Factors Affecting the Consumer Behavior with Reference to Select FMCG Retail Outlets

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Abstract: The consumer behavior plays an important role in marketing of FMCG goods. This consumer behavior is effected by different factors. In the current scenario of globalization consumer needs and wants are rapidly changing with time. The FMCG sector is playing a vital role in the growth of India's GDP. It is very important to identify the changing dimensions of consumer buying behavior towards FMCG products. It is necessary and required to understand customers shopping behavior with regards to Select Retail outlets. This paper is to highlight the various factors affecting consumer behavior towards selected FMCG products.

Keywords: Fast Moving Consumer Goods, Consumer Behavior, Factors influencing consumer behavior, Retail outlets

• INTRODUCTION

Consumer behavior is the study of how individuals, groups and organizations select, buy and dispose of goods, services, ideas or experiences to satisfy their needs and wants. Consumer behavior may be defined as the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services. Several aspects of this statement need emphasis and elaboration so that their meaning can be more fully appreciated.

OBJECTIVES:
1. To study the factors effecting in preferred FMCG retail point for shopping
2. To determine the factors leading to consumer unplanned purchase at FMCG retail

METHODOLOGY:

The present study is exploratory cum descriptive in nature. It is based on analysis of secondary data. The secondary data is being collected through books, internet, websites and various research journals.

What are FMCG goods?

FMCG goods are popularly known as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toiletries, soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk, and moderate political risk. India’s net retail sales are quite significant among emerging and developed nations; the country is ranked third (after China and Brazil). Overall, it's high growth potential, India compares favorably with global peers among foreign investors. With investment of around US$ 511.76 billion, the first half of 2016 witnessed the highest annual private equity (PE) in the retail sector since 2008. By 2018, the Indian retail sector is likely to grow at a CAGR of 13 per cent to reach US$ 950 billion.

The Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of US$ 13.1 billion. It has a strong MNC presence and is characterized by a well-established distribution network, intense competition between the organized and unorganized segments and low operational cost. Availability of key raw materials, cheaper labor costs an presence across the entire value chain gives India a competitive advantage. The FMCG market is highly increase from US$ 11.6 billion in 2003 to US$ 49 billion in 2016. The FMCG sector has grown at an annual average of about 11 per cent over the last decade. The overall FMCG market is expected to grow at (CAGR) of 14.7 per cent to touch US$ 110.4 billion during 2012-2020, with the rural FMCG market anticipated to increase at a CAGR of 17.7 per cent to reach US$ 100 billion during 2012-2025. Food products is the leading segment, accounting for 43 per cent of the overall market. Personal care (22 per cent) and fabric care (12 per cent) come next in terms of market share. The fast moving consumer goods (FMCG) sector is the fourth largest sector in the Indian economy. The market size of FMCG in India is estimated to grow from US$ 30 billion in 2011 to US$ 74 billion by 2025.

What are factors affecting consumer behavior towards FMCG products?

FMCG’s or Fast Moving Consumer Goods are the products which are frequently purchased by consumers including toiletries, soaps, cosmetics, teeth cleaning products, shaving products, detergents, other non-durables such as glassware, bulbs, batteries, paper products, plastic goods etc. It used to be called the grocery industry, now it’s just called FMCG. FMCG is an ugly acronym for Fast Moving Consumer Goods, which translated into English means 'things we buy on a regular basis at places like our local supermarket. Well established distribution networks, intense competition between the organized and unorganized segments characterize the sector. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector.
• REVIEW OF LITERATURE

Geva and Goldman (1991)1 discussed possible inconsistencies in consumer’s post purchase attitude when faced with disconfirmed expectations. The main argument, based on an extension of cognitive dissonance theory, was that post purchase attitude may be characterized by duality. Satisfaction with post purchase may not be closely related to intentions to repurchase because of the different functions they may fulfill. Whereas satisfaction reflects the need to justify post purchase behavior, intentions to repurchase, which are of instrumental importance, reflect learning from experience. This approach contrasts the prevalent satisfaction intention paradigm which assumes a causal link from satisfaction with the purchase, to intentions to repeat it.

Jarvis (1998)1 identified that a purchase decision requires a subset of decisions associated with information search. At some point in time, consumers acquire information from external sources that gets stored in long-term memory. For most consumers, usually this stored information, referred to as internal information, serves as the primary source of information most of the time as is evident in nominal or limited decision making.

Engel, Blackwell and Miniard (1995)1 environmental dimensions such as air quality, lighting, layout, carpeting and aisle width and placement are physical store attributes used to project store image and influence store choice. Store retailers must be able to attract customers to shop for food and grocery in their store. As retailers face stiff competition, they must understand the importance of the environment and identify methods to influence store patronage. Today’s retail market is characterized as being more competitive thus; retailers must develop effective strategies to gain a competitive advantage. Therefore, both traditional format retailers and modern format retailers should find ways to attract consumers and increase patronage.

Narayan Krishnamurthy (1999) in his article he has pointed out that semiotics primarily works best for products that have low involvement at the time of purchase, and had very frequent usage. Fast moving consumer goods (FMCG) such as soaps, shampoo, types goods and tea were the one that fit the bill best Mnemonics also became crucial to nurture and retain place in mind space. The shelf life of FMCG products was short enough for most to remember those products by their symbols, colors and names, or a combination of those elements. The low level of literacy in rural India acts positively for signs and symbols along with visual looks to succeed.

Padhyay (1999) identified significant differences between rural and urban areas on the basis of the role played by different members of a family in purchase decision of non-durable goods. As initiators, husbands and kids are more prominent in rural areas, while wife is more prominent in the urban areas.

Vasudeva (1999) observed that the proportion of households, which are brand loyal to one or more brands, are similar in urban market and rural markets. Toothpaste is the only product for which rural market shows greater brand loyalty than the urban market. The rural brand loyal consumers were found to be comparatively more price conscious than the urban brand loyal for detergent powder and toilet soaps.

Upadhyaya ET. al. (2000) suggested that top management’s commitment to serve the rural market already exists, but lower level that looks after implementation, have exposure mostly to urban markets. Rural marketing is a network of relationships and although, rural buyers take 38 a long time to make up their minds to decide, once they decide, they do not change their decision in a hurry. Therefore marketers’ need patience and persistence in dealing with none educated rural traders and consumers.

Keshav Sharma ET. al. (2002) found the rural consumers believed in joint buying decision making in consultation with the elders and the ladies of the house for their personal use according to their own independent buying decisions. Advertisement with rural culture and regional/local language attracted the audience. The entire respondent felt strongly about their customs and traditions. The respondents were aware of the availability of the products. They preferred quality to price.

Lokhande (2003) analyzed that rural consumer has become enough aware about his needs and up gradation of his standard of living. IT, government policies, corporate strategies and satellite communication have led to the development of rural marketing. Although income is one of the major influencing factors, caste, religion, education, occupation and gender also influence the buyer behavior in rural areas.

Rajeev Batra (2000) this study tested whether the brand has perceived a nonlocal country of origin especially from the West, and the consumers are attitudinally preferred to brands seen as local, for reasons not only of perceived quality but also of social status. The results, thus, suggest that in developing countries, a brand's country of origin not only serves as a quality haloor summary of product quality (cf. Han, 1989), but also possesses a dimension of non-localness that, among some consumers and for some product categories, contributes to attitudinal liking for status enhancing reasons. Conducted a survey in five weekly haats of villages in western Uttar Pradesh among 200 rural consumers. The survey revealed that the people with lesser monthly earning prefer to buy from Haat. Rich people avoid purchasing from small Haats because they look for branded and quality products. They concluded that Haats have lot of potential which needs to be exploited. Hates can come out to be an answer to all marketing problems faced in rural market.

III. FACTORS AFFECTING THE RETAIL OUTLETS FOR SHOPPING

1. Range of Merchandise: The range of merchandise is the most important reason for customers to opt a particular outlet. The customer largely dependent on the range of merchandise offered by the store. The range of merchandise offered plays an important role in case of categories like cosmetics, books etc.

2. Convenience of Shopping: The element of convenience is an important factor in the world of organized retail. This is applicable more in grocery/fruits and chemists. For example, while buying vegetables, most consumers would prefer to buy from the near vegetable seller rather than the outlets.
3. **Time to travel**: The time required to reach a particular store is also a very important factor. This is particularly true for cities or metros like Hyderabad, where travel time is very high. Customers would like to shop in a store where the travel time is less.

4. **Price of the product**: The price plays an important role for the customer while purchasing in retail stores. Customers prefer stores that offer discounts and price reductions. They prefer to shop in stores that provide competitive pricing compared to other retail outlets.

5. **Quality of the product**: The quality plays a vital role for the customers to select an outlet. Customers would not like to compromise on the quality of the product. There is a chance of repeat purchase when the customer really likes the quality of the products.

**IV. FACTORS AFFECTING FOR THE UNPLANNED PURCHASE:**

There are many factors that influence the customer for the unplanned purchase. Here are the few external factors which influence the customers for the unplanned purchase.

- **Widow Display**: Customers show interest to shop in outlets that have well-designed and attractive displays. They would attract the customers' attention to enter the store and motivate them to visit the store.

- **Store Atmosphere**: Music and store smell influence the customer mood and interest to purchase the products in the store. The pleasant atmosphere of the store makes customers spend more time looking through various products which result in impulse buying.

- **Store Layout**: Good store layout increases the process of shopping by providing convenience for customers. The good store layout enables the customer to find out the product in an easy manner.

- **Special occasion**: Special occasions make the customer have an unplanned buying behavior. Depending upon the occasions like Marriage Anniversary, birthdays, and festivals, customers would like to do shopping based on the specials that the store provides for the customer.

- **Sales promotions**: Promotions give the information about offers and discounts in the store. Techniques like reduced price promotions and coupons increase the customers' unplanned buying behavior.

**V. CONCLUSION:**

Attractive offers, availability of various products at one place, and discounted prices always motivate customers to buy from organized retail. Majority of customers have shifted their purchase from unorganized retail to organized sector. Today, FMCG sector is playing a crucial role in Indian economy. Changing lifestyle and socio-economic factors are driving the customers to purchase from organized retail stores rather than unorganized stores. Organized retail sector is growing rapidly and consumers are shifting to shopping in organized retail stores.

**REFERENCES:**