

# A study of Consumer behavior with reference to Brand Lay's

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## **Abstract**

Now a day's most business organizations are operating in a complex and competitive environment where demands are constantly changing. In this era of intense competition, especially within the FMCG sector, one can achieve success only after having a thorough understanding about their target consumer behavior.

Consumer Behavior refers to the study of buying tendencies of consumers. It is the study of individuals, groups, or organizations and the processes they use to select, use, and dispose of goods or services to satisfy their needs and wants. It is really important for marketers to understand what prompts a consumer to purchase a particular product and what stops him from buying.

Lay's is the market leader in the potato chips product category. In this paper an attempt has been made to study the various factors which affect the consumers while they purchase branded potato chips Lay's.

## **Keywords:**

Consumer Behaviour; Advertisement; Brand Preference; Celebrity endorsement

## **Introduction**

Consumers who are the focal point for the marketers are very complex individuals. It is very difficult and sometimes impossible to predict their behavior. The king of the market i.e. the consumer, rules the market and correct prediction about when, why, how, and where consumers do or do not buy a product is crucial for them to succeed. Consumer behavior is affected by many factors like economic, technological, political, cultural, demographic and natural factors as well as the personal characteristics which are reflected in the attitude, motivation, perception, personality, knowledge and lifestyle. A proper understanding of their behavior will definitely help the marketers in beating cut-throat competition. But understanding what is going on in customers' black-box is a cumbersome task. Sometimes the customers positively react to company's offerings and sometimes they directly reject it. This strange behavior of customer makes the study of consumer behavior very important.

The final and eventual goal of a marketer is to create strong relationship between a brand and the customer. For this they need to know why consumers prefer one brand over another. Brand preference plays a major role in creating brand loyalty. If the marketers really want to understand about the customer purchase intentions, they will have to understand how brand preferences are formed by the customer.

The salty snacks market of India is worth Rs. 7,500 crore. Frito-Lay (business unit of PepsiCo), which is the \$65-billion US based company, has been mostly credited for the rapid expansion of the snacks market in India since it entered the segment in 1995. This market is having a growth rate of 20% a year and Frito-Lay has offered about 150 products or variants to this market.

When PepsiCo introduced Lays and Cheetos brands in 1995, there were only two large competitors - Haldiram's and Amrit Agro, which owned potato chips brand Uncle Chips that was later acquired by the US cola giant. PepsiCo's Kurkure - launched in 1999 -was a runaway success. At present, Frito-Lay controls roughly half the market and is the market leader in this product category. (<http://articles.economictimes.indiatimes.com>)

## Literature Review

### Purchase Behaviour of Consumers

**Jorin (1987)** examined changes in spending power and buying habits of Swiss consumers since the beginning of the 20th century and in the more recent past. According to his study, current trends include greater emphasis on health and safety of foodstuffs and less attention to price. The prospects for high quality branded products were also seen to be good. **Rees (1992)**, in his study revealed that factors influencing the consumer's choice of food were flavour, texture, appearance, advertising, a reduction in traditional cooking, fragmentation of family means and an increase in 'snacking'.etc. Consumers were responding to messages about safety and healthy eating. They were concerned about the way in which food was produced and want safe, 'natural', high quality food at an appropriate price. **Ragavan (1994)** reported that, quality, regular availability, price, accuracy in weighing and billing, range of vegetables and accessibility as the factors in the order of importance which had influenced purchase of vegetables by respondents from modern retail outlet. **Dhillon et al. (1995)**, while studying the purchase behaviour in Ludhiana, rural and urban respondents ranked nearby market and main market as their first and second preference of order respectively for the purchase of food items.

### Advertising and Consumer Behaviour

The primary goal of advertising is to influence the buying behavior of the prospective customer. To do this, the marketer needs to understand what makes potential customers behave in the manner they do. As a result uncovering "why" people buy is an extremely difficult task, because purchase decision is almost entirely psychosocial. Consumer behaviour encompasses a series of event in which the conditions of one time period are the primary determinants of the considerations and activities of the next time period (**Tucker & Robertson, 1973**). According to **Proctor et al. (1982)**, the principal aim of consumer behaviour analysis is to explain why consumers act in particular ways under certain circumstances. **Kassargian and Robertson, (1976)** however, has declared that attitude toward advertisement are diverse and reflect much individual differences. **Jagdish (1973)** in measuring the effectiveness of advertising contends that there are many other factors that concomitantly and antecedently influence consumer behaviour. For example, consumers often buy products not only for what they do, but also for what they mean (**Kassargian & Robertson, 1976**). Another key assumption here is the theory of uses and gratifications which suggests that audiences have

individual needs (i.e., cognitive, affective, interactive and many more) which motivates them to be in favour of one medium over another one while making a choice for media use (**Idris, Yayid, Khatibi, 2009**).

Consumers' differ in their choices towards favorite advertising medium. Some people prefer television commercials and newspaper/magazines commercials while there are some who prefer new types of advertising like on-line commercials. Television advertising is considered as more pervasive as compared to other media. Television commercial is normally considered as the most effective mass-market advertising format. In practical terms, advertisement has strong psychological effects on consumers. Something is psychological if it relates to mental, behavioural, imagination, memory, emotion, motivation, learning, reasoning, and personality are involved (**Eze, 2004**).

According to **PankajPriya et al(2010)**, the demand for the advertised products is influenced by the children's attitude towards advertisements. The cognitive changes among the different age groups lead to the formation of varying attitudes towards the advertisements. Yet there are other strong factors apart from advertisements, which result in the requests for a product or brand.

The study done by **Gbadamosi et al (2012)** aimed at exploring African children's attitudinal reactions to television advertisements.

### Factors Influencing Brand Preference

**Gluckman (1986)** studied the factors influencing consumption and preference for wine. The explicit factors identified were, the familiarity with brand name, the price of wine, quality or the mouth feel of the liquid, taste with regard to its sweetness or dryness and the suitability for all tastes. The implicit factors identified through extensive questioning were colour and appearance. The study conducted by **Kumar et al. (1987)** revealed that brand image is more important than the origin of the product, since the consumers were attracted by the brands. **Shanmugsundaram (1990)** studied about soft drink preference in Vellore town of North Arcot district in Tamil Nadu. The study revealed that, the most preferred soft drink among respondents as Gold spot (26.00%), followed by Limca (24.80%). Taste was the main factor for preference of particular brand and among the media; television played a vital role in influencing consumer to go for a particular brand. Because of convenience in carrying, tetra pack was most preferred one.

**Sabeson (1992)** in his study stated that, high quality, price and taste of the products were the major criteria based on which the consumers selected a brand of processed fruits and vegetable products. **Ashalatha (1998)** studied the factors influencing the performance of BAMUL milk for a sample of 100 respondents. The study revealed that the factors such as door delivery, clean packing, quality, hygienic preparation, time saving and reliability, good value for money, freshness and desired flavour were important in the order in influencing the decision of buyers for BAMUL milk. The study undertaken by **Sheeja (1998)** in Coimbatore district considered the quality aspects like aroma, taste, freshness and purity as the major factors deciding the preference for a particular brand of processed spices.

### Objectives of The Study

The objectives of the study are as follows:

- I. To study the factors influencing the buying decision making for Lay's
- II. To examine the influence of advertising on consumer buying behavior
- III. To examine the effectiveness of celebrity endorsement in the promotion of brand Lay's
- IV. To study the source of awareness of consumers towards branded chips Lay's

### Data And Methodology

Data for this study are obtained from primary sources and collected by structured questionnaire in Dehradun City. The respondents were selected non-probabilistically as per the 'quota sampling'. Here quota was made on the basis of age. Table 1 shows the general profile of the respondents. In the survey, appropriate data were obtained from 145 respondents.

The collected data are analyzed through descriptive statistical tools such as percentage and mean which have been used to

describe the profiles of consumers, brand preference, and awareness about the brand etc. The chi-square test has been used to test the association between the two characteristics. For this study authors have used statistical software SPSS (Statistical Package for Social Sciences) for the estimation of the chi-square value.

Table 1 show the demographic (sex, age, education, occupation and income) details of the respondents. Out of the total sample size of 145 respondents, 82 (56.6%) of them were male and 63 (43.4%) were female. The table also reveals that approximately 73% consumers belong to the age group of 10 to 25 and the rest of them (27% approx.) belong to 25 plus age group. It could be framed from the table that the modal age group is 10 to 15 with about 36% (approx.) of the total sample. More than 50% of the customers consuming chips belong to the 10-20 age groups. 55% of the total respondents are educated upto SSC (intermediate) level and rest of them has gone for higher education. 66% of the total respondents belong to the student category, followed by service class people (27%).

Table 1: Demographic details of the respondents

Particulars	Classification	No.	Percentage
Sex	Male	82	56.6
	Female	63	43.4
Age Group	10-15	52	35.9
	16-20	27	18.6
	21-25	27	18.6
	>25	39	26.9
Education	Upto High School	63	43.4
	SSC	17	11.7
	Graduate	30	20.7
	Post Graduate	29	20.0
	Others	6	4.1
Occupation	Service	39	26.9
	Business	2	1.4
	Students	96	66.2
	Others	8	5.5
<b>Total</b>		<b>145</b>	<b>100</b>

Source: Analysis of Field Survey

### Results and Discussions

Table 2: Frequency-distribution of various chips brands

Brand	Frequency	Percent	Cumulative Percent
	82	56.6	56.6
Uncle chipos	37	25.5	82.1
Halkiram	10	6.9	89.0
Bingo	10	6.9	95.9
Others	6	4.1	100.0
<b>Total</b>	<b>145</b>	<b>100.0</b>	

Source: Analysis of Field Survey

Table 2 clearly shows that out of the total sample size of 145, 56.6% customers prefer Lay's over other brand of chips available in the market. The second place is held by Uncle Chipps (25.5%)

which is again one of the brands of the same company i.e. Pepsico offering Lay's.

Table3:Distribution showing ranks of different parameters

Rank	Advertisement	Quality	Availability	Price	Packaging
1	16 (19.3%)	48 (58.5%)	11 (13.4%)	6 (7.3%)	2 (2.4%)
2	26 (31.7%)	19 (23.2%)	19 (23.2%)	12 (14.6%)	7 (8.5%)
3	20 (24.4%)	6 (7.3%)	6 (7.3%)	19 (23.2%)	11 (13.4%)
4	9 (11.0%)	3 (3.7%)	3 (3.7%)	20 (24.4%)	25 (30.5%)
5	11 (13.4%)	6 (7.3%)	6 (7.3%)	25 (30.5%)	35 (42.7%)
Total	82 (100%)	82 (100%)	82 (100%)	82 (100%)	82 (100%)

Note: Figure in parenthesis shows the percentage of respondents.

Table2 shows that maximum respondents(56.6%) have preferred Lay's. When the respondents were asked “why do you prefer brandLay's” maximum (60%) respondents have given first rank to quality of productfollowed by advertisement. Respondents have

given less importance to packaging and price of the product.Above results reveal that respondents have given more important to quality of product and advertisement of product, but they have also considered availability of product. (Table 3)

Table 4: Sex-wise preference of various branded chips

Sex	Brand		
	Lay's	Uncle Chipps	Others (Haldiram, Bingo, etc.)
Male	51	16	15
Female	31	21	11
<b>Total</b>	<b>82</b>	<b>37</b>	<b>26</b>

Source: Analysis of Field Survey

Out of the total 82 male respondents, 51 (62%) respondents prefer Lay's over other brands whereas 31 respondents out of the total 63

female respondents preferred Lay's. It means that the acceptance level of Lay's among both the sexes is 50% or more. (Table 4)

Table 5: Age-wise preference of various brand chips

Age	Brand		
	Lay's	Uncle Chipps	Others (Haldiram, Bingo, etc.)
10-15	22	20	10
16-20	18	5	4
21-25	21	5	1
>25	21	7	11
<b>Total</b>	<b>82</b>	<b>37</b>	<b>26</b>

Source: Analysis of Field Survey

It was found that among all the age groups, Lay's was the most preferred brand as compared to other brands considered in the study. The acceptance level of the brand Lay's as compared to

Uncle Chips as well as other brands is significantly high in the 16 and above (16-20, 21-25 & 25+) age group. (Table 5)

**Table 6: Distribution of respondents on the basis of Education and Brand preference**

Education	Brand		
	Lay's	Uncle Chipps	Others (Haldiram, Bingo, etc.)
Upto High School	27	24	12
SSC	12	2	3
Graduate	20	6	4
Post Graduate	19	3	7
Others	4	2	0
<b>Total</b>	82	37	26

Source: Analysis of Field Survey

Table 6 shows the distribution of respondents on the basis of their education and brand choice. It indicates that education of

maximum users of chips is upto high school and it is true for all brands.

**Table 7: Summary of Chi-square results**

Background Characteristic	Degree of freedom	p value	Chi-square value	Significant/Not Significant
Sex	2	0.154	3.744	Non-Significant
Age	6	0.017	15.421	Significant

Table 7 gives the summary of chi square test. In this table authors have tested two hypotheses.

1. There is no impact of sex of respondent on selection of brand and

2. There is no impact of age of respondent on brand choice.

On the basis of above results first hypothesis is accepted and second hypothesis is rejected and it reveals that there is no impact of sex on selection of brand but age has significant impact on choice of brands.

**Table 8: Consumers' sources of awareness of the brand**

Celebrity	Frequency	Percentage	Cumulative Percentage
Television Advertising	98	67.6	67.6
Radio Advertising	17	11.7	79.3
Newspaper & other Print Advertising	16	11.0	90.3
Word-of-Mouth (Friends, relatives etc.)	7	4.8	95.2
Can't Remember	7	4.8	100.0
Total	145	100	

Source: Analysis of Field Survey

In this survey when a question was asked “From where do you come to know about that brand?” Television advertising was found to be the media from where 67.6% respondents got to know about the brand of chips which they are consuming. Approximately 12%

came to know about it from Radio advertising and 11% from Newspaper & other Print Advertising. However, 4.8% can not remember how they came to know about that brand. (Table 8)

**Table 9: Most effective communication medium for the promotion of Lay's**

Communication Medium	Frequency	Percentage	Cumulative Percentage
Television	132	91.0	91.0
Radio	1	0.7	91.7
Outdoor Display	5	3.4	95.2
Newspaper	6	4.1	99.3
Others	1	0.7	100.0

Source: Analysis of Field Survey

Above analysis shows that out of the total 145 respondents 132 (91%) answered that they find television as the most effective communication medium for the promotion of Lay's. The

combination of sound and vision in the TV advertisements might be reason behind the preference for this media. (Table 9)

**Table 10: How long consumers have known the brand Lay's**

Years	Frequency	Percentage	Cumulative Percentage
>10 years	15	10.3	10.3
8-10 years	31	21.4	31.7
6-8 years	33	22.8	54.5
4-6 years	41	28.3	82.8
2-4 years	23	15.9	98.6
< 2 years	2	1.4	100.0
Total	145	100	

Source: Analysis of Field Survey

Analysis given in table 10 shows that 82.8% (120) respondents were completely aware of Lay's for more than 4 years. This figure

shows that the company is successful in creating an appropriate space in the minds of the customers. (Table 10)

**Table 11: Which celebrity endorses Brand Lay's**

Celebrity	Frequency	Percentage	Cumulative Percentage
JuhiChawla	3	2.1	2.1
Saif.Ali Khan	95	65.5	67.6
M S Dhoni	12	8.3	75.9
Kajol	2	1.4	77.2
Karishma Kapoor	2	1.4	78.6
Others	18	12.4	91.0
Sui&Dhoni	13	9.0	100.0

Source: Analysis of Field Survey

When the question “Which celebrity endorses brand Lay's” was asked from the respondents, 95 respondents (65.5%) answered it as Saif Ali Khan, 12 (8.3%) answered it as M.S.Dhoni and 13 (9%) answered it as Saif Ali Khan and M.S.Dhoni. It can be deduced from the the significant difference in these figures that Saif Ali Khan is the most remembered celebrity associated with this brand. (Table 11)

### Conclusion

This study concludes that Lay's is considered as the most preferred brand in its category. Quality and advertisement of the product has a major influence on consumer preference of brand Lay's. Respondents have given more importance to availability of product than to packaging and price of the product. Impact of age has also been seen on the brand choice. Television advertising was found most effective communication medium for the promotion of Lay's and majority of the respondents were aware of Lay's for more than 4 years. This study also concluded that Saif Ali Khan is the most admired and remembered celebrity associated with this brand.

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