

The Influence of Brand Familiarity, Price Sensitivity, and Peer Influence on Consumers' Brand Choice: Evidence from the FMCG Sector in Bangladesh

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Abstract: The FMCG sector in Bangladesh involves frequent buying and strong competition. Both the financial and social factors also influence the consumers. This study examines how brand familiarity, price sensitivity, and peer influence affect consumers' brand choice in this sector. A quantitative and explanatory research design was used. A survey was conducted on 397 FMCG consumers to get the data. The descriptive statistics, the reliability analysis, the exploratory factor analysis, the Pearson correlation and the multiple regression were used to analyze the data. The findings indicate that peer influence is the strongest positive factor affecting brand choice ($\beta = .426, p < .001$). Brand familiarity is the second strongest positive factor ($\beta = .406, p < .001$). In contrast, price sensitivity has a significant negative effect on brand choice ($\beta = -.280, p < .001$). The regression model is statistically significant. It explains 34.3% of the variation in brand choice ($R^2 = .343, \text{Adjusted } R^2 = .338; F(3, 393) = 68.356, p < .001$). This research contributes to the body of knowledge on consumer behavior as it provides a joint account of brand selection in the FMCG market of a developing economy. The findings indicate that managers ought to develop a better brand familiarity, value-based pricing and apply peer-based communication strategies to enhance brand preference and customer retention.

Keywords: FMCG, Brand Familiarity, Price Sensitivity, Peer Influence, Brand Choice.

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I. INTRODUCTION

The FMCG sector is very important in Bangladesh. It has products that individuals purchase frequently to utilize in their day-to-day activities. These products are packaged food, beverages, household cleaners and toiletries. Customers tend to purchase these products hastily. They usually encounter time constraint and budget constraints. Due to this fact they never evaluate all the features of products prior to purchase. Rather, they typically rely on such uncomplicated aspects as brand recognition, cost, and word of mouth.

Bangladesh is a useful setting for this study. The FMCG market has a mixed retail structure. The primary method of sale is still considered to be traditional stores, however, the

supermarkets, chain stores, and online shopping are becoming increasingly popular. Meanwhile, the inflation has caused consumers to become price conscious. Peer communication, online reviews, and electronic word-of-mouth have also been given more power by the emergence of the internet and social media. Thus, the brand familiarity, financial pressure, and social influence determine the brand decision by consumers in Bangladesh.

Earlier studies looked at brand familiarity, price sensitivity, and peer influence separately. Nevertheless, few studies analyzed how the combination of the two influences brand selection in the Bangladeshi FMCG industry. Moreover, numerous local studies were devoted to the general buying behavior or purchase intention, but not the brand choice itself.

This creates a knowledge gap in the joint operation of these factors in routine purchasing in an emerging economy.

This paper bridges that gap. It explores the influence of brand familiarity, price sensitivity and peer influence on consumers in the Bangladesh FMCG industry in terms of brand choice. These factors are brought together in a study as one explanatory model, which has a theoretical contribution. It also provides viable advice to marketers operating in a highly competitive, price-sensitive and socially bonded market.

II. LITERATURE REVIEW

Brand familiarity means how well consumers know, recognize, and understand a brand (Paasovaara et al., 2012). It also includes their past experience with that brand. In brand equity theory, familiarity is important because it builds brand knowledge, lowers uncertainty, and makes a brand easier to remember and choose (Aaker, 1991; Keller, 1993). In FMCG markets, people buy products often and make decisions quickly. So, familiar brands are more likely to be chosen because they save time and reduce risk.

Price sensitivity refers to the extent to which consumers' purchasing decisions are influenced by price levels and changes (Abdullah-Al-Mamun & Robel, 2014). Research on pricing shows that consumers do not see price only as money paid. They also see it as a cost compared with expected benefits (Monroe, 1973; Zeithaml, 1988). In times of inflation, price sensitivity becomes more important. Consumers pay more attention to affordability, discounts, and acceptable price levels. In Bangladesh, many households have limited purchasing power. Because of this, price sensitivity can weaken stable brand choice and encourage consumers to switch brands when prices increase (Shah & Khan, 2024).

Peer influence is the process by which peers affect one another's attitudes, behaviors, and development through socialization, conformity, and interpersonal interaction (Prinstein & Giletta, 2021). This influence can be informational, when consumers trust others for useful information, or normative, when they want approval and social acceptance (Ajzen, 1991; Cialdini & Goldstein, 2004). In Bangladesh, peer influence is not limited to direct personal contact. It also has social media reviews, online trends, and community support of brands. Such social signals play a role in the FMCG purchasing as people usually desire to be reassured when they make their everyday choices.

This study is based on the Theory of Planned Behavior and consumer decision-making theory. Peer influence in the

Theory of Planned Behavior is associated with subjective norms, (Ajzen, I.,1991). Price sensitivity implies economic constraint and which can influence perceived behavioral control (Ebrahim et al., 2016). Familiarity with the brand can influence attitudes through providing confidence and decreasing risk (Nepomuceno et al., 2014). All of them can combine in the everyday purchase of FMCG. Based on these ideas, the following hypotheses are proposed:

H1: Brand familiarity has a significant positive influence on consumers' brand choice.

H2: Price sensitivity has a significant influence on consumers' brand choice.

H3: Peer influence has a significant positive influence on consumers' brand choice.

III. METHODOLOGY

This study used a quantitative, cross-sectional, and explanatory research design. The questionnaire was used to gather primary data on FMCG consumers in Bangladesh. The questionnaire was distributed in both online and offline forms. A total of 397 valid responses were used in the study. The convenience sampling was used due to the lack of a complete sampling frame. It was also appropriate to test theory-based relationships in a practical consumer context.

The questionnaire included demographic questions and multi-item scales for the main variables. These variables included brand familiarity, price sensitivity, peer influence and the choice of brand by the consumers. Everything was rated using a five-point Likert scale where 1 was strongly disagree and 5 strongly agree. Brand familiarity was assessed using recognition, knowledge, experience, recall and advertising exposure. Price sensitivity was measured through price comparison, switching tendency after price increases, the importance of low price, and fixed price limits. The peer influence was evaluated using the impact of friends, family, social media, peer approval, and popularity of the community. The brand selection of the consumers was gauged by requesting a brand by name, first choice, repurchase intentions, resistance to advertisements by competitors, low switching.

The data were analyzed using SPSS. The respondent characteristics and patterns of responses were described using descriptive statistics. Cronbach alpha was used to test reliability. Exploratory factor analysis was used to check construct adequacy. The direction and strength of bivariate relationships were checked with Pearson correlation analysis. The hypotheses were then tested with multiple regression analysis which would determine the distinctive impact of each predictor on brand choice of consumers.

IV. CONCEPTUAL FRAMEWORK

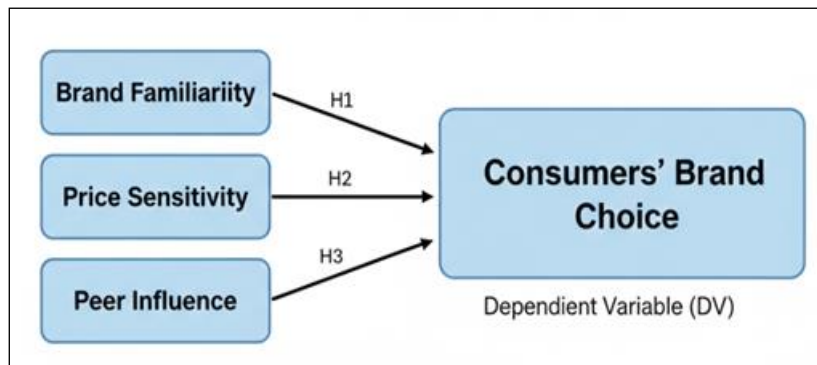


Fig 1 Conceptual Framework

The conceptual framework of this study treats consumers' brand choice as the dependent variable. Brand familiarity, price sensitivity, and peer influence are used as the independent variables. The model explains that consumers tend to use familiar brands since it is easier to identify and use it more. It also implies that, when consumers become price sensitive, high price sensitivity can lead to a decrease in stable brand choice. Moreover, the framework presupposes that robust peer pressure predisposes the probability of selecting a brand that is socially acceptable or generally accepted. This framework fits the FMCG sector in Bangladesh because brand decisions are influenced at the same time by memory-based cues, financial limits, and peer-related information.

V. RESULTS AND DISCUSSION

A. Respondent Profile

The research was conducted on the basis of the information gathered regarding 397 FMCG consumers in Bangladesh. Most of the respondents were male and belonged to the young adult age group, especially 26–35 years. A large share of them also came from lower- and middle-income groups. Moreover, most of the respondents frequently bought FMCG products. This respondent profile is important because it reflects an economically active consumer group that regularly buys FMCG products. Consequently, it is suitable in examining regular brand choice influenced by brand familiarity, price sensitivity, and peer influence.

Table 1: Respondent Profile

Profile of Respondents (N = 397)

Variable	Category	Frequency	Percentage
Gender	Male	264	66.5
	Female	133	33.5
Age	18-25	105	26.4
	26-35	251	63.2
	36-45	7	1.8
	46-55	27	6.8
	Above 55	7	1.8
Monthly income (BDT)	Below 25,000	216	54.4
	25,001-50,000	98	24.7
	50,001-75,000	56	14.1
	Above 75,000	27	6.8
Purchase frequency	Daily	167	42.1
	Weekly	139	35.0
	Monthly	91	22.9

The distribution indicates that the majority of the respondents are habitual FMCG purchasers and make their purchases within the actual budget constraints. This is equivalent to the FMCG market scenario in Bangladesh where habituation to purchasing is heavily driven by brand name, price, and social acceptability.

B. Reliability and Validity of Measures

Before testing the hypotheses, the reliability and adequacy of the measurement scales were examined. The Cronbach's alpha values show that all four constructs have acceptable to good internal consistency. In addition, the Kaiser-Meyer-Olkin value and Bartlett's Test of Sphericity show that the data are suitable for factor analysis. These results support the use of composite construct scores for the later correlation and regression analyses.

Table 2: Reliability and Construct Validity Summary

Construct	Number of Items	Cronbach's Alpha	Status
Brand Familiarity	5	.715	Acceptable
Price Sensitivity	4	.745	Acceptable
Peer Influence	5	.789	Acceptable
Consumers' Brand Choice	5	.817	Good

Note. KMO = .676; Bartlett's Test of Sphericity: $\chi^2 = 3950.261$, $df = 171$, $p < .001$.

The findings show that the scales are reliable enough and suitable for explanatory analysis. The highest reliability value is found for consumers' brand choice. The other constructs also have values above the standard cutoff of .70.

C. Correlation Analysis

The original relationship between brand familiarity, price sensitivity, peer influence, and customers brand choice were

analyzed through Pearson correlation analysis. The findings indicate that there is significant and positive relationship between brand familiarity and brand choice. Peer influence also has a positive and significant relationship with brand choice. Price sensitivity on the other hand shows weak negative correlation with brand choice and the correlation is not significant at the 5% mark.

Table 3: Correlations Among Variables

Variable	1	2	3	4
1. Brand Familiarity	1			
2. Price Sensitivity	-.022	1		
3. Peer Influence	.057	.448**	1	
4. Brand Choice	.437**	-.098	.324**	1

Note. $p < .01$.

The implication of these bivariate findings is that consumers with a greater familiarity to a brand will exhibit intensified brand choice behaviour. In the same way, stronger peer influence is linked with higher brand preference and brand choice. The negative correlation between price sensitivity and brand choice is also weak and it might be possible that price-sensitive consumers are less prone to maintaining stable brand choices, but not significant in simple correlation analysis. The average positive correlation between the price sensitivity and the peer influence is significant as well. It implies that affordability may be given close

consideration by consumers who are easily influenced by others.

D. Regression Analysis

Multiple regression analysis was used to examine the unique effect of each predictor on consumers' brand choice. The overall regression model is statistically significant and explains 34.3% of the variation in brand choice. This implies that brand familiarity, price sensitivity and peer influence have significant explanatory power in the FMCG industry of Bangladesh.

Table 4: Multiple Regression Results

Predictor	B	SE	Beta	t	p
Constant	1.323	.228	—	5.800	< .001
Brand Familiarity	.469	.047	.406	9.899	< .001
Price Sensitivity	-.229	.038	-.280	-6.108	< .001
Peer Influence	.391	.042	.426	9.296	< .001

Note. $R = .586$, $R^2 = .343$, Adjusted $R^2 = .338$, $F(3, 393) = 68.356$, $p < .001$.

The regression results show that brand familiarity has a significant positive effect on consumers' brand choice. This means that consumers are more likely to choose brands they can recognize, know well, and remember easily. The finding confirms the theory of customer-based brand equity according to which familiarity decreases uncertainty and simplifies decision making. Familiarity is a convenient shortcut in the normal buying of FMCGs, particularly when the consumer requires to make quick purchases.

price are less likely to show stable brand preference. The simple correlation between price sensitivity and brand choice is weak, but the regression analysis gives a clearer picture. After controlling for brand familiarity and peer influence, price sensitivity clearly reduces brand choice stability. This finding is important in Bangladesh, where affordability is a major issue and inflation often pushes consumers to switch brands, even when they are familiar with them.

Price sensitivity has a significant negative effect on brand choice. This means that consumers who are highly sensitive to

Peer influence has the strongest positive standardized effect among all predictors. This means that family advice, peer approval, social media trends, and community popularity

strongly affect consumers' brand choice. This finding is important because it shows that FMCG brand choice in Bangladesh is not only based on habit or personal thinking. It is also strongly shaped by social influence. Social influence also has a strong influence on it. Consumers not only rely on peers to get information, they also seek reassurance and acceptance.

E. Hypothesis Testing

The hypothesis-testing results are presented below. All the three hypotheses are justified. Nonetheless, the second hypothesis is justified as the impact of price sensitivity on brand choice is significant in a negative manner.

Table 5: Hypothesis Testing Summary

Hypothesis	Statement	Result
H1	Brand familiarity has a significant positive influence on consumers' brand choice.	Supported
H2	Price sensitivity has a significant influence on consumers' brand choice.	Supported (negative effect)
H3	Peer influence has a significant positive influence on consumers' brand choice.	Supported

The hypothesis results show that consumers' brand choice in Bangladesh's FMCG market is influenced at the same time by brand familiarity, peer influence, and price sensitivity. The strongest predictor of these factors is peer influence, and brand familiarity is the second factor. Price sensitivity works in the opposite direction and weakens stable brand preference.

F. Integrated Discussion

The findings strongly support the integrated model of FMCG brand choice used in this study. The positive effect of brand familiarity is consistent with brand equity theory. This theory explains that familiar brands have an advantage because they reduce uncertainty, build trust, and are easier to remember and select (Aaker, 1991; Keller, 1993). In the FMCG market of Bangladesh, consumers often buy products quickly and in different retail settings. For this reason, familiar brands are more likely to be chosen because they make the buying decision easier.

The negative effect of price sensitivity shows that brand stability in Bangladesh is not fixed. When the prices become less affordable, consumers can switch to the brands they like, yet they may switch back to the same brands. Stable brand-oriented behavior can be inhibited by budget constraints and price concerns. This supports pricing theory, which explains that consumers evaluate price in relation to perceived value (Monroe, 1973; Zeithaml, 1988). It also indicates that brand loyalty within the emerging markets of the FMCG heavily relies on price.

The most significant impact of peer influence shows the significance of social validation in daily FMCG purchases. This finding supports the Theory of Planned Behaviour and social influence theory, especially the role of subjective norms and informational influence (Ajzen, 1991; Cialdini & Goldstein, 2004). In Bangladesh, family opinions, community norms, and digitally shared recommendations remain very influential. Consequently, peer endorsement is a powerful signal which influences brand selection.

Overall, these results demonstrate that brand selection of FMCGs in Bangladesh is a multidimensional one. It cannot be described just by price, just by familiarity and just by social influence. Rather it is influenced by the synergistic impact of

all three. Consumers are very much influenced by their peers, they prefer familiar brands and even when the price elasticity of demand increases, they can switch. This provides a more realistic explanation of normal brand choice in the Bangladeshi FMCG industry.

VI. RECOMMENDATION AND CONCLUSION

The findings of this study have several practical implications for FMCG firms in Bangladesh. First, marketers should work on increasing brand familiarity. This can be done through consistent packaging, a clear visual identity, repeated market exposure, and strong visibility in retail stores. Since familiarity has a positive effect on brand choice, firms should make their brands easy to recognize and remember.

Second, firms should address price sensitivity through value-based pricing instead of relying too much on discounts. The results suggest that consumers do not always look for the lowest price. Rather, they look for reasonable value within their budget. Therefore, FMCG firms should offer affordable pack sizes, different price options, and promotions that respond to affordability concerns without harming long-term brand equity.

Third, peer influence should be treated as an important strategic factor. Since peer influence is the strongest predictor of brand choice, firms should invest in customer advocacy, family-focused communication, community trust, and credible social media activities. The strategies promoting the recommendation of other people and the visibility of brand support in social places can be particularly successful in the FMCG market of Bangladesh.

In conclusion, this study examined the effects of brand familiarity, price sensitivity, and peer influence on consumers' brand choice in the FMCG sector of Bangladesh using survey data from 397 respondents. The findings show that peer influence and brand familiarity have positive effects on brand choice, while price sensitivity has a negative effect. The study contributes to the consumer behaviour literature by offering an integrated and empirically tested model of brand choice in a developing-country FMCG context. It also provides useful guidance for managers who want to improve brand

performance in a competitive, price-sensitive, and socially connected market.

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