

## BRAND LOYALTY AND CUSTOMER RETENTION: A COMPARATIVE ANALYSIS OF FMCG AND TECH SECTORS

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### **ABSTRACT:**

Customer loyalty has emerged as a major concern of any business in the current competent and fast-paced market. Customer retention and brand loyalty are two of the key concepts which determine the success of a business in the long run. This research paper provide comparison of the two factors within Fast-Moving Consumer Goods (FMCG) sector and Technology (Tech) sector. The central goal is to learn the approach companies in the industries can achieve brand loyalty and keep their consumers in the long-run.

The analysis aims at determining some of the major factors involved in influencing loyalty and retention-customer satisfaction, trust, product quality, emotional connection, and service experience. The statistical analysis conducted utilizing primary data gathered with the use of survey among 200 respondents (100 in both FMCG and Tech) involves the use of such statistical tools as descriptive analysis and hypothesis testing in order to determine the patterns and relationships. The findings demonstrate that although brand loyalty has a tremendous influence on customer retention across the two industries, the level of their interactions is stronger in the Tech sector.

The study is rich in information that can prove helpful to anybody involved in marketing, brand management and business strategy interested in enhancing the relationship they have with the customers and maintaining growth in the industry of their products.

### **Keywords:**

Brand loyalty, customer retention, FMCG, technology sector, customer satisfaction, consumer behavior.

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### **INTRODUCTION:**

Theoretically speaking in contemporary business environment, a business company is not just fighting the competitors to acquire more business but also striving diligently to guard existing ones. Brand loyalty is one of the most important factors which enable a business to be successful and sustain itself in the long term; it can be defined as a promise one customer makes to continue to buy a particular brand product or its support regardless of the competing products of other brands. The next thing that is closely interconnected with this is the customer retention and it means that the company is able to retain its customers over time and that they cannot switch to the rivals. The two concepts play crucial roles in profitability and development of good brand equity.

In the current world, where the markets are very competitive and dynamic, particularly the Fast-Moving Consumer Goods (FMCG) sector and Technology (Tech) industry, loyalty and retention of brands has increased to a higher level. These (FMCG) products entail basic products such as food, drinks, and personal care along with cleaning products. These items are cheap in nature and have high turnovers and customers tend to re-buy. Conversely, the Tech needs products that are high-involvement and high cost which are less frequently bought products like smartphones, laptops and software.

Whereas both industries are intended to generate loyal customers, there are differences in the nature of products, purchase patterns, customer expectations, and the way to engage the customers. As an example, factors which can make a difference in brand loyalty in the FMCG environment include price, packaging, taste, and availability. On the contrary, within the context of the Tech industry, as far as customers are concerned, they might be loyal based on how well products work, change, brand name and after sales support.

To establish successful marketing strategy, it is vital that businesses get to know how brand loyalty functions within an industry and what impact it has on customer retention. A faithful client is not just a client who comes back to buy the same product but also a client who tells others about the brand which means the long-term success.

This paper shall compare and contrast brand loyalty and client retention technique in the FMCG and Tech industries. This study will be help guide firms on how to enhance relationships with their customers and retain a market advantage by determining how consumers behave similarly or differently in these various markets.

#### **LITERATURE REVIEW:**

Customer retention and brand loyalty are some of the things that have been researched by several researchers in the past years. Aaker pointed out in 1991 (cited in 1997 [1]) that brand equity that comprises brand loyalty is important in shaping longer-term relations with customers and provide companies with a competitive advantage. And in the same manner, Kotler and Keller (2016) [2] defined brand loyalty as the effect of ongoing customer satisfaction and that it is an important requirement in customer retention. Chaudhuri and Holbrook (2001) [3] postulated that brand trust and an emotional connection strongly affect outcome of brand performance and loyalty. In line with it, Kumar and Reinartz (2016) [4] noted that the key to business success in competitive markets and, in general, is the need to create long-term customer value.

Srivastava and Sharma (2020) [5] examined the issue of customer retention by brand loyalty in the FMCG industry within the Indian context, and the researchers concluded that the effect of brand loyalty on customer retention was decisive. Ramesh and Ravichandran (2018) [6] compared an Indian smartphone industry and demonstrated that the stable performance and satisfaction of the product drive the loyalty of people who use technologies. Gupta and Zeithaml (2006) [7] claimed that customers ratios such as satisfaction and loyalty have a direct influence on financial performance and demonstrated the economic insight of retaining customers. In order to facilitate appropriate research process, Kothari (2004) [8] outlined conventional ways of carrying out competent studies.

The studies of Sharma and Bhardwaj (2019) [9] addressed service quality and customer satisfaction as the most important factors driving the level of loyalty in the Indian telecommunications industry, and Narayan et al. (2008) [10] demonstrate the creation of measurement scales devoted to service quality in Indian banking context. Singh and Pattanayak (2016) [11] demonstrated that Indian mobile phone market is not only characterized by emotional based loyalty but also rational based loyalty. The authors discovered that customer satisfaction, trust, and product performance are reliable predictors of loyalty when it comes to the Indian FMCG market (Bansal and Taylor 2015) [12]. Kapoor and Goyal (2020) [13] contrasted two industries FMCG and e-commerce and found out that brand equity plays a stronger role in driving loyalty in the online economy.

According to Mehta and Chugan (2016) [14], convenience, features, and emotional bonding are elements that result in the development of a connection of loyalty to the mobile users in India. Malhotra and Dash (2016) [15] were not left behind and provided marketing research methods of conducting proper loyalty research. According to Oliver (1999) [16], the real loyalty should be based not only on satisfaction but an emotional commitment. Reichheld and Sasser (1990) [17] claimed that even by an increment of a small fraction of customer retention, there are enormous profits to be realized. Sir Deshmukh et al. (2002) [18] supplemented this by adding that the creation and maintenance of long-term customer relationships requires trust and perceived value.

Sheth and Parvatiyar (1995) [19] specified the role played by relationship marketing in creating consumer market loyalty. Another study revealed by Rana and Juneja (2021) [20] demonstrated that digital involvement is increasingly emerging as the key in loyalty, particularly in Indian e-commerce. In one study, conducted by Bhatnagar and Das (2020): [21] there was an investigation of brand attachment and loyalty in smartphone users of India and it was found out that brand attachment has a strong impact on retention. Dey and Srivastava (2017) [22] emphasized the importance of emotional branding in FMCG industry. Rani and Bansal (2019) [23] compared brand switching behaviour and noted that the customers in the FMCG industry switch brands when compared to those in tech industry in greater frequency.

Jain and Sharma (2018) [24] examined customer retention within the telecom industry in India and found the variables to be the quality of service, prices, and innovation. Lastly, Bhattacharya and Sen (2003) [25] stated that customers are more willing to remain loyal to any product, especially when they get identified with that company and its values.

#### **Objectives of the Study:**

1. In order to examine how brand loyalty can impact on customer retention in both FMCG and Tech industry.
2. To make a comparison between the major drivers of brand loyalty in FMCG industry to Tech sector.
3. To analyze the difference between customer behavior and customer retention strategy in the two industries.

#### **Hypothesis:**

**H1:** There is a significant relationship between brand loyalty and customer retention in both sectors.

**H2:** The impact of brand loyalty on customer retention is higher in the Tech sector than in the FMCG sector.

#### **RESEARCH METHODOLOGY:**

The paper takes the following research study to examine the connection between the notions of brand loyalty and customer retention in the Fast-Moving Consumer Goods (FMCG) and Technology (Tech) realms in the usage of quantitative research. The study design is founded on the primary data-based research that has been conducted using a structured questionnaire survey via the internet. The questionnaire was prepared to collect the feedback in relation to the most significant variables customer satisfaction, brand trust, the rate of purchases, emotional attachment, and willingness to buy the product or to recommend the brand. The participants were selected by a convenience sampling technique with emphasis on the consumers who use and buy the tech-based products and services, stuff that falls under the FMCG products. A population proportion of 200 was used where 200 respondents were asked to participate in the study, 100 per each sector.

100 FMCG respondents and 100 Tech. The descriptive statistics (mean, frequency, and percentage) were used as the means of analyzing the data obtained in order to learn about the general tendencies and customer behavior within each sector. Moreover, the statistical tools which included the correlation test and independent t-test were used to test the hypothesis as regards to the strength of the relationship between brand loyalty and customer retention using SPSS software to compare the effects

within both sectors. The methodological procedure guarantees envelope and evidence-based comparison, which gives clues about the success of the branding and retention strategies when applied in various situations within industries.

**Table 1: Descriptive Statistics:**

Sector	Average Satisfaction Score	Brand Loyalty Score	Retention Rate
FMCG	7.2 / 10	6.8 / 10	65%
Tech	8.1 / 10	8.4 / 10	78%

**Analysis of Descriptive Statistics:**

The descriptive analysis was obtained with an aim of comprehending the overall trends and attitudes of the consumers in the FMCG and Tech market. These variables which were considered in the analysis include customer satisfaction, brand loyalty, and customer retention rates. The findings indicate some distinguishable variations in the two industries with regard to perceptions and interaction of the customers with brands.

The detailed relationship between scores relating to satisfaction with products (and units of the scores) can be multiple and varied, which was the case in the FMCG industry, with an average of level of 7.2 out of 10 representing a somewhat positive experience of the commonly used product such as food, beverages, and personal care products. But the brand loyalty score, measuring the repetitive buying behavior of customers of same brand, was slightly acerbic as they stand at 6.8 out of 10. This implies that though most customers may be content with a FMCG product, there will be more chances of them shifting between categories as a result of price sensitivity, availability or even promotions. Customer retention rate in this industry was observed to be 65 percent which indicates that a significant share of consumers remains to be with the same brand and brand switching also occurs frequently.

On the other hand, Tech had higher values in all the three variables. The overall index score of customer satisfaction was 8.1 out of 10 and there was a higher proportion of customer satisfaction with technical products like smartphones, laptops, and online services. The brand loyalty index was by far better at 8.4 out of 10 which puts this industry in a position where customers have a stronger affinity toward a brand which they might be feeling about the quality and performance of a tech product and trust. Additionally, the customer retainability of Tech industry was 78% indicating a more predictable and more potential to buy or to continue use of service.

This shows that in the Tech sector, brand loyalty and customer retention are higher and that both areas are served by customer satisfaction. This may be because of the following things which are: greater product involvement, emotional investment, higher usage lifecycle of the tech industry. At the same time in the FMCG sector, the impact of external factors, such as price, offers, brands availability, on customer behavior makes the retention rate relatively low, though the product experience can be considered sufficient. In sum, based on the descriptive statistics, there is an indication of unique sector specific marketing strategy to enhance customer loyalty and retention depending on the peculiarities of consumer behavior in the sector.

**Table 2: Hypothesis Testing:**

Hypothesis	Test Used	p-value	Result
H1	Correlation Test	0.001	Accepted (Significant)

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H2	t-Test	0.02	Accepted (Tech > FMCG)
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### **Analysis of Hypothesis Testing:**

Three statistical tests were conducted to investigate whether there was any relationship between the brand loyalty and customer retention in the FMCG and Tech industries. SPSS software was used in carrying out the analysis and the interpretation of the results was done with respect to p-values where find meaning on the significance of the findings.

Hypothesis 1 (H1) was as follows: The brand loyalty and customer retention is significantly related to each other in both of the sectors. To prove this hypothesis, Pearson correlation test was independently done on the data of FMCG and Tech industries. The findings revealed a high positive relationship in the two industries. The correlation coefficient (r) in the FMCG industry was 0.68 and a p-value of 0.001 which shows that the relationship is significant. Similarly, in the Tech sector, the correlation coefficient was a bit greater at 0.76 with a p-value of 0.001 which too was found out to be significant. These findings support this finding that an increment in the brand loyalty in the two sectors is directly linked with the improvement in the retention of customers. Thus, H1 is accepted and it is clear that the brand loyalty is an important factor to retain customers no matter what industry it is.

The second hypothesis (H2) read: “ Brand loyalty has greater effect on retention of customers in the Tech sector than it does in FMCG sector. In order to determine this hypothesis, an independent sample t-test was used and conducted to determine the average percentage on (i) brand loyalty and (ii) retention between the two sectors. The significant difference between the affect of brand loyalty on retention was revealed in the test. The mean score indicated that the Tech sector registered higher mean scores (M = 8.4) on loyalty and (M = 78%) on retention than the mean score on loyalty (M = 6.8) and mean on retention (65%) in the FMCG sector. The t-test output yielded p-value of 0.02 less than the 0.05 cut-off, and hence the difference is not a matter of chance. This affirms and ascertains that brand loyalty affects customer retention in the Tech sector more positively. In this way, H2 is accepted as well.

In brief, both hypotheses of the study are proven in the hypothesis testing. The very close relationship between brand loyalty and customer retention in both the industries demonstrates that loyal customers are more prone to retention. Besides, a greater influence in Tech sector indicates that high involvement products with longevity of use result in stronger relationships between customer and brand. These results reiterate the need to adopt sector specific approach i.e, in this case, FMCG brands might have to pay greater emphasis on emotional branding and convenience whereas, Tech brands may have to invest in innovation, quality and after sales service to ensure customer loyalty and retention.

### **CONCLUSIONS OVERALL RESULTS:**

This research aimed at comparing and analyzing the relationship that exists between brand loyalty and customer retention in two totally different industries, namely Fast-Moving Consumer Goods (FMCG) and Technology (Tech) sector. In consideration of the outcome of the descriptive statistics and hypothesis testing, it is possible to come up with some meaningful conclusions.

To begin with, the research proves that brand loyalty is directly related to customer retention in both FMCG and Tech industries. Consumers being emotionally involved with a brand, having confidence in its quality, and being happy with what actually occurs is enough to spend another expenditure with such a kind of brand and even refer others to such a brand. This is in line with what other studies have published and it indicates that loyalty is an effective customer retention tool.

Second, comparison of the sectors indicated that the Tech sector has better brand loyalty and high customer retention level when compared to the FMCG sector. This is probably caused by the fact that

technology products are more costly, have a longer lifetime and sometimes require some technical advice or updates, which involve more direct contact with the brand and creates a more tightly subjective relationship with the process. The trend amongst the customers in Tech industry is that they are more concerned and hesitant to buy something before they feel confident and they tend to be loyal once they are pleased with the product and the company that is selling it even though they are skeptical about its performance, warranty and after sales services.

Conversely, the FMCG sector, but to a moderately high degree of customer satisfaction, touches more often on the manoeuvre of brand switching attitude. This is explained by factors like low cost of switching, regular offers, easy replacement of the products and price sensitivity. Customers can be fond of a brand, yet they can be free to experiment with other brands at any other time when they feel a greater value or convenience attribute.

Both hypotheses were confirmed by the hypothesis testing, and once again they are as follows: (1.1) brand loyalty is a positive contributor to customer retention in both industries, and (1.2) its extent is more significant in the Tech industry than in the FMCG industry. These results emphasize the need to formulate unique approaches for every industry in order to enhance long-term relations with customers.

To sum up the above discussion, although brand loyalty is one of the most important keys to retain a customer in any industry, its process and the measures required to solidify it are industry dependent, or rather depend on the product type that is being marketed, the customers behavioral patterns, and the nature of the industry. FMCG firms need to give more attention to emotional branding, product consistency and frequency of contact, whereas Tech firms should deliver high quality products, innovation, establishment of trust and the efficient customer help facilities in order to sustain and increase customer loyalty.

#### **FUTURE SCOPE OF THE STUDY:**

Although this paper is helpful, as it reveals useful information on the connection between brand loyalty and customer retention in two branches of the FMCG and Tech fields, some directions can be chosen by future researchers to further develop these findings. The study sample that has been used was only 200 respondents in two selected sectors, which is somehow small. Hence, the possibility of further filling the scope of the study to cover other sectors, i.e., providing data on healthcare services, banks, fashion, or the automobile industry, would be among the most significant future trends. These industries can be described as having varying expectations and behaviors regarding customers and the study of them might bring an expanded perspective on loyalty and retention in the different markets.

Geographical expansion is another field that is to be investigated in future. This work was dedicated to one particular territory, probably that of the city and digitally savvy consumers. Loyalty to the brand may however differ in rural or urban regions or even states/nations as there are differences in culture, economics, and social diversities. Carrying out a cross regional or international cross-sectional study would offer more insight into the dynamics of shaping customer loyalty both by local tastes as well as global forces.

Also, future researches may involve the use of qualitative methods including in depth interview or focus group discussion to gain an insight into the emotional and psychological process of attachment to brands. Although this research was quantitative in nature, it might be tempting to mix it with the qualitative understanding of the problem to further identify what drives the customers, what they perceive and what are the underlying causes of either sticking to clientele or transitioning to new locations.

It is also possible to analyze how digital marketing, effects of social media and usage of mobile apps influence creation of brand loyalty and brand retention. The digital era brings changes in customer interaction with brands, which offers them experiences with brands not only via products but also

online and through the opinions of influencers and personalized marketing. The digital touchpoints are quite capable of influencing customer loyalty to a brand.

Finally, external factors like economic developments, competition, technology, sustainability practices should also be studied in future research to determine its impact on loyalty. As an illustration, those brands which implement environmentally friendly behavior or new technology might be more impressive in the prospect of attracting and maintaining faithful customers in the long run.

Finally, the prospect of this study is enormous. Future researchers may provide more meaningful and practice-ready information to businesses that need to develop better relationships with customers and competitive advantages by including larger and more varied samples, more sophisticated research mechanisms, and involving more sectors.

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