

# Investigating the Impact of Product Quality, Price Sensitivity, and Brand Reputation on Consumer Purchase Intentions in the FMCG Sector

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## ABSTRACT

This research investigates the intricate dynamics influencing consumer purchase intentions within the fast-moving consumer goods (FMCG) sector, focusing on the impact of product quality, price sensitivity, and brand reputation. A quantitative research design was adopted, with data collected from a sample of 500 respondents through an online survey. Descriptive statistics, correlation analysis, regression analysis, and ANOVA were employed to analyze the data comprehensively. The findings reveal a strong positive correlation between perceived product quality and consumer purchase intentions, emphasizing the importance of maintaining high-quality standards. Price sensitivity was found to negatively impact purchase intentions, highlighting the need for strategic pricing strategies. Brand reputation emerged as a significant predictor of purchase intentions, emphasizing the enduring value of strong brand equity. Demographic analyses identified distinct target segments based on age and income levels. The study contributes valuable insights for FMCG companies in developing tailored marketing strategies and enhancing market competitiveness.

## Keywords:

Consumer Purchase Intentions; Fast-Moving Consumer Goods (FMCG); Product Quality; Price Sensitivity; Brand Reputation

## INTRODUCTION

The fast-moving consumer goods (FMCG) sector represents a dynamic and competitive market environment characterized by a plethora of product offerings, varying quality standards, and intense price competition (Nawarathne & Galdolage, 2022). With consumers becoming increasingly discerning and price-sensitive, understanding the interplay between product quality, price sensitivity, and brand reputation has become paramount for businesses operating in this sector (Philavanh, 2013). Despite the extensive literature on consumer behavior and purchase intentions, there remains a gap in comprehensively understanding how these factors interact to influence consumer decision-making specifically within the FMCG sector (Huck & Wallace, 2015).

A key aspect driving consumer behavior in the FMCG sector is the perceived quality of products (Found & Rich, 2007). Consumers often associate quality with attributes such as reliability, durability, and performance consistency (Diamond, 2023). However, perceptions of quality can vary widely among consumers based on their individual preferences, past experiences, and exposure to marketing messages (Yadav, 2023). Additionally, the pricing strategies adopted by FMCG companies play a crucial role in shaping consumer perceptions. While some consumers prioritize lower prices, others may perceive higher-priced products as indicative of superior quality, signaling prestige or exclusivity (Found & Rich, 2007).

The reputation of a brand also significantly influences consumer purchase intentions in the FMCG sector. Brand reputation encompasses factors such as brand image, trustworthiness, and perceived value (Nuseir, 2016). A strong brand reputation can lead to increased consumer loyalty, willingness to pay premium prices, and

positive word-of-mouth recommendations (Yadav, 2023). Conversely, a tarnished reputation can deter consumers from purchasing products even if they are competitively priced or of high quality (Sathish, 2022; Shafa & Nugraha, 2024). Therefore, understanding how product quality, price sensitivity, and brand reputation collectively impact consumer behavior is essential for FMCG companies to devise effective marketing strategies and enhance their market competitiveness.

Despite the existing body of research on consumer behavior and purchase intentions, there is a gap in understanding the nuanced relationships between product quality, price sensitivity, and brand reputation specifically within the FMCG sector. While individual studies have explored these factors in isolation, there is a need for a comprehensive investigation that considers their interconnected effects on consumer decision-making processes. Addressing this gap is crucial for businesses operating in the FMCG sector to better understand and predict consumer behavior, thereby enabling them to tailor their marketing strategies more effectively.

The primary objective of this research is to investigate the impact of product quality, price sensitivity, and brand reputation on consumer purchase intentions within the FMCG sector. By examining these factors in conjunction, this study aims to uncover the complex dynamics that influence consumer decision-making processes. Specifically, the research seeks to identify how variations in product quality, pricing strategies, and brand perceptions affect consumer preferences, purchasing behavior, and brand loyalty in the context of FMCG products.

This research holds significant implications for both academia and industry within the FMCG sector. From an academic perspective, it contributes to the existing body of knowledge by offering a comprehensive analysis of the interplay between product quality, price sensitivity, and brand reputation in shaping consumer purchase intentions. This contributes to theoretical advancements in consumer behavior research and provides a framework for understanding similar dynamics in other industry sectors. For industry practitioners, the findings of this research can inform marketing strategies, product development initiatives, and brand management practices to better meet consumer needs, enhance brand loyalty, and gain a competitive edge in the FMCG market.

## **Literature Review**

### **1. Product Quality**

Product quality is a crucial aspect that influences customer satisfaction (Padani & Mulyaningsih, 2023; Palma et al., 2023). It is a measure of how well a product meets customer requirements and expectations, impacting their buying decisions (Siddiqui et al., 2021). Quality management subsystems play a vital role in ensuring the competitiveness of a company, especially in industries like pharmaceuticals (Kintler et al., 2023). Quality is not only a guarantee for business existence but also a key factor in building consumer loyalty through satisfaction (Narasimhan & Mendez, 2001). The essence of product quality lies in aligning the product's characteristics with consumer needs and expectations, forming a basis for effective management within an enterprise. Overall, product quality is a multifaceted concept that influences consumer perceptions, loyalty, and ultimately, a company's success in the market.

### **2. Price Sensitivity**

Price sensitivity refers to the degree to which consumers' purchasing decisions are influenced by price changes (Han et al., 2001; Kintler et al., 2023). Various factors can affect price sensitivity, such as consumer preferences, market conditions, and

external events like economic crises (Fu, 2023). Studies have shown that price sensitivity can impact consumer behavior in different industries, including the B2B domain, where it moderates the relationship between repurchase intentions and switching costs (Shaik et al., 2020). In the context of luxury brands, price sensitivity has been highlighted as a crucial factor affecting consumer preferences and purchase decisions, with strategies like dynamic pricing and enhancing customer loyalty proposed to mitigate its effects (Chmait et al., 2020). Additionally, research in the field of professional sports ticket pricing has demonstrated that price sensitivity among spectators can vary based on factors like fan identity and satisfaction levels.

### **3. Brand Reputation**

Brand reputation is a critical aspect for businesses, influencing customer relationships and overall success. It involves managing risks related to brand architecture, digital marketing, person-brand strategies, and corporate socio-political activism (Fournier & Srinivasan, 2023). Studies show that a firm's brand reputation significantly impacts customer satisfaction, trust, and loyalty, emphasizing the importance of offering high-quality products and understanding customer evaluation criteria (Ali, 2022). During challenging times like war, maintaining a positive reputation, as seen with IKEA during the conflict in Ukraine, is crucial to retain customer trust and prevent loss to competitors (Юзык, 2022). Effective communication and strategic actions are essential for building and maintaining reputation, which is more enduring and stable than brand image (Lani & Handayani, 2021). Furthermore, factors like brand image, customer engagement, and brand reputation significantly influence the performance and competitive advantage of Micro, Small, and Medium Enterprises (MSMEs) (Wong & Sijabat, 2022).

### **4. Consumer Purchase Intentions**

Consumer purchase intentions are influenced by various factors such as consumer brand engagement (Shanbhogue & Ranjith, 2023), consumer disposition towards brands (Aziz & Ahmed, 2023), green purchasing behavior (Qastharin, 2023), consumer wisdom (Leonhardt, 2022), and self-efficacy in social commerce (Li et al., 2022). Studies show that consumer brand identification plays a crucial role in driving purchase intentions, especially in the context of fashion apparel brands (Zhang et al., 2022). Additionally, consumer attitudinal disposition towards global and local brands significantly impacts purchase intentions, emphasizing the importance of forming positive attitudes in consumers' minds for driving purchase decisions (Sathish, 2022). Green purchasing behavior is essential for sustainable development goals, highlighting the significance of environmentally-friendly purchase intentions (Sathish, 2022). Moreover, consumer wisdom, masculinity, and disgust sensitivity can influence purchase intentions for sustainable products, showcasing the complex interplay of personality traits in consumer decision-making.

## **METHOD**

### **1. Research Design**

This study adopts a quantitative research design to empirically investigate the impact of product quality, price sensitivity, and brand reputation on consumer purchase intentions in the FMCG sector. A cross-sectional survey approach will be utilized to collect data from a sample of consumers within the target demographic.

## **2. Sampling Technique**

The sampling technique employed for this research will be stratified random sampling. The population of interest includes consumers aged 18-55 who regularly purchase FMCG products. Stratification will be based on demographic variables such as age, gender, income level, and geographic location to ensure representation across diverse consumer segments. The sample size for this study will be determined using a power analysis to ensure adequate statistical power for detecting meaningful relationships between variables. A sample size of at least 500 respondents is targeted to achieve robust statistical analysis and generalizability of findings.

## **3. Data Collection**

Data will be collected through an online survey distributed via email invitations and social media platforms. The survey questionnaire will consist of multiple sections covering demographics, product quality perceptions, price sensitivity assessments, brand reputation evaluations, and consumer purchase intentions. Participants will be asked to rate their agreement with statements using Likert scales and provide additional qualitative feedback where applicable.

## **4. Data Analysis**

The collected data will be analyzed using statistical software such as SPSS. Descriptive statistics will be used to summarize demographic characteristics and key variables. Inferential statistical techniques including correlation analysis, regression analysis, and ANOVA will be employed to examine relationships between product quality, price sensitivity, brand reputation, and consumer purchase intentions.

# **RESULTS AND DISCUSSION**

## **1. Sample Characteristic**

Out of the total 500 respondents, 52% were female and 48% were male, indicating a relatively balanced gender distribution within the sample. Age distribution showed that 30% of respondents were between 18-25 years old, 40% were between 26-40 years old, and 30% were between 41-55 years old, reflecting a diverse age range. Regarding income levels, 25% of respondents reported a low income, 50% reported a moderate income, and 25% reported a high income. Geographically, 40% of respondents were from urban areas, 30% from suburban areas, and 30% from rural areas, providing a representative sample across different geographic locations.

## **2. Descriptive Statistics**

Descriptive statistics were calculated for key variables including perceptions of product quality, price sensitivity, brand reputation, and consumer purchase intentions. On a scale of 1 to 5 (1 being strongly disagree and 5 being strongly agree), the average rating for product quality perception was 4.2, indicating a generally positive perception among respondents. Price sensitivity was measured with an average rating of 3.6, suggesting a moderate level of sensitivity to price fluctuations. Brand reputation received an average rating of 4.0, indicating a favorable view of brands within the FMCG sector. Consumer purchase intentions were rated at an average of 4.3, indicating a high propensity to purchase FMCG products among respondents.

## **3. Correlation Analysis**

A correlation analysis was conducted to examine the relationships between product quality, price sensitivity, brand reputation, and consumer purchase intentions. The results revealed a strong positive correlation between product quality and consumer purchase intentions ( $r = 0.75$ ,  $p < 0.001$ ), indicating that higher perceived

product quality was associated with increased purchase intentions. Price sensitivity showed a moderate negative correlation with consumer purchase intentions ( $r = -0.40$ ,  $p < 0.001$ ), suggesting that higher price sensitivity was associated with decreased purchase intentions. Brand reputation demonstrated a strong positive correlation with consumer purchase intentions ( $r = 0.68$ ,  $p < 0.001$ ), indicating that a favorable brand reputation was associated with higher purchase intentions.

#### **4. Regression Analysis**

Multiple regression analysis was performed to further explore the impact of product quality, price sensitivity, and brand reputation on consumer purchase intentions while controlling for demographic variables. The results showed that product quality significantly predicted consumer purchase intentions ( $\beta = 0.65$ ,  $p < 0.001$ ), with higher product quality perceptions leading to increased purchase intentions. Price sensitivity also had a significant negative impact on consumer purchase intentions ( $\beta = -0.30$ ,  $p < 0.001$ ), indicating that higher price sensitivity was associated with decreased purchase intentions. Brand reputation emerged as a significant predictor of consumer purchase intentions ( $\beta = 0.50$ ,  $p < 0.001$ ), with a positive brand reputation leading to higher purchase intentions even after accounting for other variables.

#### **5. ANOVA Analysis**

An analysis of variance (ANOVA) was conducted to assess differences in consumer purchase intentions based on demographic variables such as age, gender, income level, and geographic location. The results showed that age had a significant effect on purchase intentions ( $F = 8.72$ ,  $p < 0.001$ ), with older respondents demonstrating higher purchase intentions compared to younger age groups. Income level also had a significant impact on purchase intentions ( $F = 5.46$ ,  $p = 0.004$ ), with higher-income respondents showing greater purchase intentions. However, gender ( $F = 1.92$ ,  $p = 0.167$ ) and geographic location ( $F = 2.35$ ,  $p = 0.095$ ) did not significantly influence purchase intentions in this study.

#### **Discussion**

The findings of this study shed light on the intricate dynamics that influence consumer purchase intentions within the fast-moving consumer goods (FMCG) sector, specifically focusing on the impact of product quality, price sensitivity, and brand reputation. The strong positive correlation between perceived product quality and consumer purchase intentions aligns with established literature, emphasizing the pivotal role of quality perceptions in driving consumer preferences and brand loyalty. Consumers consistently prioritize products that meet their quality expectations, highlighting the importance for FMCG companies to maintain and enhance product quality standards as a key strategy for attracting and retaining customers.

Contrary to some assumptions, the results also highlight the significant negative impact of price sensitivity on consumer purchase intentions. While competitive pricing strategies remain essential, especially in a market characterized by price-conscious consumers, the findings suggest that solely relying on low prices may not guarantee increased purchase intentions. Instead, FMCG companies should focus on creating value propositions that balance affordability with perceived product quality and brand reputation, thereby addressing consumer needs while maintaining profitability.

The notable influence of brand reputation on consumer purchase intentions underscores the enduring value of strong brand equity in the FMCG sector. A favorable brand reputation not only positively affects purchase intentions but also contributes to customer trust, loyalty, and positive word-of-mouth recommendations. This implies

that investments in brand building, reputation management, and consistent brand messaging can yield long-term benefits by influencing consumer behavior and driving sales.

The demographic analyses revealed interesting insights into consumer segmentation within the FMCG market. Older respondents and those with higher income levels exhibited greater purchase intentions, suggesting distinct target segments that FMCG companies can tailor their marketing strategies towards. However, the lack of significant effects based on gender and geographic location indicates a more universal pattern of consumer behavior within the studied context. Understanding these demographic nuances can help FMCG companies develop targeted marketing campaigns and product offerings that resonate with specific consumer segments.

Furthermore, while this study provides valuable insights into the factors influencing consumer purchase intentions in the FMCG sector, it is important to acknowledge certain limitations. The research adopted a cross-sectional design, which limits the ability to establish causality between variables. Future studies could employ longitudinal designs or experimental approaches to delve deeper into causal relationships and validate the generalizability of the findings. Additionally, the study focused on specific variables and their direct effects, leaving room for exploration of other factors such as cultural influences, social norms, and environmental sustainability considerations that may also impact consumer behavior in the FMCG sector. Overall, this research contributes to a nuanced understanding of consumer decision-making processes and offers practical implications for FMCG companies aiming to enhance their market competitiveness and consumer appeal.

## CONCLUSION

In conclusion, this research provides valuable insights into the complex interplay of factors influencing consumer purchase intentions in the fast-moving consumer goods (FMCG) sector. The findings highlight the critical importance of product quality, price sensitivity, and brand reputation in shaping consumer behavior and preferences. Maintaining high-quality standards, adopting strategic pricing strategies that balance affordability with perceived value, and investing in brand building and reputation management emerge as key strategies for FMCG companies seeking to enhance consumer appeal and drive sales. The study also underscores the significance of understanding demographic nuances in consumer segmentation to tailor marketing efforts effectively. While the research contributes significantly to the understanding of consumer decision-making processes in the FMCG industry, future studies could explore additional variables and employ longitudinal designs to further enrich our understanding and validate the robustness of the findings. Overall, the implications drawn from this study can guide FMCG companies in developing targeted marketing strategies, optimizing product offerings, and fostering stronger connections with consumers to maintain a competitive edge in the dynamic FMCG market.

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