

## **A Study On Consumers Buying Behavior Towards FMCG Products**

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### **Abstract**

Consumer buying behavior is the decisions and thoughts of consumers at the time of buying the products. Nowadays consumer behavior is important aspect of marketing. It is the study of how people make decisions about what they buy, how they buy, when they buy and from whom they buy. It is critical to understand the behavior of consumers and how they will respond to a new product or service. To study the consumer behavior helps companies identify opportunities that are not currently met. Consumer behavior is not static rather it is dynamic. It undergoes a change over a period of time. All consumers do not behave in the same manner. There are many factors which influence consumers buying behavior. In the present paper an attempt has been made to study the factors influencing consumers buying behavior towards FMCGs.

**Key Words:** Consumer Behavior, Purchase Decision Making, Brand Preference, FMCGS and Marketing Mix.

### **Introduction**

Consumer buying behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their needs and wants. There are many processes which are involved in the consumer buying behavior. The behavior of consumers is affected by many factors while they make purchases. A purchase decision is the result of many factors. Initially the consumers try to find the commodities that they would like to consume, and then they select only those commodities that give greater utility. After selecting the commodities, the consumers make an estimate of the available money which they can spend. Lastly, the consumers analyze the prevailing prices of commodities in the market and take the decision about the commodities they will consume. Therefore, there are various factors that influence the purchases of consumer such as social, cultural, economic, personal and psychological (Rani, 2014).

Globally, the term 'marketing' is not a new phenomenon. Today it is the focal point of any business. No commodities can move from a production point to a consumption point without

marketing efforts. The consumers aim at attaining optimum consumer surplus, be it durables or non-durables, while making such purchases to satisfy their wants. Conversely, the marketers do constant efforts for maximization of profit margin for their survival and growth in the long run. These twin paradoxical ends (producers and consumers) must reach a compromise at a point entailing a profitable and satisfactory exchange of goods. For this, the marketers rely on research studies about the dynamic consumer behavior to position their product strategies to meet the requirements efficiently. There are innumerable factors inducing their buying behavior of consumers even in brand preferences of durables (Thangasamy and Patikar, 2014).

Fast Moving Consumer Goods (FMCG) sector is one of the booming sectors in Indian economy which showed outstanding growth in the past decade. It consists of three main segments i.e. personal care, household care, food and beverages. Personal care comprises of oral care, hair care, toiletries, soaps and cosmetics; household care comprises of fabric wash and household cleaners; and food and beverages include health beverages, soft drinks, cereals, dairy products, bakery products, chocolates etc. FMCG sector contributes to India's gross domestic product (GDP) and is also the fourth largest sector in the Indian economy, responsible for providing employment. This sector also creates employment for around three million people in downstream activities, which are generally carried out in smaller towns and rural India (Thanigachlam and Vijayarani, 2014).

**Growth of FMCG in India**

The FMCG sector of India is considered to be the fourth largest one across the globe with profits of over US \$672 billion (IBEF, 2018).

**Figure 1: Growth in FMCG Industry of India (US\$)**



(Source: IBEF, 2018)

This contributes large portion to the GDP growth of India. It is predicted that the FMCG market share would double from US 1.1 Trillion by 2020 (IBEF, 2018).

The FMCG sector is likely to see a growth factor of around 60 percent in both rural and semi-urban areas of India by 2020. Hair care products, household items, male grooming, female hygiene, chocolates and confectionary items are found to be growing quickly. Today, urban India is consuming over 66% of these fast moving consumer goods while rural India is consuming over 34%. However, it is expected that rural India would increase the consumption of goods to 40% in key FMCG categories (IBEF, 2018). In urban areas people are fond of using items like personal care, skin care, household care and female hygienic products. The demand for these products would be increasing day by day and are sold at an attractive price. In food segment, the processed foods, bakery, daily products observes a long term growth in both urban and rural areas. Growing population in both urban and semi-urban areas have resulted in the rise of consuming FMCG products. The manufacturer is likely to receive huge sales volumes in the coming years.

### **Review of Literature**

**Srivastava and Kumar (2013)** analyzed that FMCG sector is a major contributor to India's Gross Domestic Product. The study revealed that FMCG sector is contributing to the demand of lower and middle-income groups in India. Over 73% of FMCG products are sold to middle class households in which over 52% is in rural India. Rural marketing has become the hottest marketing arena for most of the FMCG companies. The Indian rural market has huge opportunities. The present study also focuses on contribution of FMCG industry in growth of Indian rural market and aims to discuss about customer attitude towards better purchasing decision for FMCG products in rural market with growing awareness and brand consciousness among people across various socio-economic classes in rural market.

**Sulekha and Kiran (2013)** found that FMCG companies are famous for selling their products to the middleclass households; it implies that rural India is a profitable and potential market for FMCG producers. Rural consumers' incomes are rising day by day and now they are more willing to buy products which improve their lifestyle. The present study focuses on understanding the rural consumer buying behaviour for FMCG in Haryana. The study emphasizes on the factors which influence the purchasing pattern of rural consumers.

**Yuvarani (2013)** analyzed that liberalization of the Indian economy had far reaching consequences, which led to the free entry of global brands in Indian markets. The study focuses mainly on the rural consumer behavior towards selected FMCG products, but with

the prevailing trend it is necessary to focus on the essence and emergence of vibrant rural marketing efforts of FMCG companies. Thus, with more number of companies entering into the rural market, with a variety of products, it is must for companies to study the rural consumer behavior over FMCG products. This study will highlight the rural consumer behavior before purchase, at the time of purchase and post- purchase. **Aggarwal (2014)** suggested that Consumer behavior research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs. Firms can satisfy those needs only to the extent they understand their customers. The main objective of this paper is to study the demographic differences in consumers' buying behavior of persons living in Madhya Pradesh and when they buy FMCG products. To attain this objective a survey was developed and administered across some part of Madhya Pradesh. The findings confirm the factors influencing consumer buying behavior for tooth paste brands available in the market.

**Objectives**

- To study the factors influencing consumers behavior.
- To find out the strategies which are useful in for marketing of FMCG products?

**Research Methodology**

The present study is descriptive in nature. The study is based on secondary data which was collected from case studies, books, journals, newspapers, online databases and various websites.

**Consumer Buying Behavior Process**

It has been seen that consumers typically go through seven major stages while making purchase decisions viz. need recognition, search for information, pre-purchase evaluation, purchase, consumption, post-consumption evaluation, and divestment. Marketers can identify why people are purchasing the products or not purchasing the products by understanding these seven stages and how various factors affect each stage of consumer decision (Blackwell et al., 2005). If a consumer decides to purchase a product in evaluation stage he would make five purchase decisions, such as brand, vendor, quantity, timing and payment method. These purchase decisions are not considered in case of all products. It depends on the cost, life, frequency of the product. In case of high cost and infrequently purchased products like television, all these decisions take place and there is no concept of trial purchase because these products can be purchased for a considerable long period. In case of low cost and

frequently purchased items like toiletries products may not involve all decisions like payment method. In the case of toiletries products, there is a possibility to make trial purchase and if the consumer is satisfied with the performance of the product or brand, he is likely to repeat the purchase (Sarangapani, 2009). In the purchase stage of consumers two purchasing patterns are identified. They are: (i) the extent to which consumers develop repeat purchasing patterns and (ii) the extent to which purchases are unplanned. These subjects could be explained in the context of brand loyalty and impulse purchase. Impulse purchase is also called by some marketers as unplanned purchasing (Loudon and Della Bitta, 2009). The repeat purchase behavior is, therefore, linked to various degrees of brand loyalty, which may vary from category to category. At the one end, extant literature on brand loyalty has mostly considered loyalty as a notion of consumers being exclusively loyal to a single alternative. At the other end, it is also suggested that the unprecedented number of competing product alternatives and increased fragmentation of markets, have led to the decrease in the number of consumers purchasing brands exclusively. Consumers are therefore embracing a set of acceptable brands that match their needs rather than being loyal to one specific brand. Some researchers have suggested a useful definition of brand loyalty that recognizes true brand-loyal consumers who exhibit not only a high degree of repeat purchasing but also favorable attitude toward the purchased brand (Pradhan and Misra, 2015).

### **Factors Influencing Consumer Behavior**

The researchers like Kotler, Meyer, Eagle, Zeithaml, and Davies have also contributed a lot to the area of buying behavior. Followings are the most commonly accepted factors influencing buying behavior.

- **Cultural Factors**

Cultural factors play vital role in influencing consumers buying behavior. These include culture, Sub-culture and social class. Culture can be defined as collective programming of the mind that distinguishes the members of one group or category from another. Culture includes knowledge, belief, customs traditions, morals and habits acquired by humans as a society. It decides how consumers think and feel. It influences attitude, values, personality type, religion and material possession. A culture has many subcultures. It is a small segment of a culture and it has the same meaning and values of a culture. Subcultures transfer these values, belief, attitude etc. from one generation to other.

Social classes are defined as groups more or less homogeneous and ranked against each other according to a form of social hierarchy. Social class is defined by the person's income and the amount of money one possesses decides his social class. Another dimension to social class is of the residential area. According to some scholars the place of living decides one's social class.

- **Social Factors**

Social factors also play a significant role in influencing consumer behavior. These include reference group, family, roles and status. According to (Kotler et al. 2008) reference groups have a direct and indirect influence upon a person's attitudes, aspirations or behavior. Reference group include inspirational groups, member groups and opinion leaders. These generally provide points of comparison with respect to lifestyle, desires and habits. It has been identified by researchers that reference groups play several roles viz. initiator, influencer, decision maker and buyer.

In social factors, family is the most influential factor which affects consumer behavior. It can be defined as a group of people related by blood, marriage and adoption that reside together. Family is a group of two or more people. Roles and status of individuals is also a vital factor of social influence. The position of an individual within the family, work place, social clubs and his friend circle decides his role and status. This is affected by his profession, position at work place, education, position in the family and gender. Social influencers are quite diverse and can include a person's family, social interaction, work or school communities, or any group of people a person affiliates with. It can also include a person's social class, which involves income, living conditions, and education level. The social factors are very diverse and can be difficult to analyze when developing marketing plans.

- **Personal Factors**

Consumer behavior is also affected by personal factors. These include age, occupation, economic condition, lifestyle, personality and self concept. These are the fundamental factors contributing to the change in preferences. Age and life cycle has a great impact on buying behavior. The behavior of an individual at different stages of life cycle will be different because the preferences of individuals change with the passage of time. Family stages and life cycle include phase like young, single, married couple, parenting, empty nest (launching adult children) and senior stage of life.

Occupation also has a significant impact on buying behavior. The individuals show a great inclination towards products and services according to their profession.

Personal factors are characteristics that are specific to a person and may not relate to other people within the same group. These characteristics may include how a person makes decisions, their unique habits and interests, and opinions. When considering personal factors, decisions are also influenced by age, gender, background, culture, and other personal issues.

- **Psychological Factors**

In daily life, there are many issues which affect the consumers that are unique to their thought process. Psychological factors include perception of a need or situation, the person's ability to learn or understand information, and an individual's attitude. Each person will respond to a marketing message based on their perceptions and attitudes. Therefore, marketers must take these psychological factors into account when creating campaigns, ensuring that their campaign will appeal to their target audience.

Psychological factors affecting various purchase decisions include motivation, perception, learning, beliefs and attitudes. Motivation as an activated internal need states that leads to goal-directed behavior so as to satisfy that need. Accordingly motives can be defined as relatively enduring, strong, and persistent internal stimuli that arouse and direct behavior toward certain goals to achieve certain objectives.

## **Marketing Strategy and Consumer Behavior**

- **Products**

The marketers created and design the products that would eventually satisfy all the needs of the customer that were previously unfulfilled. They further make decisions regarding the product's shape, size and features of the same. They are also expected to determine and place an attractive package containing warranties, service and accessories of the product sold. Nestle was the first to bring the concept of Maggie in capsicum flavor. Relating to this they shifted their innovation based on geographic locations and ended up introducing sambar, mixed vegetables and dal Atta noodles as well.

- **Price**

The second driving factor in the marketing mix is the product's price. It is of immense importance to have the product priced at a range both suitable for consumer and marketers. It is the duty of marketers to decide the price of the product which directly influences the revenue generated by the company. Will reduces prices elevate sales, are their monetarily sensitivity, should the marketers give discounts? To answer all of the above queries, the marketers must have a clear idea regarding how its products are perceived by the consumer.

How important is a price of the product and is it tremendously responsible to drive sales. This can be known only by a detailed study of how customer behaves when it comes to buying FMCG goods.

- **Promotion**

It is strategies deployed to popularize products in the market. There are various ways to advertise the products or services are through sales promotion, publicity, direct selling, marketing, etc. It depends solely on the marketer to choose which particular method would be more convenient and efficient as compared to others. The driving method must be able to reach out to the target customers in an efficient way. It could be such that only posting advertisements in television marketwise products or sometimes it turn necessary to combine advertisements along with sales promotion to drive maximum benefits. The company must have entire knowledge regarding the kind of customer they Target, their corresponding locations, which products affect then and by what means. The appropriate channel must be used to elevate their sale.

- **Distribution**

The next important factor is to determine the channel through which the product needs to flow in the market. Choosing to sell the products through selective retail outlets or in varied supermarkets is the decision of the marketer. The marketer needs to choose whether the particular product needs to be sold in the existing stores that might have products of varied brands or to create a brand owned store selling only that particular product. Does the location satisfy the consumer area of interest or the company should adopt measures incorporating direct marketing. All these can be answered only through a detailed study of consumer behaviour regarding purchase of a product or a service.

### **Government Initiatives**

Some of the major initiatives taken by the government to promote the FMCG sector in India are as follows:

- The Indian government has planned to spend on the rural areas in order to increase farmers' income in the span of 5 years. Moreover, the government has also planned to reduce tax slabs/rates.
- The Indian government has allowed 100% Foreign Direct Investment (FDI) in online retail of goods through automatic path to facilitate e-commerce businesses in India.
- The government of India has planned to train more than 500 million people by 2022 to encourage entrepreneurs to invest in the venture.

- The Indian government has prepared a new Consumer Protection Bill to ensure simple, speedy, accessible, affordable and timely delivery of justice to consumers.
- Goods and Service Tax (GST) for FMCG products is considered beneficial for the FMCG industry.

## Conclusion

Today everything revolves around the customer hence the study of buying behavior becomes a necessity. The customers have so many options to select in the modern marketing. Therefore, marketers are required to persuade the customers to influence their buying behavior. In order to persuade the consumers, it is necessary for marketers to study the consumer behavior. So, influence of cultural, social, personal and psychological factors on buying behavior will give marketers a clear understanding of behavior patterns. For a successful consumer oriented market service provider should work as psychologist to procure consumers. By keeping in mind affecting factors things can be made favorable and goal of consumer satisfaction can be achieved. Study of consumer buying behavior is gate way to success in market.

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