception plays an important role in determining the loyalty of the customers. The usability in general benchmarked by the consumers through the easiness over the adoptability of the practices, error tolerance, effectiveness and efficiency of the systems involved. Pricing being a factor under marketing mix plays a major role in grabbing the attention of the consumers. The variability in prices, demand of the market and the government regulations are some common consideration taken into account by the consumers at the time of consumption of product and services. The study too has concluded that the promotional activities through the determinants such as the buyer readiness to seek the goods and services, presence of varied types of promotional tactics by consumers reflects their loyalty towards an organization. Finally, the study has evaluated the customer loyalty through the satisfaction, trust, commitment, and involvement of the consumers along with the perceived risk involved with the purchase. The management theory (dissonance theory) which is practiced by the Keells Super lacks with agility. The theory in practice is not well adoptive to the changing interest of the consumers. The study had finally proved that the branding, pricing, promotional activities, and the usability influence the customer loyalty positively and hence the objectives of the research hereby are successfully achieved.

### ***RECOMMENDATIONS***

To rebuilt and develop customer loyalty towards the firms, the Keells must focus more towards the branding and promotional activities along with the new management theory to be put in place.

Upon looking into the branding, the management of Keells Super needs to focus more on revising the branding strategy. On overview it is observed that the most common branding tactics used by Keells is Brand extension where the focus of the company is to produce new products under the same brand. The practice can be changed by shifting the focus into new products with new brands which even makes the consumers to feel new upon looking into the products or services. Hence to bring a refreshment over the traditional approaches there must be a change needed in the strategies in place.

Rather focusing more on pricing and usability which are considerably on the safe zone for the time period, the importance needs to be given more on promotional activities conducted. The Keells needs much more focus over diversifying the promotional strategies focusing more on running up promotional campaigns along with online marketing. Adding to that in case of Keells utilizing the application platform to reach out customers can result in bringing more customers on board as the global trend is progressing towards the application era.

Upon looking at the general management theory approach practiced by the firms, it is critically evaluated that presence of dissonance theory within the management is considered to be an ineffective approach due to the primary reason that the theory closes the boundaries of changes and give a common framework for all situations rather treating each and every situation differently and also the theory fails to consider the possibility of changes related to the customer expectation. In case of FMCG sector, it is recommended to apply the Expectancy Disconfirmation Paradigm (EDP) as the framework to assess the customer satisfaction. The model mainly implies that the purchase made by the consumers are with the pre purchase expectations about the anticipated



performance. The expectation level of these consumers becomes a standard in which the product/service is judged. The outcomes yielded by either the product or services are compared against the expectation. Hence the theory investigates the expectation and perceived performance the theory can buffer the expectation changes of the customer with varying experiences.

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