

Brand Loyalty and Satisfaction: A Study on Amul Customers from Vadodara City

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Abstract

Brand loyalty is an important factor for any company. Loyalty is significantly affected by customer satisfaction. Hence, brand loyalty and customer satisfaction towards product, quality and services is studied in present research work. Total 50 customers of Amul were selected from Vadodara city, Gujarat. A tool was prepared to study loyalty and satisfaction with different dimensions. Reliability and validity of the tool was checked using Cronbach's Alpha and Exploratory Factor Analysis (EFA) respectively. Reliability for all dimensions of loyalty and satisfaction was high (more than 0.8). Loyalty and satisfaction among customers of both gender was almost equal whereas customers with age more than 40 yrs were more satisfied than others.

Keywords: *amul, dairy products, brand loyalty and satisfaction*

Introduction

In India, the co-operative movement was initiated by the co-operative credit societies Act, 1904. Kaira District Co-operative Milk Producers' Union Limited (KDCMPUL), known as 'The Amul Dairy' at Anand, Gujarat state. In India, highest contributor of milk is Uttar Pradesh followed by Rajasthan, Madhya Pradesh and Andhra Pradesh. Gujarat state stands at fifth rank in milk production (GOI, 2020).

Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF) is marketing AMUL milk and dairy products. Due to progress in last decades, GCMMF can become largest dairy organization in the entire world (AMUL, 2019).

In 2018, AMUL has risen to 10th rank among the top dairy organizations of the world, by IFCN (International Farm Comparison Network - a leading, global dairy knowledge organization). This has been the fastest rise by any top-ranking dairy organizations across the globe. Few years back (in 2014), Amul was ranked number 15 and in 2012 it was 20 in the list of top global dairy organizations (Diary).

In today's modern and digital world marketing strategies are vital elements in the success of an organization. Marketing is not only selling and advertising,

which people usually think of, marketing of today must be understood in the new sense of satisfying customer needs (Kolter, 2014).

Rational for the Study

There are plenty of research studies on characteristics of milk producers, cost and productivity in the milk production, distribution and cooperative societies. But there are limited studies on marketing strategies with reference to dairy products and that also with single product. To overcome this gap present study was conducted using consumption patterns, loyalty and satisfaction of dairy products.

Objectives

Present study has been carried out to fulfill following objectives:

1. To study the satisfaction level and brand loyalty of Amul customers.
2. To check the impact of personal variables like age, gender and marital status on satisfaction level and brand loyalty of the Amul customers.

Working Hypothesis

H₁ : Customers in Vadodara are satisfied with products and services of Amul dairy.

H₂: Personal variables are not influencing loyalty and satisfaction level of Amul customers.

Literature Review

A study was carried out on dairy product marketing among 50 household's metropolitan city of Nepal. Using SWOT analysis, study concluded that share of milk producers was high but it was not enough in handling all milk products. Pricing system was one of the major issues (Acharya, 2018).

A systematic review on Amul marketing strategies was carried out by Bhoir et.al. Study concluded that Amul has adopted marketing strategies in form of segmentation, targeting, positioning, competitive advantage, BCG matrix, Distribution strategy, brand equity, competitive analysis and customer analysis (Bhoir, 2017).

A study was carried out to study brand loyalty and satisfaction of electronic durable consumers in Doaba, Pubjab on 250 respondents. Around 83% brand loyalty was observed with high satisfaction level for different items. Major reasons for dissatisfaction were experience, technical superiority, services and price (Amit, 2016).

Anusha had done a review on brand and marketing mix. A theoretical paper discussed 4Ps (product, price, place and promotion) in detail along with effect of market mix in brand promotion. Definitions of brand by various researchers were also provided here. Impact of marketing strategy for building name of brand is also given in this article (Anusha, 2016).

Research Methodology

This study used a descriptive (analytical) study design on the basis of primary data collected from Amul dairy customers of various areas in Vadodara city, Gujarat state.

Sampling

Present study has been carried out on 50 AMUL customers in Vadodara city, Gujarat, with purposive sampling. Due to COVID-19 situation, researcher has adopted purposive sampling with restricted sample size.

Research Instrument

In this research primary data was collected using structured questionnaire which was tested for its reliability and validity. Part-A contains personal information respondents and information related to purchase of milk/products. Customers' loyalty and satisfaction towards marketing strategy and products were recorded in Part – B using five points "Likert Scale" : 1 – Strongly Disagree to 5 – Strongly Agree.

Statistical Analysis

As it is a descriptive analytical study, descriptive statistics like frequency, percentage, mean, Standard Deviation (SD) and Confidence Interval (CI) were obtained. Relationship between loyalty and satisfaction was calculated using Pearson's Correlation Coefficient. Independent t-test was carried out to check mean difference between two independent groups whereas for comparing more than two groups, one way Analysis of Variance (ANOVA) test was employed. Data analysis was carried out using statistical software SPSS 16.0 for Windows, Chicago. For each statistical test, corresponding p – values were obtained and on the basis of that, the last conclusion for rejection / acceptance of the particular hypothesis was made. Researcher had put the level of significance (l.o.s.) at 5%.

Results

Present study was carried out on 50 customers of Amul in Vadodara city, Gujarat state, India. Table-1 gives personal information of selected customers (respondents). Out of total respondents, 74% were more than 40 years of age, male to female ratio was 60:40 whereas 76% were married.

Table 1 Personal Information of Customers

Personal variable	Level	No of Customers	Percentage (n=50)
Age Group	<=40 yrs	13	26.0
	>40 yrs	37	74.0
Sex	Male	29	58.0
	Female	21	42.0
Marital Status	Unmarried	12	24.0
	Married	38	76.0

Present study concentrates on two main variables: Customers' Loyalty and Satisfaction. Reliability and validity of tool was checked using Cronbach's Alpha and Exploratory Factor Analysis respectively. Detail description on reliability and validity of tool is given below.

Reliability and Validity of the Tool

Validation of the tool was checked using "Exploratory Factor Analysis (EFA)" and reliability was confirm using "Cronbach's Alpha" statistics. To check validity and reliability of the tool, researcher had carried out a pilot study with 50 dairy customers from Baroda city.

Loyalty Statements

Total 25 statements were made to check loyalty of dairy customers towards the company and brand. KMO value is 0.687 which shows better discrimination of statements in dimensions whereas Bartlett's test of Sphericity also shows significant p-value. Using PCA method six dimensions / factors were extracted. Total 78.62% variance was explained by this model. Factors extracted are given with their factor loadings in table-2. Factors with loading more than 0.5 were selected.

Table 2 Rotated Component Matrix (Loyalty)

No	Statement	Dimension / Factor					
		1	2	3	4	5	6
1	The product is convenient						0.842
2	Product quality is good						0.736
3	I am always encouraging others to get this brand		0.725				
4	I will recommend the products of this company to others		0.708				
5	I would like to purchase all products of this company very frequently			0.731			
6	I will be a permanent customer of this company	0.824					

7	I am customer of this company from last five years	0.865					
8	I trust on this brand				0.934		
9	I have extremely positive regard for this brand	0.805					
10	This brand is not reliable				0.955		
11	I am satisfied with overall service of this company					0.831	
12	Company doesn't deserve my loyalty	0.865					
13	Over the past year my loyalty to this company has grown stronger	0.878					
14	This company values people and relationships	0.891					
15	This company understands the product and quality needs of customers	0.778					
16	This company doesn't meet anyone's needs		0.617				
17	I would like to switch to another brand	0.780					
18	I would like to continue with this brand in future	0.820					
19	I am satisfied with service and quality of the company					0.898	
20	I will continue to purchase different products of this company in future				0.655		
21	I will expand the use of products from this company				0.844		
22	I will switch to other brand when there are problems with this brand				0.919		

23	I encourage my friends and other relatives to buy products of this brand		0.947				
24	I believe I have a strong relationship with my brand	0.823					
25	I consider my relationship with my brand as a loyal relationship		0.951				

Table 3 List Statements under Different Dimensions and Their Reliability Test (Loyalty)

Dimension / Factors No	Name of Dimension / Factor	Statement No	Cronbach's Alpha
1	Retention Loyalty	6,7,9,12,13,14,15,17,18,24	0.950
2	Advocacy	3,4,16,23,25	0.821
3	Purchasing Loyalty	5,20,21,22	0.841
4	Satisfaction	11,19	0.906
5	Product Quality	1,2	0.500
6	Reliability	8,10	0.957

Table-3 shows list of statements related to six dimensions. All dimension shows high value of "Cronbach's Alpha" which concludes good reliability of dimensions for loyalty.

Satisfaction Statements

Total 35 statements were made to check satisfaction of dairy customers towards the product, quality and price. KMO value is 0.517 which shows better discrimination of statements in dimensions whereas Bartlett's test of Sphericity also shows significant p-value. Using PCA method seven dimensions / factors were extracted. Total 75.88% variance was explained by this model. Table-4 gives details regarding factors extracted along with their factor loading values. Factors with loading value more than 0.5 were selected.

Table 4 Rotated Component Matrix (Satisfaction)

No	Statement	Dimension / Factor						
		1	2	3	4	5	6	7
26	Value of the company products with service and quality							0.888
27	Location of the outlet			0.798				
28	Customer service	0.890						
29	Payment options	0.903						
30	Customer friendly environment at outlets			0.703				
31	Satisfaction with the company product				0.634			
32	Outlets has up-to-date equipment & technology			0.904				
33	Cleanliness at outlets			0.915				
34	Product quality				0.833			
35	Product price							0.845
36	Customer feedback service	0.901						
37	Special service for elders and disabled customers							
38	Packaging of the products		0.908					
39	Availability of stock at outlets						0.779	
40	Service of company						0.811	
41	Distribution channels						0.829	
42	Test and flavors of the products				0.645			
43	Overall satisfaction of product quality and service				0.809			

44	Products of this company is reliable						
45	All products of the company is always available at outlets	0.719					
46	Information given to you by the retailer	0.775					
47	Information given to you about products	0.931					
48	Information given to you about product varieties	0.849					
49	Information given to you about the promotional schemes of various products						
50	Overall experience you had in the retail outlet						
51	Relationship with the retailer				0.737		
52	Ability of company to offer innovative dairy products from time to time						
53	Advertisements by company outlet or retail outlets						
54	Service of handling customer's service / product problems				0.858		
55	Retailer behavior with you				0.826		
56	Packaging of the product	0.787					
57	Hygiene maintains	0.744					
58	Printing on packaging	0.907					

59	Existence of Leakage in packaging	0.789					
60	Relationship with distributor / seller				0.681		

Note: For statements 37,44,49,50,52 & 53 factor rotation loadings is not mentioned as they were less 0.5.

Table 5 List Statements Under Different Dimensions and Their Reliability Test (Satisfaction)

Dimension / Factor No	Name of Dimension / Factor	Statement No	Cronbach's Alpha
1	Price	26,35	0.719
2	Place & Environment	27,30,32,33	0.863
3	Service	28,29,36,45,46,47,48	0.891
4		39,40,41	
5	Product Quality	31,34,42,43	0.821
6	Packaging	38,56,57,58,59	0.882
7	Relationship / Behaviour	51,54,55,60	0.742

Table-5 provides list of statements related to seven dimensions. All dimension shows high value of "Cronbach's Alpha" which concludes good reliability of dimensions for satisfaction.

Mean scores of loyalty dimensions were more than four which reflects high loyalty of customers towards Amul products and services. Highest mean score was 4.77 ± 0.57 for advocacy followed by 4.67 ± 0.64 for product/service satisfaction and purchasing loyalty 4.67 ± 0.64 . Retention loyalty score of customers was 4.17 ± 0.97 . Customers were showing product & service loyalty towards Amul Dairy. They wanted to retain as a customer in future and also ready to ask others to have Amul products & services. (Table-6)

Table 6 Descriptive Statistics of Loyalty Dimensions

Loyalty Dimensions	Mean	Std. Deviation
Retention Loyalty	4.17	0.97
Advocacy	4.77	0.57
Purchasing Loyalty	4.66	0.78
Satisfaction	4.67	0.69
Product Quality	4.61	0.64

Reliability	4.63	0.91
Overall Loyalty	4.59	0.40

Table 7 Age and Sex Wise Comparison of Loyalty of Customers

	Age		p-value	Sex		p-value
	<=40 yrs	>40 yrs		Male	Female	
Retention Loyalty	3.07±1.24	4.56±0.43	<0.001	4.30±0.89	3.99±1.09	0.273
Advocacy	4.62±0.93	4.82±0.38	0.269	4.82±0.33	4.70±0.79	0.451
Purchasing Loyalty	4.67±0.73	4.66±0.82	0.966	4.59±0.91	4.77±0.59	0.412
Satisfaction	4.81±0.32	4.62±0.78	0.413	4.60±0.81	4.76±0.52	0.433
Product Quality	4.62±0.58	4.61±0.67	0.972	4.53±0.73	4.71±0.49	0.333
Reliability	4.73±0.56	4.59±1.01	0.649	4.76±0.78	4.45±1.06	0.246
Overall Loyalty	4.42±0.35	4.64±0.39	0.077	4.60±0.44	4.56±0.33	0.755

Table-7 gives comparison of mean scores of various dimensions of loyalty between age and sex of customers. Independent t-test was applied to compare these scores between groups. There is significant difference in mean score of retention loyalty between age groups. Customers with age more than 40 years had significantly higher loyalty compared to those who are less than 40 years of age (p -value<0.001). Other dimensions of loyalty is not significantly affected by age of customers (p -value>0.05). There is no role of gender on customer loyalty (p -value>0.05).

Mean scores for dimensions of satisfaction is given in table-8. All mean scores were more than four which reflects high satisfaction level of customers towards quality and services of Amul. Highest mean score is 4.93±0.22 for price followed by 4.84±0.32 for relationship, 4.82±0.48 for packaging and 4.29±0.81 for service satisfaction. Thus, it can be inferring that Amul customers are satisfied with its product quality and services.

Table 8 Descriptive Statistics for Satisfaction Dimensions

Dimensions of Satisfaction	Mean	Std. Deviation
Price	4.93	0.22
Place & Environment	4.77	0.54

Service	4.29	0.81
Product Quality	4.46	0.81
Packaging	4.82	0.48
Relationship Behaviour	4.84	0.32
Overall Satisfaction	4.69	0.27

Table-9 provides comparison of mean scores of various dimensions of satisfaction between age and sex of customers. Independent t-test was applied to compare these scores between groups. There is significant difference in mean score of service, product quality and overall satisfaction between age groups (p -value<0.001). There is no significant influence of gender on satisfaction (p -value>0.05).

Table 9 Age and Sex Wise Comparison of Satisfaction of Customers

	Age		p-value	Sex		p-value
	<=40 yrs	>40 yrs		Male	Female	
Price	4.92±0.18	4.93±0.24	0.899	4.93±0.22	4.93±0.24	0.970
Place & Environment	4.79±0.41	4.76±0.59	0.899	4.73±0.66	4.82±0.36	0.578
Service	3.48±1.05	4.57±0.46	<0.001	4.35±0.68	4.21±0.98	0.556
Product Quality	3.40±0.94	4.83±0.24	<0.001	4.65±0.53	4.20±1.05	0.055
Packaging	4.74±0.83	4.85±0.29	0.465	4.76±0.62	4.91±0.16	0.266
Relationship Behaviour	4.88±0.19	4.83±0.36	0.612	4.84±0.39	4.86±0.20	0.824
Overall Satisfaction	4.37±0.27	4.79±0.15	<0.001	4.71±0.22	4.65±0.32	0.491

Findings

The major findings of the study are:

- Out of total respondents, majority (74%) were having age more than 40 years. Male-Female ratio in present study is about 60:40. About 76% respondents were married.
- A data collection tool (questionnaire) to study satisfaction and loyalty was prepared and tested for its reliability and validity. Cronbach's Alpha for both (satisfaction and loyalty) was more than 0.8 which shows high reliability of the tool. As per exploratory factor analysis, various dimensions for satisfaction and loyalty were obtained using Principal Component

Analysis and KMO value for both was more than 0.5 which confirms validity of the tool.

- All respondents were satisfied, mean satisfaction score was 4.69 ± 0.27 whereas majority of the respondents were showed loyalty for Amul, mean loyalty score was 4.59 ± 0.40 .
- There is no role of gender on loyalty and satisfaction but age is influencing satisfaction and loyalty of the consumers.

Conclusion

Present study was aimed to study customer loyalty and satisfaction level towards products, quality and services given by Amul dairy in Vadodara city. On the basis of above results, it can be concluded that all customers are satisfied with product quality and services of Amul. Elders showed more satisfaction than young ones. High satisfaction level was seen in price, packaging and relationship/behavior at Amul outlets. There is no significant influence of gender on satisfaction level of customers. Loyalty for the company has been shown by majority customers. Highest loyalty was shown towards advocacy and purchasing by the customers. Overall, there is no significant difference in loyalty of customers with various age group and gender.

Suggestions

On the basis of findings of present study, it is suggested that company has to put more emphasis on distribution channel. Service at Amul store is more impacted on

satisfaction of customers. Bonding of shop keeper / outlet with customers can improve mutual relationship and it is important for both company as well customers. Company should also confirm availability of all products at outlets.

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