Consumer Buying Behavior towards Selected FMCG Products in context to Gujarat

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Abstract

Consumer behavior plays the most important role in marketing of FMCG .Such a behavior is affected by various factors. In the present era of globalization needs and wants of consumers changes with time. FMCG sector contributes a lot to the growth of India's GDP.Therefore it is necessary to identify the changes in consumer buying behavior towards FMCG products. The objectives of this paper is to identify the factors affecting consumer buying behavior towards FMCG products in context to Ahmadabad city and finally effecting their decision making process. The data for this study has been collected through questionnaire and findings have been theoretically presented. The paper also reveals that consumer behavior is largely affected by place, product, price, and promotion, physiological and psychological factors. However effect of these factors also differs from product to product. Further research can be held by expanding the area of research and influencing factors on purchase behavior of consumers.

Key Words: consumer behavior, FMCG, product, price, promotion, place

Introduction

Fast Moving Consumer Goods (FMCG) goods are popularly named as consumer packaged goods. Items in this category include all consumables people buy at regular intervals. The most common They are such as toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily consumption and have very good return. The FMCG industry includes food and non-food everyday consumer products. They are usually purchased as an outcome of small-scale consumer decision so they are heavily supported (advertising, promotion) by the manufacturers. Typical purchasing of these goods occurs at grocery stores, supermarkets, hypermarkets etc. The manufacturers are exploring new outlets and sales locations while the traditional retailers have introduced private label brands to capture additional profit. Every one of us uses fast moving consumer products every day This business is based on building powerful brands and achieving a high level of distribution. Global power brands are the choice of multinational companies. Local brands can compliment these. Achieving superior distribution thorough a powerful supply chain and making sure the products are available wherever someone might want or need it. The FMCG supply chain is the interrelated collection of processes and associated resources The SCM includes suppliers, manufacturers, logistics service providers, warehouses, distributors, wholesalers and all other entities that lead up to delivery to the final customer. Followed in the market through sales force activity it helps to gain a higher level of distribution. Market Research, consumer research, segmentation and product positioning are compulsory homework of any organization in FMCG. Advertising and promotions, POS activities drive brand awareness, trial, purchase and is a core activity. While TV advertising is most common new solutions are also used including internet advertisements. High budgets, creativity and detailed planning are also in need

Objectives

The following objectives are constituted on the basis of reviewed literature for the purpose of this investigation.

(1) To understand the core concepts of FMCG products.

(2) To study the scope of marketing in FMCG products

(3) To identify the influencing factors towards consumer purchase behavior of FMCG product.

(4) To understand decision making process of consumer.

An Overview of FMCG

FMCG are those goods that are consumed every day by the average consumer and are replaced or fully used up over a short period of days, weeks, or months, and within one year.

The Fast Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG), is products that have a quick turnover and relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large numbers and so the cumulative profit on such products can be large.

Fast moving consumer goods have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some Fast moving consumer goods – such as meat, fruits and vegetables, dairy products and baked goods – are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates. Fast moving consumer goods are products that have a quick shelf turnover, at relatively low cost and don't require a lot of thought, time and financial investment to purchase. The margin of profit on every individual Fast moving consumer goods product is less. However the huge number of goods sold is what makes the difference. Hence profit in Fast moving consumer goods always translates to number of goods sold.

Fast Moving Consumer Goods is a classification that refers to a wide range of frequently purchased consumer products. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents, as well as other nondurables such as glassware, bulbs, batteries, paper products and plastic goods

FMCG may also include pharmaceuticals, consumer electronics, packaged food products and drinks, although these are often categorized separately. Three of the largest and best known examples of Fast Moving Consumer Goods companies are Nestlé, Unilever and Procter & Gamble. Examples of FMCGs are soft drinks, tissue paper, and chocolate bars. Examples of FMCG brands are Coca-Cola, Kleenex, Pepsi and Believe Toiletries, Beauty Products, Home Cosmetics, Packaged Food, Soft Drinks Household accessories are some of the best known examples of Fast Moving Consumer Goods A subset of FMCGs are Fast Moving Consumer Electronics which contain innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS Systems, cell phones and Laptops which are replaced more frequently than other electronic products mainly due to technology changes. White goods in FMCG refer to large household electronic items such as refrigerators. Smaller items, TV sets, stereo systems etc. are sometimes termed Brown goods. Unlike other economy sectors, FMCG share float in a steady manner irrespective of global market dip, because they generally satisfy rather fundamental - as opposed to luxurious – needs

FMCG characteristics in Indian context

Branding

Creating strong brands is important for FMCG companies and they devote considerable money and effort in developing bands. With differentiation on functional attributes being difficult to achieve in this competitive market, branding results in consumer loyalty and sales growth.

Distribution Network

FMCG companies require to develop their infrastructure in India because of fragmented nature of Indian retailing industry. It is also require to develop distribution network in Indian rural as well as urban market. It should be proved as lifeline for FMCG Industry.

Contract Manufacturing

Contract manufacturing is also one of the most important components of FMCG industry. The companies are busy with outsourcing of the products. This phase of this industry is require to strengthen because of internal problems faced by the manufacturers. The case of Gujarat is not much enthusiastic in terms of target manufacturing process as well as output. So the companies should involve with the manufacturers for using enhanced agro-technology.

Factors Influencing Consumer Buying Behavior

This is the most critical issue in terms of identifying the influencing factors to consumer buying behavior. The factors are vary from population to population in some cases but the basic factors remain same as fundamental factors or core factors at any place.Needs,buying preference and buying power are key factors of consumer behavior which are so called as influencing factors. The behavior as a consumer is a matter of perception. What we buy, why we buy, how we buy where we buy and when we buy are matter of individual perception.

self concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and, from which source or seller to buy

In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can barely meet his barest needs. The marketer therefore tries to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

Numerous researchers, acamedicians and professionals worked on influencing factors towards behavior of consumer as a purchaser in previous decades.

It was during the 1950s, that marketing concept developed, and thus the need to study the behavior of consumers was recognized. Consumer behavior can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services.

This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behavior but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages

This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behavior which is also very important, because it gives a clue to the marketers whether his product has been a success or not

The following factors are identified concern to consumer preferences on their behavior by the researchers as well as professionals.

- Consumer perceptions on product(s) of company
- Consumer opinion on improving the product(s)
- Consumer opinion on usage of a product
- Consumers` attitude towards marketing of products
- Consumer`s role in the family

It can be concluded that consumer behavior is so complex dynamic, multidynamic and marketing activities are on the bases of consumer purchase behavior.

Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost-benefit analysis must be undertaken. There can be many benefits of a product, for example, for owning a motor bike one can be looking for ease of transportation, status, pleasure, comfort and feeling of ownership. The cost is the amount of money paid for the bike, the cost of maintenance, gasoline, parking, risk of injury in case of an accident, pollution and frustration such as traffic jams. The difference between this total benefit and total cost constitutes the customer value. The idea is to provide superior customer value and this requires the formulation of a marketing strategy. The entire process consists of market analysis, which leads to target market selection, and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product (a set of entire characteristics) is offered. The total product creates an image in the mind of the consumer, who undergoes a decision process.

Consumer Behavior and Marketing Strategy

Marketing Analysis

1. Consumer
2. Company
3. Competition
4. Condition

These four Cs are important for marketing analysis. They are also related with 4Ps of marketing mix. They have proportional role with 4Cs. The next component is market segmentation. It is necessary to identify the appropriate 4Ps for marketing mix. In this context, market segmentation plays a role as lamp post for deciding marketing mix for a particular company.

Market segmentation

- Identifying product related needs
- Group customers with similar needs sets
- Describe each group
- Select target market

Marketing strategy

The following five components are also important for framing marketing strategy. These are also appropriate for deciding marketing strategy for FMCG products.

- Product
- Price
- Distribution
- Communication
- Service

Consumer Decision Process

Then consumer decision process is also ne cessary to be discussed for the purpose of this study. The main components for the same are as follows.

- Problem recognition
- Information search (internal, external)
- Alternative evaluation
- Purchase
- Use
- Evaluation

Out comes

The outcomes obtained from the aforesaid activates are also necessary to be evaluated in terms of business tactic. The components are as follows

- Customer satisfaction
- Sales
- Product/brand image.

Findings

The following findings are obtained with the help of the aforesaid discussion on FMCG industry in terms of consumer behavior. The respondents are covered from Ahmedabad city.The main focus of target population with demographic profile of young and middle age respondents of the city. The age group is between 21 years to 65 years. The male and females are included for the purpose of this investigation. Their educational range is from graduation to post graduate level. Their income level is between 3 Lakhs to 10 Lakhs per annum. The service and business people are included for the purpose of this study.The findings are on the basis of structured questionnaire. The sample size for this purpose was 130 respondents of Narayanpura area of Ahmadabad city. The places for interview were departmental stores to recognized malls of Narayanpura area of Ahmadabad city.

- For analyzing the buying decisions of the respondents in respect of select FMCG products viz. chocolate Bar, Milk, Edible oil, Bath Soap & Shampoo, we had used nine Factors like Price, Availability, Quality, Taste, and Attractiveness of the Packages, Quantity, Ingredients Brand and
- Influence by Media. The basis of decision making was measured on 3 point likert scale as Most Important, Important & Not Important.
- In respect of Chocolate Bar, Taste was considered to be the most important factor while Availability & Media Influence as consider as next important factor.
- In case of Milk, Quality was considered to be the most important factor and Ingredients i.e. Fat content was considered to be the next important factor. c) In case of Edible Oil, Quality was considered to be the most important factor, while Taste and Packing were next important factors.
- In case of Bath Soap, Availability, Brand and Media Influence were considered to be most important factors, while Ingredients was next important factor. e) In case of Shampoo, Brand was considered to be the most important factor while Quality and Ingredients was considered to be the next important factors
- Regarding purchase preference of the respondents in respect of the selected FMCG products, for
- buying chocolate Bar & Milk, people prefer Small Shops while for Edible Oil, Bath Soap and Shampoo people prefer Super Markets due to wider choice.
- Regarding Monthly expenses on select FMCG products, maximum respondents spend Rs. 100/- to Rs.200/- on purchase of Chocolate Bars, on Milk it is Rs.500/- to Rs.800/-, on

Edible Oil it is Rs.200/- to Rs.300/-, on shampoo it is Rs.100/- to Rs.200/-. Hence it is seen the customers spending on Milk is maximum while Edible oil is next in the list and Chocolate Bar is the last in the list.

- Regarding frequency of buying, people buy Chocolate bar and Milk on daily basis, while items like Edible oil, Bath soap and Shampoo is purchased on weekly or monthly basis
- Regarding sale promotional tools influencing the buying decisions of the respondents. It was found that cash discount, free gifts, gift vouchers and hampers were highly influential tools. However the contest/coupons were the least influencing factor.
- Regarding media influence on the buying decisions, Television was found to be highly influencing media the next were Newspapers and Magazines, surprisingly internet and Hoardings were considered to be least influencing medias communication ideas and satisfy even more consumer requirements. Together with this, the government has to create an enabling environment and tackle number of urban issues for the industry to truly reach its potential."

Conclusion and Suggestions

Finally to conclude we can say almost every FMCG company has been riding the waves of in the last 20 years and it won't be any different in the future. The winners however will innovate more complex but significantly insightful models and use technology to create flexible supply chain, innovative products and communication ideas and satisfy even more consumer. Together with this, the government has to create an enabling environment and tackle number of urban issues for the industry to truly reach its potential."

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