



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON CONSUMER BUYING BEHAVIOR ON FMCG WITH REFERENCE TO SUPPLY CHAIN MANAGEMENT.

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Abstract

The consumer behavior plays an important role in marketing of fast-moving consumer goods. This behavior is affected by various factors. In the present era of globalization needs and wants of consumers changes with time. The fast-moving consumer goods (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 motive of this paper is to identify the factors affecting consumer buying behavior towards FMCG products 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 reveals that consumer behavior is largely affected by place, product, price, promotion, physiological and psychological factors. However, effect of these factors also differs from product to product.

Keywords:

Fast Moving Consumer Goods, Consumer Behavior, Market strategy, Factors influencing

Introduction:

Fast Moving Consumer Goods (FMCG) goods are popularly named 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 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 or frequent consumption and have a high return. The Fast Moving Consumer Goods 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 always 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 complement these. Achieving superior distribution through 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. It 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 can help gain a high level of distribution. Market Research, consumer research, segmentation and product positioning are the compulsory homework of any company in this industry. 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 needed. FMCG products are relatively small, they generally sell in large quantities, so the cumulative profits on such products can be large.

Review of literature

Ankit Katiyar, and Nikha Katiyar(2014) “An Empirical Study of Indian Consumer Buying Behavior of FMCG Products (With Special Reference Of Bathing Soap)”, bathing soap are fast moving consumer goods that have seen a surge in their sales in the past few decades in India more and more people are opening up to the idea of experimenting and trying out newer bath soap. This study is attempted to cover the various factors that influence the buying decision of consumers who plan to purchase and or used bath soap. FMCG sector is the fourth largest sector in India touching everybody life's in every day. Chitra. R (2014) “An empirical study on Customers Purchase Intention towards Branded Apparels”, this paper aims to study factors affecting customers' purchase intention towards branded apparel. Purchase intention is explained in terms of general consumer variables (normative influence, consumer confidence) and brand specific variables (perceived quality, emotional value). Nasrudeen .R and Mohamed, (2014) “Level of Consumption of Fast Moving Consumer Goods by Rural Consumers – An Analytical Study”, ever since independence of India, because of some obvious reasons, marketing acquired a largely urban bias. It was the green revolution in the seventies which provided a much-needed boost to agriculture-based rural economy in the country. Subsequently, many firms started showing interest in the rural markets and extend their penetration to reach smaller village and towns. Further, now-a-days rural consumers are behaving like urban consumers towards the urban lifestyle, fashion, taste, preferences, etc. Rajasekaran, B and Saravanan, P. A. (2014) highlighted, “Consumer Satisfaction on Fast Moving Consumer Goods”. The study throws on the attitudes, values, beliefs and perception of the consumers with regards to the consumption of fast-moving consumer goods. To study the brand preference of fast-moving consumer goods, the preference and opinion of consumer towards popular brands have been taken into consideration. Shanmugapriya .G and Sethuraman .R, (2014) “Consumers' Satisfaction towards Hamam Soap in Thanjavur Town”, the marketing scenario in India has undergone vast change since 1991 due to the economic reforms. Post-liberalization, competition intensified in every product line and market, which forced brands to redefine their norms of existence in all industries. In the FMCG industry, especially in toilet soap sector there has been severe

competition among the MNCs, national and local players. Brand loyalty is determined by several distinct psychological processes of the consumers and entails multivariate measurements. Sonia and Garima Dalal (2014) “To Study the Satisfaction Level of Customers towards the Brand of Consumer’s Goods - A Study Carried out on Rural Masses”, The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty odd years. The FMCG sector is a corner stone of the Indian economy. This sector touches every aspect of human life. Indian FMCG market has been divided for a long time between the organized sector and the unorganized sector.

Objectives of the study

1. To understand the concept of FMCG products.
2. To know and understand the scope of marketing FMCG products in India.
3. To identify the factors affecting consumer buying behavior and consumer decision making process.
4. To conclude and suggest strategies for effective marketing of FMCG products.

Fast Moving Consumer Goods

Consumer goods are products purchased for consumption by the average consumer. They are divided into three different categories: durable goods, nondurable goods, and services. Durable goods have a shelf life of three years or more while nondurable goods have a shelf life of less than one year. Fast-moving consumer goods are the largest segment of consumer goods. They fall into the nondurable category, as they are consumed immediately and have a short shelf life. Nearly everyone in the world uses fast-moving consumer goods (FMCG) every day. They are the small-scale consumer purchases we make at the produce stand, grocery store, supermarket, and warehouse outlet. Examples include milk, gum, fruit and vegetables, toilet paper, soda, beer, and over-the-counter drugs like aspirin.

FMCGs can be divided into several different categories, including:

- **Processed foods:** Cheese products, cereals, and boxed pasta
- **Prepared meals:** Ready-to-eat meals
- **Beverages:** Bottled water, energy drinks, and juices
- **Baked goods:** Cookies, croissants, and bagels
- **Fresh foods, frozen foods, and dry goods:** Fruits, vegetables, frozen peas and carrots, and raisins and nuts
- **Medicines:** Aspirin, pain relievers, and other medication that can be purchased without a prescription
- **Cleaning products:** baking soda, oven cleaner, and window and glass cleaner
- **Cosmetics and toiletries:** Hair care products, concealers, toothpaste, and soap
- **Office supplies:** Pens, pencils, and markers

Methodology

This study is based on descriptive research. Data collected from both primary & secondary sources where primary data is collected through self-administered questionnaire among 50 consumers in the urban Bangalore and secondary data is collected from various texts, journals & websites. Stratified random sampling has been adopted to collect the data through questionnaire. The present study targets Mysore city consumers, understanding their behavior helps to identify the taste and preferences, influence of brand in their purchase decision etc.

The questionnaires used are:

Are you Brand Specific on FMCG?

Do you Prefer Online or Offline FMCG shopping?

Do you focus on quality over Quantity?

Would you consider trying new brand products?

Will you Stick to same product even if the price increases?

Does offer and Scheme affect your buying decision?

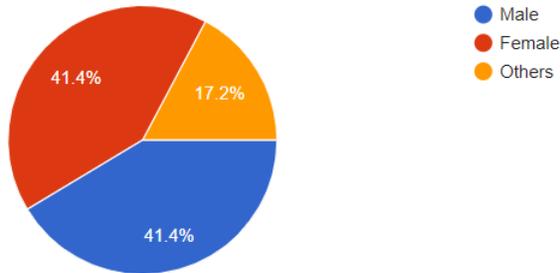
Do you think that branding is necessary for the products to be sold in the market?

Data Analysis

Gender wise classification of Respondent:

Gender?

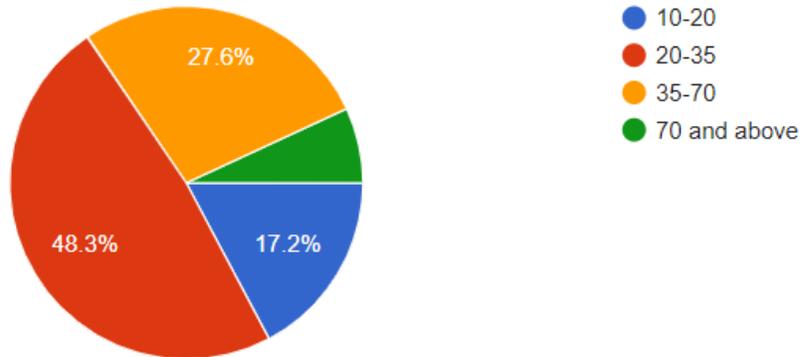
29 responses



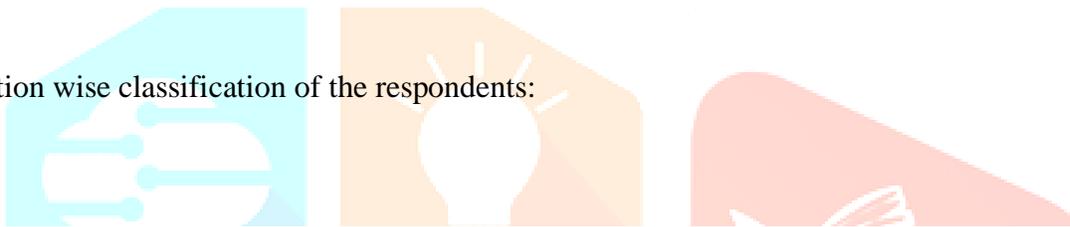
Age wise classification of Respondent:

Age of respondent?

29 responses

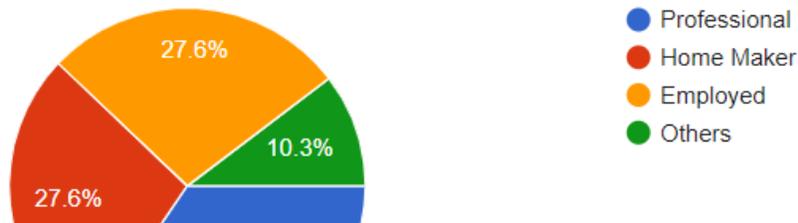


Occupation wise classification of the respondents:



Occupation of respondent?

29 responses

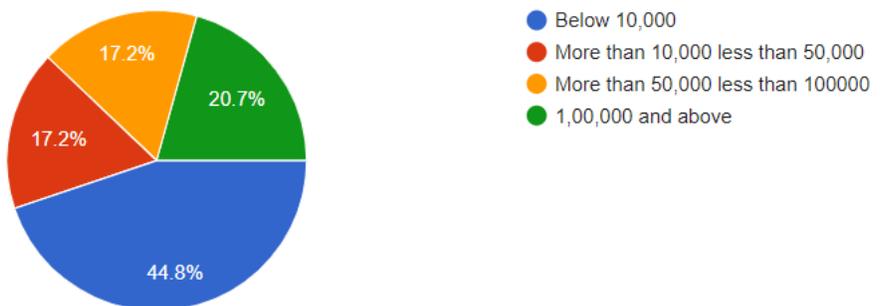


Monthly income wise classification of the Respondents:



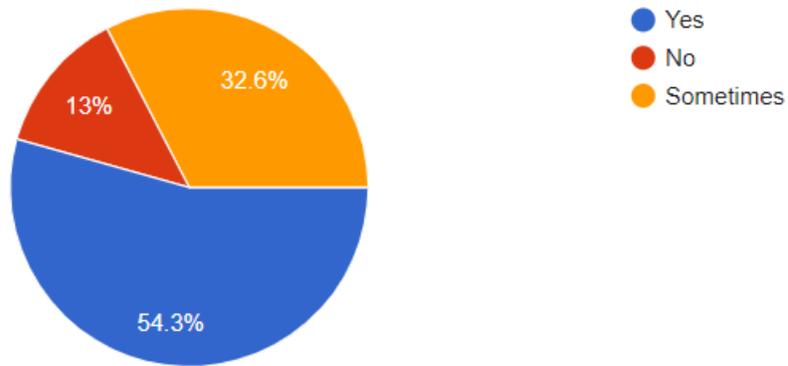
Monthly income of respondent?

29 responses



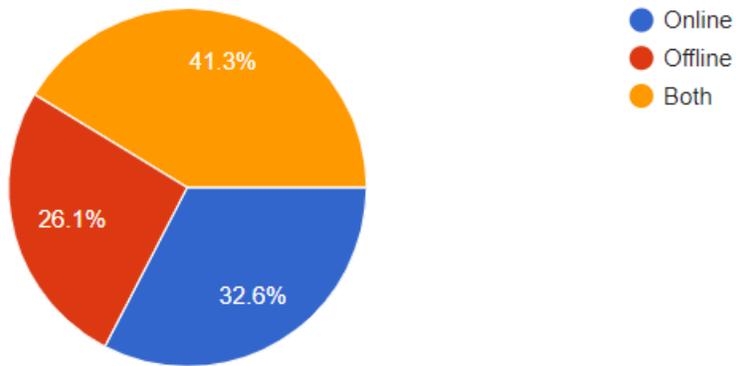
Are you Brand specific on FMCG?

46 responses



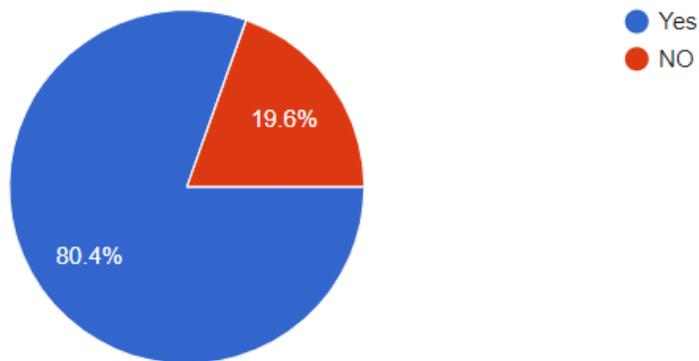
Do you Prefer Online or Offline FMCG shopping?

46 responses



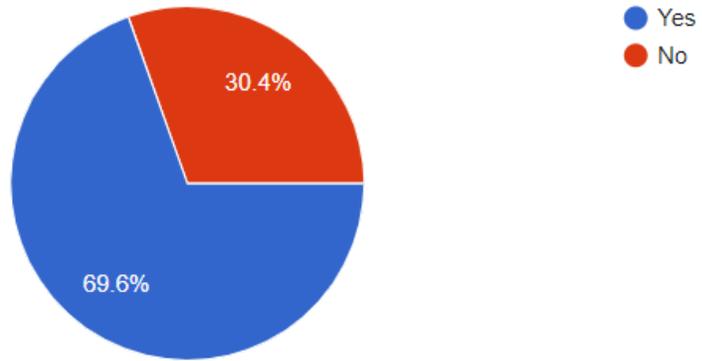
Do you focus on quality over Quantity?

46 responses



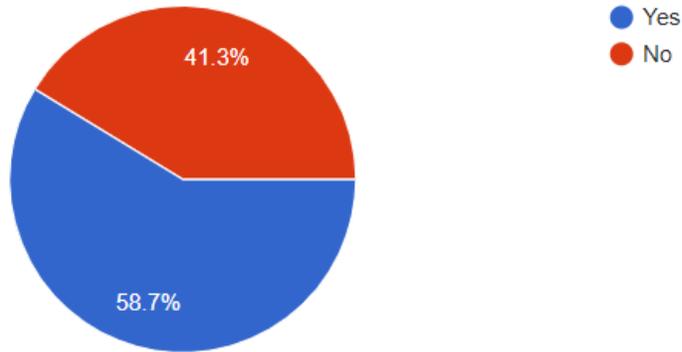
Would you consider trying new brand products?

46 responses



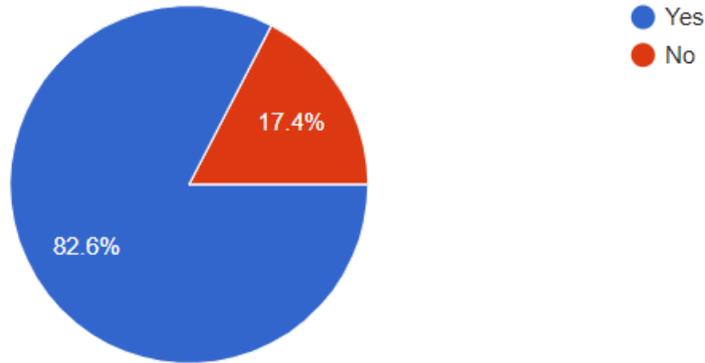
Will you Stick to same product even if the price increases?

46 responses



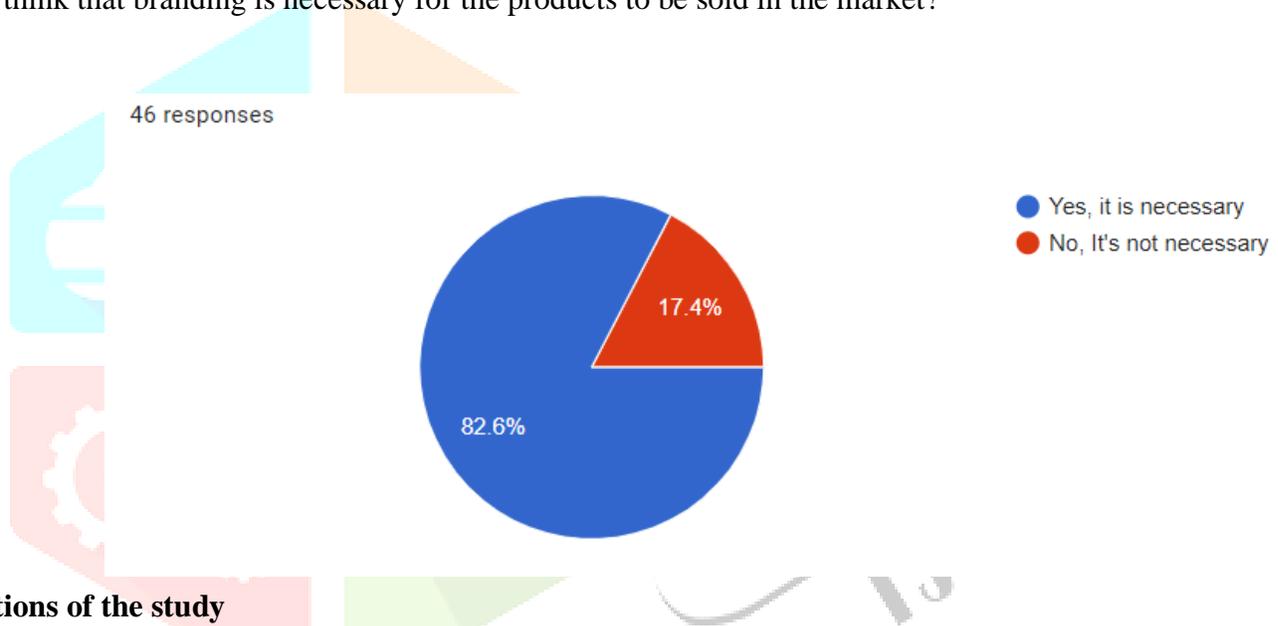
Does offer and Scheme affect your buying decision?

46 responses



Do you think that branding is necessary for the products to be sold in the market?

46 responses



Limitations of the study

The research is restricted to only urban Bangalore. The opinion of respondents might vary from area to area. The sample size is less and time factor to collected data from respondents need to be considered.

Conclusion and Suggestion

Fast Moving Consumer Goods are vital for the people in their day-to-day life. Their importance is giving the personality-oriented benefits to the people. From the above analysis, it is denoted that the FMCG Brands are able to provide good services to the satisfaction of the consumer in the way of goods quality, easy availability and other factors mentioned above. It is also concluded that the suppliers might get the idea on how consumer behaves on which type of product they more focus on.

Today, the digital revolution of the marketplace allows much greater customization of products, services, and promotional messages than older marketing tools. By doing so, it enables marketers to build and maintain relationships with customers-just like the salespersons, grocers, and jewelers have done for many decades-but on a much greater and more efficient scale. Digital technologies also enable marketers to collect and analyze increasingly complex data on consumer's buying patterns and personal characteristics. On the other hand, from the above data of the respondents we find that 82% of the respondents are affected by the offers in their buying behavior, 82.6% of the total respondents thinks that branding is necessary for the FMCG products. Similarly, 69% of total respondents would will to try new brands on FMCG products. Therefore, it is concluded that the suppliers

have to conduct a similar survey with fixed interval of time in order to know the changing needs of the consumers so that the suppliers can sustain in the market. Moreover, some technologies enable consumer to find more information about products and services, including prices, more easily, efficiently, and, for the most part, from the comfort of their own homes.

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