

Factors Affecting Consumer Buying Behaviour Towards FMCGs in Organised Retail Sector

Author: Shruti Dholi

First Author Address: c-9,JRM Pearl, Shantiniketan Layout, Munnrkolalu, Marathalli, Bangalore-37

Shruti.dholi@gmail.com

Abstract— One of the most growing industries in India is Organized Retail Industry and was forecasted to grow by 31% in the year 2018. By the year 2021, it is expected to grow to USD 1200 billion. In retail sector India is ranked as fifth most preferred destination which gives an edge to different companies in the retail chain. The Indian retail industry is divided into organized and unorganized sectors. Trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. comes under organized retailing. Corporate-backed hypermarkets and retail chains and also the privately owned large retail businesses are the examples of organized retailing. on the other hand, unorganized retailing, refers to the traditional formats of low-cost retailing, such as the local Kirana shops, owner manned general stores, paan/ beedi shops, convenience stores, hand cart and pavement vendors, etc. This study has measured the consumer buying behaviour for the factors of product performance, quality, price, promotions and customized services towards FMCGs from the perspectives of gender, age and income. These three demographic attributes are important

because these have an effect on their preferences. For this Independent-test and One Way ANOVA were applied to check the differences. The study concluded that difference was noted only in customized services and promotions whereas for age and income, difference was observed only in customized services. In rest factors they equally perceive. The study will helpful for retailers in framing the strategies and get an opportunity to them how the consumer behaviour is influenced by such factors.

Keywords: Consumer Buying Behaviour, FMCG Goods, Organised Retail Sector

Introduction

Retailing in India accounts for 14 to 15% of its GDP as it is one of the business enterprises of its economy. India's retailing industry is essentially owner manned small shops account for more than 90%. Larger format convenience stores and supermarkets accounted for about 4% of the industry in 2010 and these were present only in large urban centres. Currently the Indian retail market estimated at around US\$ 490 billion and it is project to grow at a compound annual growth rate (CAGR) of 6 percent to reach US\$ 865 billion by 2023.

The retail sector has gradually undergone considerable changes in its form since 1991. The major shift was the emergence of an organized sector within the retail industry. Over the last decade many Indian entrepreneurs have successfully established organized retail chains by taking keen interest in retailing. In addition to these domestic developments, the international retail giants gave simultaneous attention to the Indian retail market because of the sheer size of the Indian markets. The tie up of Walmart, America's largest retail chain with Bharti, the Indian telecom giant was the most important development in this context which is likely to be concretized in June, 2020. Currently India's modern retail business accounts for only about 9 per cent of the country's annual retail business. In the next five years the modern retail business will create about 2.6 million jobs. Modern retailers will create employment opportunities but also would help raise India's overall economic productivity and could also result in lowering prices of goods. The unorganized retail sector of small and medium retailers employs over 40 million as per the study of CPAS.

For every 1000 people in India there are 11 retail outlets. In this sector this fact suggests a considerable element of forced employment. Only 4 per cent of India's 11 million retail outlets have floor areas in excess of 500 sq.ft. This should dispel any image of any preponderance of large-scale retailing we may have derived to the size of the old established downtown retail outlets and in the new suburban malls. In India

Retail is mostly the millions of tiny shops with pucca and semi-pucca premises, and millions more on handcarts and pavements. The primary strength verticals of India's organized retail segment are opening gates for FDI in retailing, the changing consumer needs, rise in young generation population and working women population. Indian economic systems with an exponential increase of nuclear families looking for a comfortable life style are the results of these strengths. In tier-II cities of India IT and ITES boom along with the spread of BPO has significantly motivated the phenomena called experience marketing. Organized sector was expected to perform gloriously as the economic prosperity has encouraged many Indian and Foreign players to join together. Organized retail which now constitutes only four per cent of total retail sector is likely to grow at a much faster pace of 45-50 per cent per annum and quadruple its share in total retail trade to 19 per cent by 2019-20. It shows that both unorganized and organized retail not only coexist but also grow substantially in size.

India's GDP stands at the trillion dollar mark, and by 2020 with a sustained growth rate of over 8 per cent, it is confidently poised to be the leading centre of global economy. By 2050 GDP of India is expected to be reaching a staggering US\$ 37 trillion which would make it the third largest economy in the world. This would mean that over the next 40 years India's GDP will increase close to US\$ 1 trillion on an average year-on-year. This fast GDP growth is driving

towards Indian consumerism. Today Indian consumers are more confident and willing to splurge owing to increased income levels. By 2025, India's consumer market will be the world's fifth largest (from twelfth) and India's middle class will swell by over ten times from its current size of 50 million to 583 million people. Over the past 5 years the high sustained growth of Indian economy has been a boon to the retail sector. The sector is on a high growth trajectory and is expected to grow by more than 27 per cent over the next 5 years.

Consumer Buying Behavior

Consumer buying behavior is the sum total of a consumer's attitudes, preferences, intentions, and decisions while purchasing a product or service. The study of consumer behavior draws upon social science disciplines of anthropology, psychology, sociology, and economics. The key growth drivers for the Indian consumers are:

High Disposable Income: With the increase in disposable income the demand for consumer electronics is raising under the double income families. Indian middle class is an attraction for companies who are out there to woo them.

Availability of newer variants: In gaining the attention of consumers who are searching for innovative products, newer variants of producer helps the company.

Pricing: The FMCG industry is highly price sensitive, making price the determining factor in increasing volumes at least for lower range

consumers. The brand name, technology and product features are important for middle and upper class consumers.

Availability of Credit Facility: The availability of credit and the structure of the loans are the major determinants of the affordability of the product.

Innovative advertising and Brand Promotions: Sales promotions measures such as; discounts, free gifts and exchange offers help the company in distinguishing itself from others.

Festive Season Sales: During the festive season sales new products are launched by most of the companies.

Rationale of the Study

The aim of present study is to evaluate the consumer behaviour towards FMCG products and develop marketing framework. The study has focused mainly on the FMCG possessing different profiles to develop effective and efficient marketing strategies for consumers.

In present day economic scenario FMCG have a vital role to play. The selection of target will throw light mainly on market segmentation and the assembling of marketing mix (the four P's of marketing) in the right combination. The choice of the appropriate marketing activities and the allocation of the appropriate marketing effort to each one of them are involved in this process. Product strategy is a part of this process and its main purpose is matching the products with market needs and consumers' purchasing capacity issues. Distribution strategy is another part and its major role is taking the product where it is convenient to consumers. The marketing mix gets assembled when other elements like pricing and promotion are superimposed on this framework. It can be concluded on the basis of above given facts that how importantly marketing is required for FMCG.

The purpose of the study is to provide the significant information to the economists, planners and policy makers. This will help them to develop conducive environment with a realistic and sound policy, procedural and infrastructural support system, enabling FMCG industries to take advantage of their core

competencies to capture global competitive advantage through marketing strategies. In the present day of marketing the study of consumer buying behaviour has become an indispensable since it is based on consumer delight. The study of consumer behaviour depicts about the selection of individuals, groups or organizations, dispose of white goods, services, ideas, experience in satisfying the needs and desires. So a study on the consumer buying behaviour of the FMCG may offer a great potential to the companies interested in drawing specific implications for its marketing decisions.

Literature Review

Pandey et al (2019) in their study 'A Case Study on Consumer Buying Behavior towards Selected FMCG Products' they identified the factors affecting the consumer buying behaviour towards FMCG products and how these factors affect the decision making process of the consumer. Since the FMCG sector plays an important role in the growth of India GDP thus it is necessary to identify the changes in consumer buying behaviour towards FMCG products. The findings of the paper reveal that consumer behaviour is largely affected by place, product, price and promotion along with physiological and psychological factors. However effect of these factors also differs from product to product.

Ganesamurthy (2017) in his study, observed the awareness and impact of mass media on customers and the brand loyalty towards FMCGs. He predicted that in present scenario goods are

flowing from urban to rural areas and rural to urban areas. Bastions premium brands are gaining wide recognition in the rural areas. Consumption habits and buying behaviour of consumers are changed due to increase in the awareness. The increase in the disposable incomes of the households sector has made the rural market prospering.

According to the study of Sathya, P. (2017) this study is based on the purchase behavior of FMCGs in Tiruvarur district. Since the FMCGs industry is operating in a highly competitive, complex and rapidly changing business environment the business leaders know their importance of having ready to access timely, accurate, consistent information and data for the purpose of establishing, nurturing and managing customer relationships across divisions.

RenugadeviK et al (2017) in their study explored brand choice and brand equity towards a specific brand by considering their various attributes. The main objective of the study is to identify the various factors influencing consumer's brand preference which influence the level of satisfaction of the respondents. The study identified that FMCGs are very much popular in between the respondents whether their residential status is urban and rural. Therefore the manufacturers should produce only quality goods that in turn help them to be successful in the market; also help to increase their market share.

Fazeen Rasheed .A.K (2017) studied the Consumer Buying Behaviour of FMCG Products in Calicut City (With Special Reference of Tooth Paste). In this study various demographic, psychographic and behavioural factors that influence the buying decision of consumers who plan to purchase and or used Tooth paste are identified.

Ashwin A Santoki and Milind H Parekh (2017) discussed the main objective was to understand Brand awareness & consumer buying behaviour of Selected FMCG products among consumer in dang area of Gujarat. In this study 311 villages of dang district are covered in which approximately 75% of population is still living below poverty line and 98% population living here belong to Scheduled Tribe. It has been found that as far as fast moving consumer goods are concerned, they are using as well as they are aware with very few brands of FMCG and they are making multiple use of single product. Researchers recommend that companies selling FMCG products should do their campaigning in such areas too because these areas are a part of untapped market where they can used their segmenting, targeting & positioning strategies.

James U . Mcneal , Chyon - Yeh, (2016) have searched that examining tolerance for Unethical Consumer Behaviour Provides a Key Insight to how People Behave as Consumers Worldwide. In this study using sample data from Austria, Brunei, France, Hong Kong, the UK, and the USA, consumer reactions to unethical consumer

behaviour scenarios are investigated. Nationality is found to be a significant predictor of how consumers view various questionable behaviours. Gender is not a significant predictor, while age and religious affiliation are found to be significant predictors of consumer ethical perceptions.

Murthy C.M. and Veena K.P. (2015) in their study explained the export opportunities and challenges in FMCG products that had seen a wide range of innovations in India. This study highlights growth trends in sales exports and imports of HUL industry. A clear understanding of the various processes involved, enables the industry to cash-in on the prevailing trends in changing consumer interests. It was possible for FMCG Industries to bring about changes in their strategies in creating consumer preferences. It was highly appreciable to note that the recent trend in FMCG industries and shifting their focus from urban to rural settings make new strategies, promotional policies and new pedagogy capturing the new launcher market segment of HUL in India.

Shailesh, A. and Mishra, K. (2015) discussed about the consumer durables industry in India, a complete growth in industrial sectors and services, infrastructure development etc. powered by constructive customer demographics depicting a constant growth over the long term period. There is a change in the government policy due to increase in disposable income, change in the government policy depicts a major share of

growing demand is coming from the suburban and rural areas. The research concluded awareness and knowledge play an important role in influencing consumer behaviour about the product and brand. Buying behaviour of rural consumer is greatly influenced by the faithfulness towards the purchase of specific product.

Nagaraju B. and Thejaswini D. (2014) in their research revealed that the buying decisions are affected by the price and quality. Since the society is more concerned towards their social responsibility many companies had accepted their responsibility not to harm the environment and not to waste the natural resources about the implication of global warming non-biodegradable solid waste, harmful impact of pollutants etc.

Pallavi G S and Shashidhar S (2015) in their study 'Study on Consumer Behavior towards Selected FMCG' discussed that the consumer behaviour plays an important role in marketing of fast moving consumer goods. Thus there is a need to identify the changes in consumer buying behaviour towards FMCG products. The main objectives of the study were to study the product attributes influencing the buying behaviour of HUL & P& G Products and factors influencing the consumer purchase of a particular FMCG product. The study moves around the comparison of both the companies, regarding their brand awareness.

S.Thanigachalam and K. Vijayarani (2014) in their study concluded that successes of many businesses depend on their ability to create and retaining the customers. Companies to sell their products in standard price with good quality, availability of brands in all stores and is less costly to attracting new customers. Brand Loyalty provides companies strong and competitive weapons to fight with competitors. Before the companies plan and implement their marketing strategies they must give sufficient consideration to promotional offers and availability of brands. Hence the researcher hopes that the information provided in this study will assist companies in shaping their marketing strategies and better serving their customers.

Research Gap

From the analysis of the review of literature, it is found that all the studies have attempted to examine the consumer behaviour of various FMCG product categories with the study of pre and post purchase behaviour. But no attempts have been made to study the examine the attributes of consumption pattern and also the factors associated with the buying capacity constraints jointly for the organized retail sector. It also has been observed that plenty of reading material is available on buying behaviour of consumers but unfortunately very little work has been done in the area of fast moving consumer goods in dealing specially with Britannia Goods. This is the reason and logic that this topic has

been selected to know the consumer buying behaviour towards organized retail sector.

Objectives of the Study

- ❖ To study the factors influencing the consumer buying behaviour while purchasing the FMCG products.

Table: 1: Glimpses of Research

| | |
|----------------------------|--|
| Research Design: | Descriptive Study |
| Universe: | Respondents are selected from different Profiles such as; Formal/Informal sector, self-employed, engaged in family business, students, households or retired. |
| Sample Size: | 250 consumers |
| Sample Area | Indore and Bhopal (M.P) |
| Data: | Primary data |
| Data Collection Method: | Survey Method |
| Data Collection Tool: | Self-Structured Questionnaire |
| Data Analysis Tools: | Correlation & Regression |
| Purpose of Research Study: | The study is confined to only 250 consumers that is 125 from Indore and 125 from Bhopal who makes their FMCG purchases from the organized retail sector. This study helps in exploring the factors associated with the buying behaviour. |

H₀₁: There is no significant difference in the buying behaviour of male and female consumers towards FMCG products for product performance, quality, price, promotions and customized services.

promotions and customized services. Therefore, null hypothesis is not accepted.

H₀₂: Age wise there is no significant difference in the consumer buying behaviour towards FMCG products for product performance, quality, price, promotions and customized services.

Table 2: Gender wise T-Test

| Dimensions | t | df | *Sig. (2-tailed) |
|---------------------|-------|-----|------------------|
| Product Performance | -.132 | 248 | .895 |
| Quality | 1.505 | 248 | .134 |
| Price | .915 | 248 | .361 |
| Promotions | 2.342 | 248 | .020 |
| Customized Services | 3.963 | 248 | .000 |

0.05 level of significance

For the factors of Product performance, quality and price gender wise there was no significant difference found as P value came out $.895 > 0.05$, $.134 > 0.05$, $.316 > 0.05$ respectively. Hence, in these factors no differences were noticed so it is concluded that there is no significant difference in the buying behaviour of male and female towards FMCG products for product performance, quality and price. Therefore, null hypothesis is accepted. But for the factors of promotions and customized services, the p-value is less than 0.05 for both promotions $.020$ and customized services $.000$ hence, in these factors difference was observed and concluded that there is a significant difference in the buying behaviour of male and female towards FMCG products for

Table 3: Age wise Analysis of Variance

| Dimension | | Sum of Squares | df | Mean Square | F | *Sig. |
|---------------------|----------------|-----------------------|-----------|--------------------|----------|--------------|
| Product Performance | Between Groups | 21.507 | 3 | 7.169 | .554 | .646 |
| | Within Groups | 3182.269 | 246 | 12.936 | | |
| | Total | 3203.776 | 249 | | | |
| Quality | Between Groups | 41.090 | 3 | 13.697 | 1.000 | .394 |
| | Within Groups | 3369.486 | 246 | 13.697 | | |
| | Total | 3410.576 | 249 | | | |
| Price | Between Groups | 22.111 | 3 | 7.370 | .525 | .666 |
| | Within Groups | 3454.593 | 246 | 14.043 | | |
| | Total | 3476.704 | 249 | | | |
| Promotions | Between Groups | 58.202 | 3 | 19.401 | 1.385 | .248 |
| | Within Groups | 3446.198 | 246 | 14.009 | | |
| | Total | 3504.400 | 249 | | | |
| Customized Services | Between Groups | 292.837 | 3 | 97.612 | 9.302 | .000 |
| | Within Groups | 2581.487 | 246 | 10.494 | | |
| | Total | 2874.324 | 249 | | | |

0.05 level of significance

For the factors of Product performance, quality, price and promotions age wise there was no significant difference found as P value came out $.646 > 0.05$, $.394 > 0.05$, $.666 > 0.05$, $.248 > 0.05$ respectively. Hence, in these factors no differences were noticed so it is concluded that there is no significant difference in the buying behaviour among the age of consumers towards FMCG products for product performance, quality, price and promotions. Therefore, null hypothesis is accepted. But for the factor of customized services, the p-value $.000$ is less than 0.05 hence, in this factor difference was observed and concluded that there is a significant difference in the buying behaviour among age of consumers towards FMCG products for customized services. Therefore, null hypothesis is not accepted.

H₀₃: Annual Income wise there is no significant difference in the consumer buying behaviour towards FMCG products for product performance, quality, price, promotions and customized services.

Table 4: Income wise Analysis of Variance

| Dimension | | Sum of Squares | df | Mean Square | F | *Sig. |
|---------------------|----------------|-----------------------|-----------|--------------------|----------|--------------|
| Product Performance | Between Groups | 50.945 | 4 | 12.736 | .990 | .414 |
| | Within Groups | 3152.831 | 245 | 12.869 | | |
| | Total | 3203.776 | 249 | | | |
| Quality | Between Groups | 26.015 | 4 | 6.504 | .471 | .757 |
| | Within Groups | 3384.561 | 245 | 13.815 | | |
| | Total | 3410.576 | 249 | | | |
| Price | Between Groups | 129.720 | 4 | 32.430 | 2.374 | .053 |
| | Within Groups | 3346.984 | 245 | 13.661 | | |
| | Total | 3476.704 | 249 | | | |
| Promotions | Between Groups | 53.728 | 4 | 13.432 | .954 | .434 |
| | Within Groups | 3450.672 | 245 | 14.084 | | |
| | Total | 3504.400 | 249 | | | |
| Customized Services | Between Groups | 293.898 | 4 | 73.474 | 6.976 | .000 |
| | Within Groups | 2580.426 | 245 | 10.532 | | |
| | Total | 2874.324 | 249 | | | |

0.05 level of significance

For the factors of Product performance, quality, price and promotions, annual income wise there was no significant difference found as P value came out $.414 > 0.05$, $.757 > 0.05$, $.053 > 0.05$, $.434 > 0.05$ respectively. Hence, in these factors no differences were noticed so it is concluded that there is no significant difference in the buying behaviour among the income group of consumers towards FMCG products for product performance, quality, price and promotions. Therefore, null hypothesis is accepted. But for the factor of customized services, the p-value $.000$ is less than 0.05 hence, in this factor difference was observed and concluded that there is a significant difference in the buying behaviour among income group of consumers towards FMCG products for customized services. Therefore, null hypothesis is not accepted.

Conclusion

The present study concluded that, successes of many businesses depend on their ability to create and retaining the customers through examining their behaviour towards branded

FMCG products. Companies to sell their products in standard price with good quality, availability of brands in all stores and is less costly to attracting new customers. Brand Loyalty provides companies strong and competitive weapons to fight with competitors in the market place. The importance promotional offers, availability of brands are important that companies must give it sufficient consideration before they plan and implement their marketing strategies. The FMCGs sector is a very dynamic sector in India. A major goal is to satisfy the needs and wants of consumer and their target markets more effectively and efficiently. Hence the researcher hopes that the information provided in this study will assist companies in

shaping their marketing strategies and better serving their customers.

The consumers are able to realize the need of the product, extensive awareness of the product, and suitable information sources of the product. They are meticulous about purchasing from outlets of the FMCG. They derive characteristics through their experience of the product and make careful study on the negative effect and quality of product. They also approach the product of FMCG and make suitable purchase decision. They are able to collect maximum information of the product through digital marketing. The consumer behavior logically prefers the product, making the purchasing decision and expressing the satisfaction level. The consumers have the tendencies brand shift if not satisfied with the utilization of the product as well as availability in the market. As the study revealed that the consumers along with price also think about quality, performance, promotions and customized services and other critical aspects, it is recommended to promote FMCG in lines of rationality rather than just making low price appeals. It is recommended to offer FMCG that lasts long.

Suggestions

- ❖ Companies should take the trouble to understand the needs and peculiarities of consumers for capturing the market area. In the coming years, more and more companies are going to take the IT route to make the markets more accessible and

- this should be possible through opening up the new business opportunities for the marketers.
- ❖ There is a strong need to build reassurance and trust about product quality, service support, and company credentials in the minds of consumers. This is best done through the face-to-face, below the line, touch, feel, and talk modes.
 - ❖ Retailers should take steps to minimize the amount of consumer dissatisfaction. They should solicit consumer suggestions for improvements in products and services.
 - ❖ Speedy and courteous redressal of consumer complaints and grievances will create confidence of consumers in retailing.
 - ❖ Proper disclosure of the terms of credit and price information will go a long way in building up confidence by the retailers with the consumers and then ultimately they lead to good customer-retailer relationships.
 - ❖ The malpractices of the retailers are the greatest constraints in the development of markets. The retailers should try to improve their fair business practices. They should insist that the products they purchase should be of standard quality and producers offer guarantee to the consumer.
 - ❖ The products offered by the retailers should fit into the living system of people. For certain products, Point of Purchase (POP) display that retailers heavily rely on pictorial presentation will prove very effective.
 - ❖ Products can no longer be indifferent to the hardships faced either by the retailer or by the consumer. They should strengthen the hands of retailers in extending services to the consumers. The producers should take contingency of the various aspects of marketing and modify their strategies accordingly.
 - ❖ The Government should act more vigorously to lay down standard for producing mass consumption articles and strengthen the enforcement machinery responsible for checking various malpractices like adulteration, short weight, charging arbitrary prices, etc.

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