



# Consumer buying Behaviour and Preference towards FMCG

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**Abstract:** Consumer behaviour is the study of how individual customers, groups or organizations select, buy or use goods, and services to satisfy their needs and wants. It is affected by many factors and is dynamic in nature as needs & wants of a consumer keeps changing. Consumer behaviour and preference plays a very important role in the marketing of FMCG sector. The FMCG companies that adapt to this changing behaviour perform much better in the market as compared to others. This paper highlights the factors that influence consumers' buying behaviour towards FMCG products and, finally, the implementation of the decision-making process. The data for this study has been collected by means of questionnaires. The paper points out that the consumer behaviour is, to a large extent, influenced by location, product, price, and promotional factors.

**Keywords:** Fast Moving Consumer Goods, Consumer Behaviour, Factors Influencing, Consumer Preference, Buying Behaviour.

## 1. INTRODUCTION

FMCG stands for Fast-moving consumer goods; they are also known as CPG (consumer packaged goods). These are the goods that are sold quickly and are priced at a low cost. For examples, non-durable goods such as foods, cosmetics, Medicines, toiletries and other consumables. It is the fourth largest industry in India. There are three main SECTORS, the food and beverage sector (19%); healthcare (31%) and household and personal care (50%). The competition in this industry is quite high. There are a lot of competitive tactics that the companies do not back off from using and time to time they keep introducing new tactics to hold off their competitors. Some of the major rivals are AMUL & Kwality, Colgate & Pepsodent, HUL & P&G. In the Indian economy, some of the biggest players OF FMCG are HUL, Nestle, ITC, Britannia Industries, Godrej Consumer, AMUL.

The rapid growth of consumer goods industries includes food and non-food for daily consumption records. They are usually procured as a result for small-scale consumer resolution, so they are advertised and marketed by the companies. Typical

purchases of those items appear in the grocery stores, supermarkets, hypermarkets, etc. All of us, use the fast-moving consumer goods each and every day. This activity is based on the view of building strong brands in order to achieve a high level of distribution. The Global energy trademarks are the preferred choice of multi-national companies. In order to achieve the ideal deployment, requires a strong supply chain which provide you with products that are available from anywhere. A FMCG supply chain management is a set of inter-related processes, and the related resources as well as suppliers, manufacturers, distributors, logistics services, warehouses, distributors, retailers, and other organizations, which will lead to the final delivery to the customer. Pursued in market through the activities of the sales team, this may help you to have a high level of distribution. Marketing research, consumer research, product market segmentation and positioning, is an obligatory completion by all of the companies in this industry. Advertisements and promotions, POS activities are conducted to promote the awareness of a brand, and, to test and to purchase are the most basic of operations. Television advertising is the most common solution but nowadays the advertising on the internet is in vogue. One will need a high budget, creativity, and a plan for more stipulation.

The covid-19 pandemic has had both positive and negative impact on the FMCG industry. Different sectors of the industry have faced different effects. Sectors like indoor paints, ethnic clothes, etc. have faced a negative effect in the form of reduction of sales. On the other hand, it also acted as an opportunity for cleansing products, sanitizers, ready-to-eat food, health related goods etc. Other than this COVID pandemic has also given us an opportunity to digitalize the whole nation.

In the short-to-medium term, we see a lot of changes in the behavior of consumers, because of this FMCG companies will need to adapt their strategy in order to attract and serve customers. The composition of the consumer basket is changing as a result of the COVID. Some of these changes are going to be more stable than the others. Special attention will be paid to the health and hygiene. The demand for discretionary categories is likely to revert back slow, but not immediately.

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For the average consumer, we're seeing an increase in the demand for products that can improve the personal hygiene rules in the home and in the workplace. Products such as soap, hand wash, disinfectant, wipes, masks, and home cleaning products such as floor cleaner, kitchen cleaner, dishwasher, toilet cleaner, is experiencing a surge in demand, and this trend is expected to continue in the future, because of the cleanliness and hygiene is going to be the new mantra. The FMCG companies to satisfy these requirements is most likely to be successful. The same thing is going to be aspects of the companies of the basic food products and semi-finished products, such as instant noodles, biscuits, frozen food, flour, vegetable oil, instant food mix. The products, which is conducive to the formation of immunity against the disease, and are in great demand among the consumers.

However, some of the categories in the FMCG sector is likely to take a back seat for a while. It's going to be a good idea for companies to shift their focus away from categories such as deodorants, perfumes, skin care and other personal care products, dishes, etc, and it is also very important, in order to better manage the resources, in order to prevent problems related to the freshness and shelf life of the product.

## 2. OBJECTIVES OF THE RESEARCH

The present research makes an attempt to study following objectives:

- To study the consumer preference about few top FMCG brands.
- To understand the buying habits and decision- making process of consumer.
- To identify the factors affecting consumer buying behavior.

## 3. RESEARCH METHODOLOGY

The present study has descriptive research design. It is based on primary data. The data has been collected from 195 respondents through structured questionnaire. The survey was conducted through online means only. It was distributed among the respondents using emails, SMS and social media. The data has been analyzed through IBM SPSS Statistics software.

## 4. LITERATURE REVIEW

Dr. Syed Tabrez Hassan, Apoorv, Rajdeep Kaur Bhatia, Malvika, Preety Mohanta (2021) did a research on "A Study of Factors Affecting Buying Behaviour of Indian Consumers towards Online Purchase of FMCG Product". The fast moving consumers goods are available offline as well as online. FMCG products are consumed by every home in India. The present study made an attempt to identifying and analyzing varied factors which would affect the buying decisions of consumers when purchasing FMCG products through online mode. From the data analysis, it is concluded that consumer still hesitate to buy such goods through online mode due to reasons like

transactional security and items return policy. The researcher studied six factors which would impact buying decisions: "Efficiency, Fulfilment, System Availability, Privacy, Responsiveness and Contact". The six factors selected to understand their impact on buying decisions seemed to be effective. The researcher suggested that marketers should try to grab the opportunity by bringing more consumers towards online purchase of FMCG product.

R. Vijayalakshmi and Dr. T.R. Gurumoorthy (2019) did a research on "buying decision process of fast moving consumer goods". The objective of the research is to find out the consumer behaviour towards FMCG. The aim of the study is to investigate the consumer behaviour (selecting and using products) towards Fast Moving Consumer Goods in order to satisfy wishes and requirements. The data has been collected through 200 respondents and used convenience sampling method. The data has been analysed through descriptive statistics and Chi-Square. The research concluded that consumer stimulus is the factor which make them to buy products or services that would satisfy their needs or wants. Thus, execution of those desires or wants can then stimulate consumers to repeat purchase or to find special goods and services to better fulfil those needs.

Rambabu Gopiseti and G.Linganna (2017) did a research on "Consumer Buying Behaviour towards Fast Moving Consumer Goods"- A Study of Selected Personal Care Products in Nizamabad District of Telangana State. They have studied the factors that affect consumers' purchasing behaviour in relation to certain personal care products, and the impact of all these factors, too, play a vital role in making the purchase decision. The factors that are related to the selection of personal care brand, the products and the consumers are all included. Research has found that consumers are captivated by TV advertisements, the quality and brand loyalty are also the most important factors that influence the consumers' buying behavior more, even if they belong to the middle and low-income people. In addition, they are considering the possibility of supplying qualified products to the end consumers with the help of the print media and the incentive plan, and recommended that the marketer to constantly monitor the end-consumers, and the use of the electronic media.

Mahaboob Basha (2016) did an investigation on "A Study on Consumer Behaviour towards FMCG Goods"- An Empirical Study with Special Reference to Nellore District of Andhra Pradesh". The purpose of this study is to examine the behavior of consumers at the time of purchase, as well as to analyze the factors that affect the purchase of the fast-moving consumer goods. For the study, they have selected for 50 respondents in the city, Nellore, through the stratified random sampling method. The author comes to the conclusion that, to create awareness about the product is important in order to capture the market and to compete in the world. The researcher believes that, as a customer, being happy with the level of their purchase is going to be a gradual increase, which means that the company

and the revenue will continue to increase. In this paper, the researcher will try to find the differences, in the views of consumers, based on their age, education, location, and gender, on consumers' behaviour in relation to the fast-moving consumer goods. In the present study, it is concluded that the success of many companies depends on their ability to secure and retain customers.

Shashank Singh Chauhan and Singh (2016) did analysis on "A Study of Indian Consumer Buying Behaviour of FMCG Products (With Special Reference of Bathing Soap)". Soap is a fast-moving consumer goods, which have seen an increase in sales over the last few decades in India. This study is an attempt to cover the various factors that affect the purchase decision, consumers are planning what, are they going to purchase and use the soap. The author of this, saw that, in spite of the fact that customers usually buy a soap every month and especially women, from the point of view of customers, are "the leader of the market". From the analysis it is concluded that the brand image, price, quality and hygiene are the most important attributes in order to attract the customers to buy a particular product. And the most important influencing factors are the TV and newspapers promotions. Celebrities and family members, with experience of working as a thought leader, also influence the consumer's purchase decision.

### 5. ANALYSIS OF THE RESEARCH

**In the present scenario the customers are not the blind devotee of a product. Now days people look for all the features of a product (price, quality, availability etc.) before buying it. After these features, consumer look for the brand of a product because it gives the complete identification of product so it is also becomes an important part of the product. So, it is essential to study the behavior of consumer and adapt according to that.**

- Demographic Profile of respondents**

The demographic profile of the respondent gives an overall information of about personal life of the respondent. It consist of Gender, Age, Salary, Education and Size of family. The table is as follows-

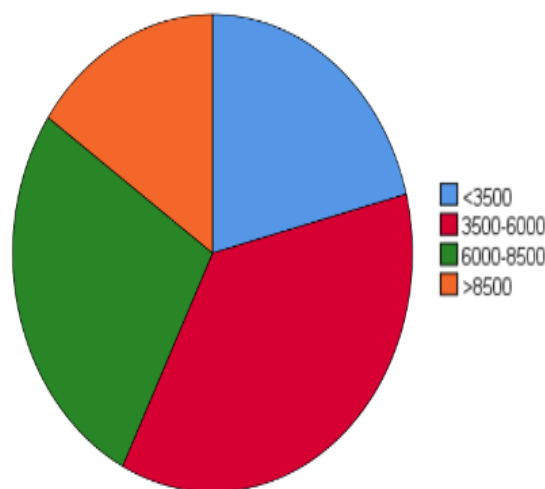
Variable	Frequency
<b>Gender</b>	
Male	103
Female	92
<b>Total</b>	195
<b>Age</b>	
<20	57
20-35	82

35-50	47
>50	9
<b>Total</b>	195
<b>Education</b>	
Under graduate	88
Graduate	68
Post Graduate	32
Ph.D	7
<b>Total</b>	195
<b>Size of family</b>	
Below 3	31
3 to 5	127
above 5	37
<b>Total</b>	195
<b>Salary</b>	
<20000	100
20000-40000	47
40000-60000	29
>60000	19
<b>Total</b>	195

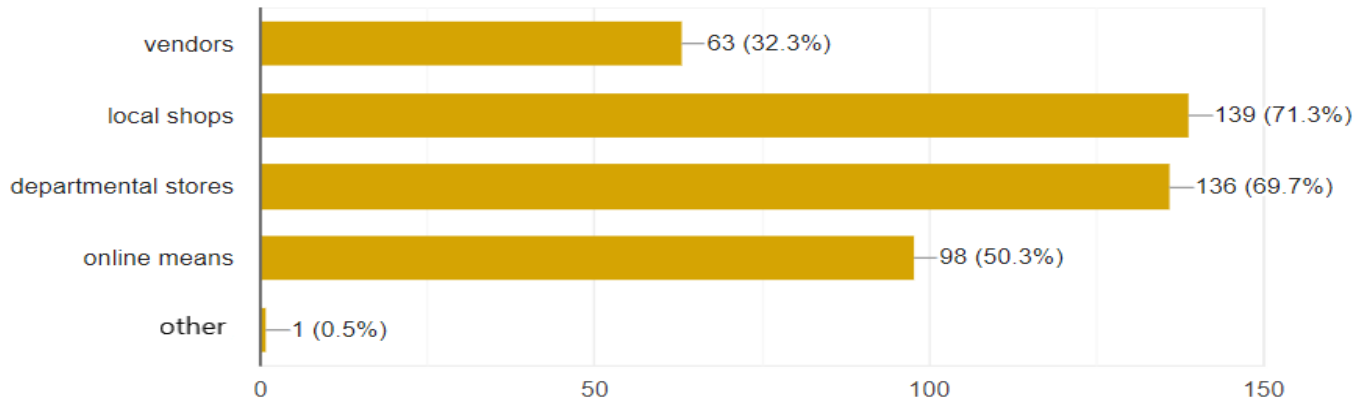
- Buying Habits of consumer**

For studying the buying behaviour the consumer, data was collected through the structured questionnaire, the analysis is shown below:

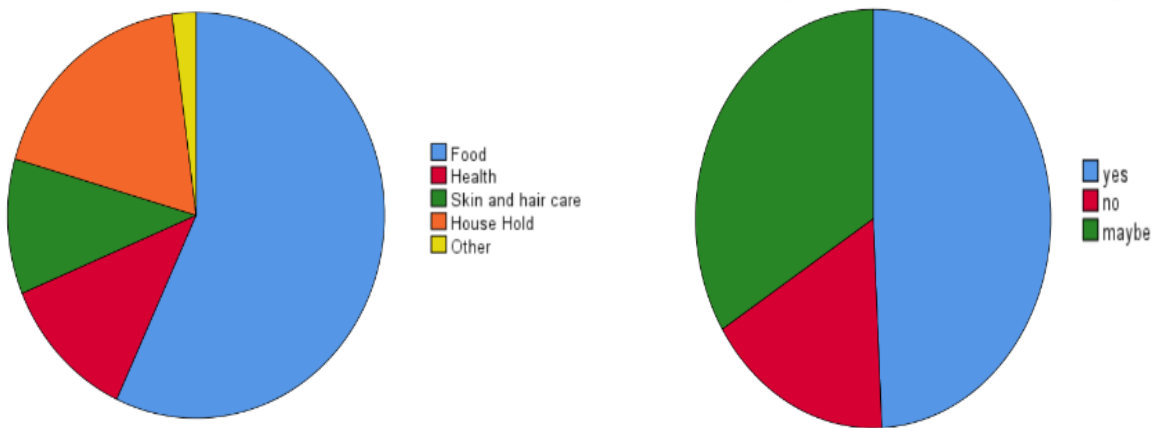
How much money do you spend on these goods per month?



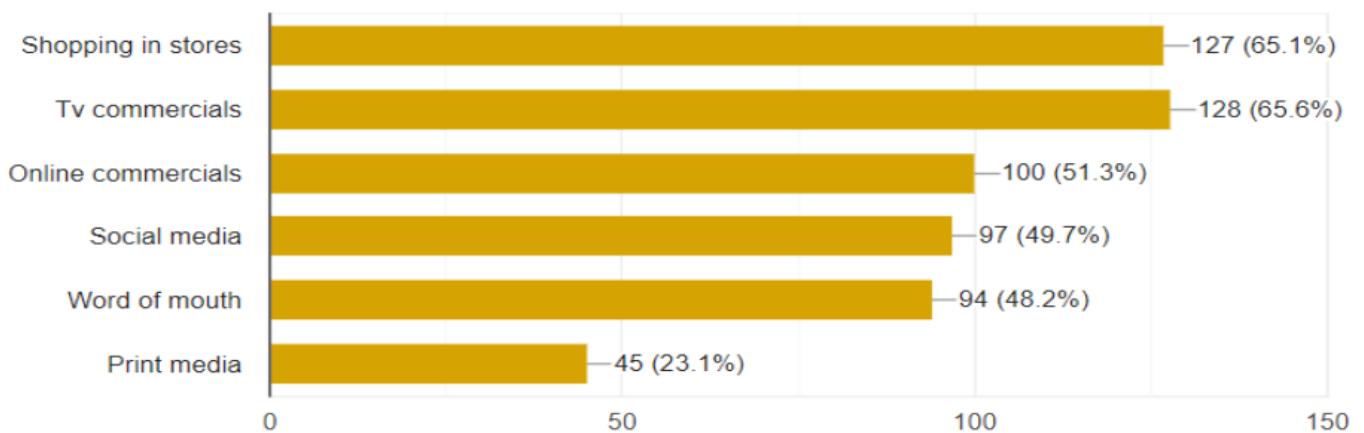
### How do you usually buy these goods?



### On which of the following category do you spend the most? Do you think branded goods are better than loose goods ?



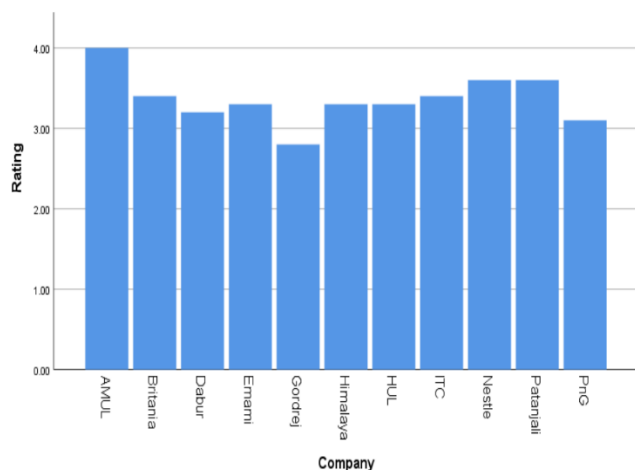
### How do you usually find about a product/brand ?



From the data collected through questionnaire following interpretation has been drawn:

- Most people spend 3500-6000 on FMCG & the average amount spent by all the people is 5400.
- The category on which the people most spend is Food item which is followed by House hold , health, hair and skin care and others
- 49% of people believe that the branded goods are better than unbranded or local goods 34% people are not sure about it and 17 % people disagree to this.
- Most people buy goods from local stores & departmental stores which is followed by online stores and street vendors.
- People get to know about the new products while shopping in stores, talking about advertisement the best option was TV commercial.

**BRAND PREFERENCES OF CONSUMER**



Companies	Average rating
AMUL	4
Nestle	3.6
Patanjali	3.6
ITC	3.4
Britannia	3.4
HUL	3.3
Emami	3.3
Himalaya	3.3
Dabur	3.2
P&G	3.1
Godrej	2.8

The consumers were asked to rate few of the top FMCG producing companies on scale of 1-5 on an overall basis that included product, pricing packaging, promotion etc. The most preferred company was AMUL which got an average rating of 3.9, which was followed by Nestle & Patanjali which got an average rating of 3.6. While the least preferred company was Godrej which got an average rating of 2.8. The rest of the companies were rated between 3-3.5 these companies were- ITC (3.4), Britannia (3.4), Dabur (3.2), Hindustan Unilever (3.3), P&G (3.1), Himalaya (3.3) & Emami (3.3).

**Factors Affecting Consumer Behaviour**

A consumer is exposed to the 4Ps ( i.e. Place, Product, price, promotion ) which effect the decision of consumer of what to buy , when to buy and why to buy. These factors affect the different consumer on different levels. The consumers were asked to rate these four factor on a scale of 5on the basis of how much they affect them and the results are as follows:

The 5 points represent the following-

- 1-Doesn't matter at all
- 2-Doest effect much
- 3-Average
- 4-Priority
- 5- High priority

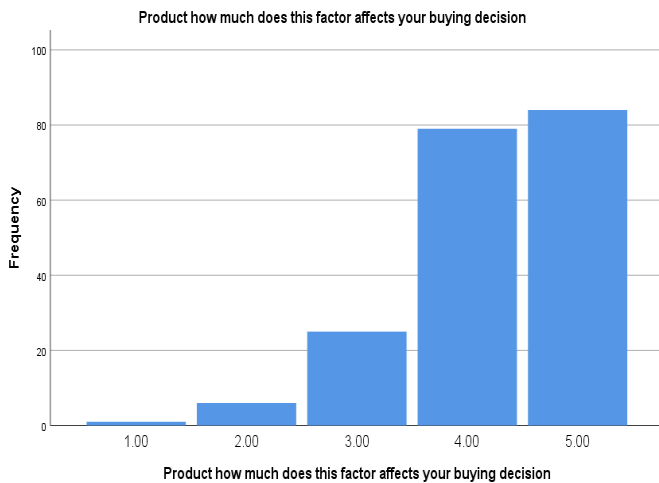
Rating	Frequency
1.00	12
2.00	25
3.00	62
4.00	60
5.00	36
Total	195



**1. Place**

Place factor basically affects the availability of product. This affects the consumer’s convenience to buy a product. The average rating given by consumer is 3.4 and most of consumer rated 3 points so this falls in the average category. So we can say if a consumer want to purchase a specific product the place factor will affect their decision but not at a high amount.

Rating	Frequency
1.00	1
2.00	6
3.00	25
4.00	79
5.00	84
Total	195

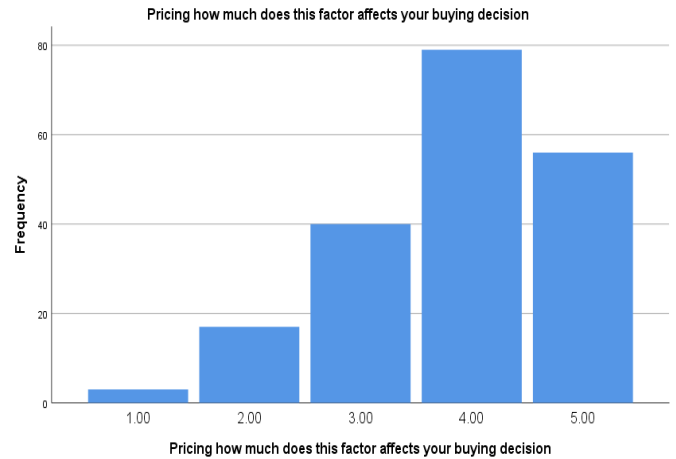


**2. Product**

The product is one of the major factors that affect a consumers buying behavior. The average rating given to this factor is 4.2 and most of people rated it 5 so it comes high priority. So we can say that while shopping the main concern of consumer is the product factors i.e. quality, brand, packaging etc. All these factors affect a consumer at high amount.

Rating	Frequency
1.00	3
2.00	17
3.00	40

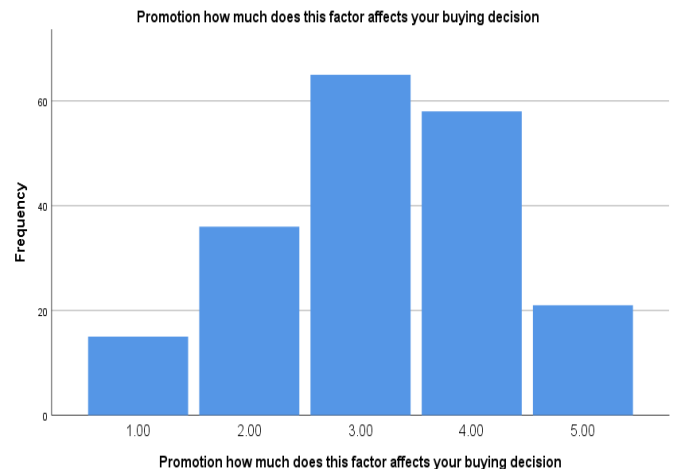
4.00	79
5.00	56
Total	195



**3. Price**

The price factor is another one of major factor that affect a consumer. The average rating given by consumer is 3.8 and most of consumer rated 4 points so this comes in priority. A basic reason that we can think of is the different level of income but according to the data we gave collected there is no such relation between the two.

Rating	Frequency
1.00	15
2.00	36
3.00	65
4.00	58
5.00	21
Total	195



#### 4. Promotion

Promotion factor includes advertisements, discounts and all such things that help a company to promote their goods. The average rating given by consumer is 3.1 and most of consumer rated 3 points so this comes in average. So we can say if a consumer want to purchase a specific product the place factor will affect their decision but not at a high amount.

#### 6. CONCLUSION

Fast moving consumer goods sector (FMCG) is India's fourth largest accountant with 50% accounting for FMCG sales in India. The growth of awareness, easy access and changing lifestyles have been the main drivers of industry growth. The urban sector is the largest contributor to the FMCG sector in India. However, in the last few years, the FMCG market has grown at a faster rate in rural India compared to urban India. Urban and rural areas are growing rapidly and FMCG products account for 50% of total rural expenditure.

The buying behavior of customer is transient i.e. it keeps on changing & the completion in FMCG industry is quite high, so it very important for the companies to understand the buying habits of the consumer. According to the research we have done we can say-

- Majority of people spend ₹3500-6000 on FMCG per month
- Consumer spends most on food category among the FMCG.
- Majority of consumer purchase these goods from local & departmental stores but the online shopping platforms are also making their way up.
- Majority of people believe that branded goods are better than unbranded goods
- The top 5 FMCG companies preferred by consumers are AMUL , NESTLE , PATANJALI,ITC & BRITANNIA.
- The factor that effect a consumers buying behavior is product factors i.e. Quality of product, Brand, Packaging etc. After product the next most effecting factor is pricing factor

Even in the current days we are witnessing a paradigm shift in consumer behaviour, businesses and business models, wherein there will be a decline of certain businesses, and slow down in others. A pandemic of this nature has opened our eyes to how vulnerable human life can really be – these are those rare times when every human being is on a quest for survival. Those who come out of this victorious, businesses and people alike, will be the ones who would have adapted to the new normal faster than others. The impact of Covid-19 on the FMCG sector can be felt – organisations which can adapt quickly to the changing demand

patterns and show agility in thought and execution will be the ones who gain market advantage.

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