



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## A study on online buying behaviour of customers in FMCG sector

<sup>1</sup>Harsh Khemka

<sup>1</sup>MBA (M&S)

<sup>1</sup>Amity Business School

<sup>1</sup>Amity University Noida, Uttar Pradesh

### ABSTRACT

Consumer Online buying behaviour of consumers is challenging and dynamic to understand. This study emphasised online buying behaviour of customers online. This was carried out by identifying the factors influencing to buy FMCG products online. Factors like quality and price are influencing customers to buy online. Also, to know the satisfaction level of customers. It concluded that price and quality are negatively correlated with each other. Customers prefer to search for a product online and buy online, also they do not wait for offers and discounts while buying online. Gender does not affect the buying behaviour of customers. It is also evident that customers compare prices with different portal while buying online. Information provided by the seller of their product is true.

Keywords- Online buying, Consumer behaviour, FMCG sector

### Introduction

Marketing is the art that persuades customer satisfaction which is transformed into customer delight. The traditional way of buying online is replaced by online buying. Consumer behaviour is the study of consumers and the processes they use to choose, use and dispose of products and services, including consumer's emotional, mental and behavioural responses.

Consumer Behaviour is a field of study which grows rapidly. It is a wider concept that studies the reasons for the consumer in selecting the product which satisfies their need or want. The American Marketing Association defines Consumer Behaviour as "the dynamic interaction of effect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives"

The fast-moving consumer goods are the 4<sup>th</sup> largest sector of the Indian economy. The income of the consumer is increasing, which results in growth in this sector. Foreign investment is growing due to the support of the government. Three main segments of FMCG are:

- (i) Food and beverages: (include 19% of the sector)  
Fruits, vegetables, dairy items, chocolate etc.
- (ii) Healthcare: (it includes 31% of the sector)  
Health and OTC products
- (iii) Household and Personal Care (it includes hair care, health and hygiene products, skincare, household cleaners.

According to Nielson Company, online FMCG buying is double in next 5 years, thrice is developing nations as compared to developed nations. Asia region has the potential to grow 5 times.

Awareness among customer related to product specification results in growth in this sector. Ayurveda Patanjali is becoming an emerging brand among FMCG brand in India.

Indian market is divided into 2 categories: Urban and Rural. Urban market constitutes around 60% of the total market, while Indian rural or semi-urban includes around 40% of consumption. Rural consumption is increasing due to the rise in income and lifestyle. Dabur and HUL are the top FMCG brands for packaged goods domestically in rural areas.

Businesses should make strategies like researching online and purchase online. With the help of the internet, it becomes easy for the customer to research a product online and purchase online according to ibef.org.

Promotions and offers should be used to attract loyal customers, a company like Dabur offers 4 soap cases at a discounted price.

New product launches help the company to grow or expand their business. A company like Britannia launches 50 new products at the end of 2018.

Expansion is the key to grow further. Dabur invests around Rs 250-300 crore for expansion and acquisition.

Green initiatives are used by good companies for the social benefit of society in future or long term. For eg: HUL reduced 80% of its carbon footprints in manufacturing in the year 2017-18.

Smartphones help to grow business online. According to Nielsen's, 67% of the population has a smartphone. Many emerging markets have ease of doing business, E-Commerce as well as brick and mortar. The huge opportunity of FMCG sector to sale their product online. According to ibef.org, 40% of FMCG sales come online by 2020.

There are some factors which are influencing consumer buying behaviour online are:

- (i) Price
- (ii) Quality
- (iii) Product availability
- (iv) Offers and discounts
- (v) Return policy

Marketers should rethink their strategy to attract a new large number of customers and offers more benefits like discounts, offers to exist customer.

## LITERATURE REVIEW

(C. Somashekar, 2016) studies about the buying behaviour of customers in the FMCG sector. Consumption of FMCG products growing rapidly as the urban market was facing a saturation point. Entering of MNC'S in India has resulted in increased competition among domestic players. There is a huge opportunity for FMCG sector to grow in India as it constitutes 4% of India's GDP. Packaging plays an important role in selling product. FMCG sector sees impulsive buying behaviour of customers like customer go to the shop to buy biscuits, they purchased chips along with it. The main factors influencing the consumer to buy products are taste, quality with low price. He concluded that marketers should give importance to these factors to increase their revenue. Thus, marketer needs to understand the behaviour of customer with the changing behaviour of customers.

(Dr.S.Sudhamathi, JULY 2017) The author discusses the buying behaviour of customers in FMCG products. The study revolves around to know factors influencing consumers preferences. The author discusses the consumption pattern, their lifestyle, perception about the product through advertisement. The conclusion of the report is consumers are more focus on quality rather than the price also health is an important factor that consumer focus to buying online.

(Dr. Aparna P. Goyal, 2016; Joshi, 2017) studies how online marketing has affected consumer decision process related to FMCG products. The study relates to how online marketing plays an important role to influence their buying decision. The conclusion of this report is trust is an important factor for buying online. Online buying of FMCG products increases in India, the companies need to read the comments or review of customers for their products that help the companies to resolve the issue. The company should always give true information about their products because false information leads to destroying the image of companies.

(Prof. Sudarshan A. Pawar) studies customer satisfaction is necessary for generating revenue in it, as customers are users, payer and buyer. Different types of media are comparing to promoting FMCG products. The conclusion of the report is that price impacts on buying behaviour of customers. Price, warranty, insurance, after-sales services are key factors that customers look upon. Print media has less impact on promoting products as compared to online promotion.

(Jayanthi, 2017) studies that FMCG sector in India has more potential for growth. The rural purchasing of FMCG products are increasing as compared to the urban market. There are many top FMCG industries in India like HUL, Nestle, ITC, including a new entrant Patanjali. There are three main segments of FMCG namely: Food and Beverages, Healthcare and household and personal care. Companies like Amazon adopt a new strategy to tie up with local grocery and supermarket. India's spending in FMCG is increasing because of the rise in disposable income. FMCG in India has huge opportunities to grow. Rural consumption is increasing. There is also an increase in the advertisement of FMCG products which help them to attract a large number of customers. FMCG companies attract their consumers by having an innovative deal.

(M. Vidya, 2019) studies that customer behaviour is a challenge for businesses to understand, they are changing. For eg- traditional shopping is replaced with online shopping. Study reveals about that website should make safer so that customer purchases freely. The customer makes product perception through E-Commerce experience has a relationship with the attitude of the customer through e-commerce buying. The author found that different demographic factors like age, gender and occupation have different perception about the product. Some of the customers add the product to their cart but hesitate to buy it due to some factors like risk of online purchasing, low quality etc. It talks about relationship with awareness towards online shopping and demographic factor like education qualification, knowledge of product and mode of payment have a significant relationship with awareness level. The product attributes are positively correlated with satisfaction towards online shopping.

(T. Kavitha, 2017) has found some factors motivation for online shopping, respondents mark their preferences according to it. Factors like a time-saving, reasonable price, convenience and easy buying, rank 1,2,3 respectively. The study also reveals about customer satisfaction in online buying: convenience, time-saving and more choices rank highest among all. According to this paper, there are some problems faced by customers while shopping online these are low quality, absence of touch and feel and return policy ranks highest among others. The author also suggests that there is a need to promote online buying in rural areas through advertisement and more offers. The report concludes that an online retailer should sell with good quality. It will help to attract a large customer with their satisfaction. Technology service builds to meet customer demand with the security of their online payment.

(Patiyal, 2016) in their studies reveals about the growth of the internet, results in a change in online buying behaviour of customers. Customers use the internet to compare prices in different shopping portals, companies make strategies to cover untapped potential customers from both rural and urban India. In this paper, the author talks about how consumer behaviour affected their decision making in purchasing a product online. There is very less difference

between product, so customer choose wisely according to its quality and price. Study reveals that customer satisfaction is key for businesses to remain a loyal customer. Customers are the king and their behaviour is changing.

(Mishra, 2015), In this article author write about how E-Commerce is growing in India, what are the efficient ways of promoting FMCG products. More than half of the population of the world has Internet access also several mobile devices is more than the number of people in the world. There is intense competition in the FMCG industry. Some of the factors contribute to growth in the industry are the availability of raw materials, cheap labours, access to lower transportation cost. The report concludes that the E-Commerce platform should focus on impulse buying of products which help them to grow and increase their profits. Technology plays an important role in enhancing the buying behaviour of customers.

According to (Dr.payal Upadhyay), suggests that there are two types of buying i.e convenience buying or experiencing buying. People who buy for convenience are more likely loyal customers or they more as compared to experiencing buyer. Online buying is becoming an easy day by day with the advancement of technology. One disadvantage of online buying is that it takes more time to deliver the products than brick and motor buying. The report concludes that cash on delivery is the safest option for payment. Attractive offers of companies are not attractive for the buyer to buy more.

(Joshi, 2017) studies that there is continuous growth for retail Investment in India, many big companies are fighting against each other to survive, while many domestic companies are ready to accept challenges and further plan to expand or grow. The author tries to identify customer satisfaction level by purchasing online. Customers are price and quality sensitive. Discounts and great offers attract more customers to buy online. There is less number of loyal customers on single E-Commerce platforms, companies are focusing to attract customers for becoming loyal to them.

(Dr.K.Vijayakumar, 2019) studied about the quality aspect of FMCG goods. Customer prefers quality other than all variables like price, promotion, place. There are hundreds of brands for a product, the customer chooses widely according to their influence on it. Demand for FMCG goods is increasing in the rural market. Packaging plays an important role in influence consumer buying behaviour. Packaging including labelling, which attracts consumers. There is the various impulse buying behaviour of consumers like offers, discounts, sales and promotions, window merchandising. The conclusion of the study is businesses are creating the ability to retain their customers. Customers want products with price and good quality. FMCG sector in India is dynamic, so marketer should focus on marketing strategies to serve their customers.

(Dey, 2017) concluded that in India spending and Income of consumers has risen. Penetration of the internet and social media has changed dramatically. The lifestyle of consumers has change that affects change in buying behaviour of consumers, consumers awareness is also rising in both rural and urban areas. Urban people shift to fast and ready to eat food rather than the traditional way of cooking and cleaning. Customers shop more from malls and supermarkets than small shops and purchase items in bulk. Consumers have a huge impact on western culture, they buy branded products. The buyer should pass from following stages i.e problem recognition, information search, evaluation of alternatives, purchase decision, post-purchase evaluation.

(Sama, 2014) concluded that the behaviour of consumers is dynamic, the study based on satisfaction, consumer's perception. India is an attractive market. The recent trend in India includes online shopping offers and discounts, gifts and demand for eco-friendly products and celebrity influence. Consumer loyalty has become the biggest challenge for businesses. Indian consumers feel quality products are of high price, also they attract to freebies which include discounts, small gifts.

(Rajesh, 2018) studied the factor influencing customer online buying behaviour. Reveals that there is no difference between male and female while choosing parameters for online shopping and customer satisfaction. Online

marketing is emerging, companies target a large audience through proper advertisement and promotional tools. Online shopping means researching a product online and purchase online. Growth of online shopping is increasing due to change in lifestyle of customers, the demand of PC's, laptop increasing result in growth in demand for credit card and online shopping. It is becoming convenience or easy for customers to buy, it saves times. Customer satisfaction is key for business companies for retention of customer loyalty to their product. Age does not matter in online shopping. Customers are satisfied with after-sales services because companies give good services.

(Patil, February 2016) concluded that FMCG products are consuming by all the sections of society, the growth of the FMCG sector is growing rapidly. FMCG sector is a contributor to India's GDP. Unorganised players contribute major in FMCG sector. FMCG sector is not affected by inflation. There are some hurdles which are facing by the FMCG sector, are complicated tax structure, infrastructure issues, government policies. The small sector faces challenges in investing technologies. Rural consumption is increasing. Online buying of FMCG products is increasing through online portals like Grofers, Amazon and Flipkart. Further, there is an opportunity for FMCG sector for the untapped rural market.

## Research Methodology

Research Objective:

- 1) To identify the factors influencing customers to buy FMCG products online.
- 2) To study the satisfaction level of customer online.

## Hypotheses

- H1:** Price and quality are positively correlated to each other
- H2:** Product availability and offers are discounts are positive correlated
- H3:** Gender affects factors like trust and quality
- H4:** There is a significant relationship between searching online and buying online.
- H5:** Customers prefer same online portal for purchasing than different
- H6:** Customers compare prices on different shopping portals
- H7:** There is a significant relationship between that customers wait for offers and discounts
- H8:** Customers satisfied with the information provided by the seller.

To meet the research objective, exploratory research has been used where convenient sampling has been used. Survey method is used in the research. A questionnaire was circulated to know about the online buying behaviour of customers in the FMCG sector. Respondents asked to fill demographic data and factors consider buying online on a Likert scale. From this, we can identify the satisfaction level of customers while buying online.

## Data Analysis

Demographic Description

This study was conducted on 100 respondents. Most of the respondents are students. 55% of respondents are female and 45% of respondents are male.



## Statistical Analysis

Two types of analysis are conducted to meet the research objective.

- 1) Analyse the factors consider while buying online (Using SPSS statistical tool)
  - a) Price and Quality

Features	Mean	Standard Deviation	Pearson Correlation
Price	3.74	1.070	-.078
Quality	4.29	.808	

We can see that the quality received more scores on an average than price but the standard deviation is more in price. Therefore, it is considered that consumer buying behaviour depends heavily on quality than price. These factors are negatively correlated. So, it is proven that price and quality cannot be focused at the same time.

- b) Product availability and offers and discounts

Features	Mean	Standard Deviation	Pearson Correlation
Product availability	2.97	1.077	.069
Offers and Discounts	3.01	1.227	

From the above table, we see offers and discounts received more score on an average than product availability but the deviation is also more as well. So they are positively correlated to each other.

- c) Trust and Quality

Features	Gender	Sum of Mean Ranks	Man-Witney U (2 tail)
Trust	Female	2733	.750
	Male	2317	
Quality	Female	2938	.223
	Male	2112	

We can see there is no significant difference between trust and quality as compared to gender. But females tend to more trust and quality than males.

- 2) Analyse the satisfaction level of customers through online buying ( Using one-sample t-test)

- A) Search product online and buy online

Mean	Standard Deviation	t	Sig. (1 tailed)
2.07	1.305	-7.128	.000

We can see respondents search for a product online and buy online. So we can say, marketers, make such a strategy to retain their loyal customers. It is proved significant.

## B) Shop online from same portals

Mean	Standard Deviation	t	Sig. (1 tailed)
2.44	1.472	-3.803	.000

From the above table, we see customers are loyal to their shopping portal. So marketers should offer a wide range of category of products, which help the business to earn more revenue.

## C) Compare prices on the various shopping portal

Mean	Standard Deviation	t	Sig. (1 tailed)
2.81	1.089	-1.745	.044

From the above table, we see customer prefer to compare prices on the various online portal. So businesses should note and charge the prices according to rival E-Commerce portal. There is sufficient evidence that customers compare prices from various portals.

## d) Wait for discounts and offers

Mean	Standard Deviation	t	Sig. (1 tailed)
3.25	1.359	1.840	.089

We can see customers do not wait for offers and discounts while buying online.

## e) Satisfied with the information provided by seller

Mean	Standard Deviation	t	Sig. (1 tailed)
2.10	.990	-9.092	.000

We can see that the mean score is less than 3, so more customer is satisfied with the information provided by the seller.

**Findings**

Hypotheses	Statement	Findings
H1	<b>Price and quality are positively correlated to each other</b>	Rejected
H2	<b>Product availability and offers are discounts are positive correlated</b>	Accepted
H3	<b>Gender affects factors like trust and quality</b>	Rejected
H4	<b>There is a significant relationship between searching online and buying online.</b>	Accepted
H5	<b>Customers prefer the same online portal for purchasing than different</b>	Accepted
H6	<b>Customers compare prices on different shopping portals</b>	Accepted
H7	<b>There is a significant relationship between that customers wait for offers and discounts</b>	Rejected
H8	<b>Customers satisfied with the information provided by seller</b>	Accepted

## Conclusion

After researching the following statements are proved

- 1) For a company following the features of a product, they should more focus on quality than price, as they are both negatively correlated. Customers want more quality-driven products in the FMCG sector.
- 2) For a company offering products online, they should know that product availability and offers and discounts are positively correlated but there is more emphasis on offers and discounts. So companies make a strategy to give offers and discounts monthly so that they attract a large pool of customers.
- 3) Companies should not focus on gender while selling a product online. However female customers prefer slightly more trust and quality features than male.
- 4) Companies should make product information true in their online portal because customers prefer to search online and buy online.
- 5) Customers prefer to shop FMCG products from the same portal regularly, they are not switching immediately so companies make strategies to retain their old customers and attract a new one.
- 6) Before buying products customers prefer to compare the prices of the product with the different portal. So, companies should provide a better price than a rival company.
- 7) Customers do not wait for buying offers and discounts while buying FMCG products online.
- 8) Customers are satisfied with the information provided by the seller online.

## Discussions

- 1) This report helps many FMCG companies to launch a product in market.
- 2) There are huge opportunities for FMCG companies to untapped rural market of India.
- 3) In this research the main focus on customer buying behaviour but companies should make their website attractive by adding features to it.
- 4) More customers prefer cash on delivery mode while payment because of lack of security in online portal, so companies tries to make website with good security and technology.

## References

- Dey, S. (2017). A Study on Changing Buying Behaviour of Indian Customers. *Global Journal of Marketing Management and Research*.
- Dr Aparna P. Goyal, D. T. (2016). Impact of Increasing Trend of Online Marketing on Consumer Buying behaviour: FMCG Brands in Indian Scenario. *International Journal of Engineering Technology, Management and Applied Sciences*.
- Dr.K.Vijayakumar, R. (2019). A STUDY ON CONSUMERS BUYING BEHAVIOUR TOWARDS FMCG PRODUCTS. *International Journal of Research and Analytical Reviews (IJRAR)*, 265-270.
- Dr.payal Upadhyay, J. K. (n.d.). Analysis of Online Shopping Behavior of Customer in Kota City. *International Journal in Multidisciplinary and Academic Research*.
- Dr.S.Sudhamathi, S. S. (JULY 2017). FACTOR INFLUENCE OF ONLINE MARKETING IN BUYING BEHAVIOUR OF FMCG PRODUCTS. *International Journal of Management Research & Review*.
- Jayanthi, D. R. (2017). Fast Moving Consumer Goods (FMCG) Sector in India: *International Journal of Multidisciplinary Research and Development*, 91-97.



- Joshi, M. S. (2017). A Study of Online Buying Behavior among Adults in Pune City. *SIES Journal of Management*.
- M.Vidya, P. (2019). Consumer Behaviour Towards Online Shopping. *International Journal of Innovative Technology and Exploring Engineering*.
- Mishra, A. (2015). A Study on E-Commerce Usage in Indian FMCG Companies. *International Journal for Research in Applied Science & Engineering*, 2321-9653.
- Patil, D. P. (February 2016). An Overview of the Indian FMCG Sector.
- Patiyal, T. (2016). ONLINE SHOPPING: A PARADIGM SHIFT IN Buying Behaviour of young consumers.
- Prof. Sudarshan A. Pawar, D. S. (n.d.). A Study on Factors influencing on Buying Behavior of Customers.
- Rajesh, R. (2018). EVALUATING THE FACTORS INFLUENCING ONLINE SHOPPING AND ITS CONSUMER SATISFACTION IN PUNE AREA. *International Journal of Social Science*.
- Sama, R. (2014). A Study on Buying Behaviour of Indian Consumers: A Dynamic View. *International Multidisciplinary Research Journal*.
- T.Kavitha. (2017). Consumer Buying Behavior of Online Shopping - A Study. *International Journal of Research in Management &*.

