

A Study on Factors Influencing Buying Preference of Consumers Towards Fast Moving Consumer Goods

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Abstract

Fast-Moving Consumer Goods (FMCGs) occupy a central role in our daily lives, demanding a deep understanding of consumer preferences for success in this dynamic market. This research delves into the intricate web of factors influencing consumer buying behaviour for FMCGs. It goes beyond the traditional marketing mix (price, product, promotion, place) by examining the interplay between psychological and physiological needs that shape purchase decisions. Additionally, the research investigates the influence of demographic factors like income and cultural background on consumer preferences. The goal of this multifaceted strategy is to offer a thorough grasp of the intricate decision-making process for FMCGs. The research's conclusions will be very helpful to FMCG companies as they create focused strategies and persuasive advertising campaigns that appeal to their target market.

Keywords: FMCG, Consumer Buying Preference, Marketing Mix, Psychological Factors, Physiological Factors, Demographics

Introduction

One of the largest industries in the world is the consumer-packaged goods (CPG) or fast-moving consumer goods (FMCG) sector. Fast-moving consumer goods, or FMCGs, are inexpensive goods with a limited shelf life that consumers regularly buy. These products usually have low profit margins for retailers, which they attempt to offset by selling large quantities of the products. Among the most well-known fast-moving consumer products firms in the world are Johnson & Johnson, Unilever, and The Coca-Cola Company. All products (except from food and pulses) that consumers regularly purchase fall within this category. Among the most common things on the list are packaged foods, home accessories, toothpaste, shaving supplies, shampoos, conditioners, soaps for the toilet, and some technology products.

These products have a high yield and are meant for daily or frequent use. Common consumer products, both food and non-food, are included in the fast-moving consumer goods industry. Since

small-scale consumer decisions usually lead to their purchase, producers offer substantial support in the form of advertising and promotion. Usually, you can buy these items in shops, supermarkets, hypermarkets, and so forth.

In an effort to boost revenues, traditional retailers have introduced private label products, while manufacturers are continuously looking for new markets to sell their products in. Fast-moving consumer goods are consumed daily by all of us. The foundation of this company is the creation of powerful brands and high distribution levels.

Food, drinks, personal care, and home care items are just a few of the many products available in the FMCG industry. Within these categories, FMCG products are often nearly identical, leading to intense price competition among retailers. Businesses use marketing and other techniques to cultivate customer loyalty to boost profitability, which enables them to raise prices. Customers tend to cut back on luxury items during economic downturns, which is another crucial aspect of the FMCG industry's success. The word "competition" is popular in today's globalized world. Many businesses are making an effort to satisfy customer needs by offering distinctive items.

Fast-moving consumer goods are also essential to our day-to-day existence. Individuals are also aware of the need to raise their level of living in many different contexts. Given this knowledge, FMCG products are almost necessary for the general population. Currently, approximately 55 products are produced by several manufacturing companies in a range of areas, including men's grooming, fabric care, infant care, skin care, hair care, and dental care.

Additionally, some goods are imported from other nations. Given its importance, this study looked at the factors that consumers consider when choosing between different brands of FMCG to buy. Scholars endeavor to examine the factors influencing the decisions made by individual FMCG customers. Regression analysis is employed in this article to estimate descriptive data and identify the link that actually influences or drives consumers to choose FMCG products among different brands.

The FMCG Supply Chain comprises a network of interrelated procedures and assets. It includes warehouses, distributors, wholesalers, suppliers, manufacturers, logistics service providers, and all other companies engaged in the final consumer delivery process. When implemented in the market via sales force operations, it can assist in obtaining a high degree of distribution.

Review of Literature

C. Muthuvelayutham (2012) in his study titled "The Study of Consumer Brand Loyalty on FMCG- Cosmetic Products with Special Reference to Madurai" examines the impact of demographic variables on consumers' brand loyalty and looks for aspects that may influence their decision to move to a certain, carefully chosen product category. In essence, this study is a correlational study. For analysis, a 600-person sample was chosen at random from Tamil Nadu State in South India, focusing on the districts of Madurai, Tuticorin, and Kanyakumari. This study employed the Chi-square test to show how much the variables were correlated. The elements that have the biggest effects on consumers' brand loyalty are age, education level, and gender, according to the results.

B.V.N.G. Chandrasekhar (2012) in his study "Consumer Buying Behaviour and Brand Loyalty in Rural Markets: FMCG", seeks to determine the existence and significance of local brands as well as the brand loyalty of diverse companies in rural marketplaces. A questionnaire was used to gather the main data. A sample of sixty respondents from the villages of Tadipatri, Mallapur, and Satanapalli participated in this study.

SURESH BHAGWAT (2011) in his article "FMCG Markets to contribute in Indian rural Economy perspective in global era", Through the use of the newest trends and technology, this study aims to empower rural consumers and teach them how to raise their level of living.

GIHAN WIJESUNDERA (2010) in this article “Factors influencing the demand of beauty soap among female consumers in the greater Colombo region” The goal of this study is to investigate how female consumers in the greater Colombo area choose certain brands of beauty soap and how their purchasing decisions are influenced by demographic and marketing mix characteristics. The findings showed that while there was no statistical correlation between place, promotion, age, income level, marital status, skin type, social factors, and substitute product and brand preference, there was a correlation between price, product, education, occupation, and brand preference. The study comes to the conclusion that, among female consumers in the greater Colombo area, only a statistical association exists between price, product, education, and occupation and brand preference.

NUNTASAREE SUKAT (2009) in this article “A model of male consumer behaviour in buying skin care products in Thailand” The research’s goal was to conduct a thorough evaluation of the phenomenon of Thai men’s skin care product purchasing behavior. Fishbein and Ajzen’s theory of reasoned action model is used as a theoretical framework and modified by adding the self-image construct in order to meet the research aim. Finding out “How much do attitudes toward applying skin care products, self-image, normative influences, and beliefs about product attributes affect Thai male consumers’ purchase intention and purchase behavior in buying skin care products” was the research’s main goal. The purpose of the study was to ascertain whether or not attitudes, normative influences, beliefs, and self-image affected the intention and behavior of male consumers in Bangkok when it came to purchasing skin care products. In the Thai context, the modified theory of reasoned action is a suitable explanation for the behavior of male consumers when they purchase particular cosmetic products.

According to Blackwell et al. (2001), consumer behavior is defined as the actions that customers take to find, acquire, assess, and discard goods and services that they believe will meet their requirements. The focus of today’s marketing discourse is on consumer-oriented marketing that is concerned with the wants and requirements of the consumer. Researching consumer behavior is essential for businesses to understand how these demands might be met (Agarwal, 2013).

In today’s marketing environment, the customer is seen as king. Consumer purchasing decisions determine what should be produced, both in terms of number and quality. Because consumers have varying interests at different times, marketers must consider a number of aspects when choosing which product to market. Consequently, producers’ and marketers’ tasks become burdensome, underscoring the importance of comprehending consumer behavior once more (Berry, 2010).

Kundi (2008) declared that the term “consumer behavior” refers to the cognitive and affective processes as well as the visible actions of customers when they are looking for, acquiring, and using a good or service. Basically, aspects of economics, sociology, psychology, socio-psychology, and anthropology are combined with consumer behavior. Consumer behavior, formerly known as covered behavior, is an ongoing process of consuming pertaining to pre-, during-, and post-purchase concerns. This pertains to the tangible behaviors of customers that are observable and quantifiable to others (Singh and Singh, 2016).

Solomon and Nancy (2014) claimed that the study of consumer behavior focuses on how people or groups choose, pay for, utilize, or discard goods, services, concepts, or experiences in order to satiate needs and desires. According to Frank (2012), consumer behavior is the study of how people react to goods and services, as well as how they are marketed. The tenet of contemporary consumer behavior holds that individuals purchase goods mostly because of what they stand for rather than what they do. This idea suggests that products have roles that extend beyond their fundamental purposes and that customers often form bonds with the things they appreciate. According to Solomon and Nancy (2014), there are various forms of relationships that consumers can create with products, including self-concept attachment, nostalgic attachment, interdependence, and love.

Sproles and Kendall (2006) eight consumer mental orientation variables—perfectionism, consciousness, brand consciousness, novelty and fashion conciseness, impulsive and careless consumer, confused by over choice consumer, habitual and brand loyal consumer, recreational and hedonistic shopping conciseness, price and value conciseness—were established in a model to conceptualize consumers’ decision-making behavior. It has long been debated and shown that the marketing notion is the right way to do company. According to this theory, a business must meet customer needs in order to turn a profit (Peter & Olson, 2010). This demonstrates the importance of conducting customer behavior research and places an understanding of the consumer at the core of the marketing strategy.

The American Marketing Association (AMA) (1995) “The dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives” is the definition given to consumer behavior. Put differently, consumer behavior encompasses people’s thoughts, feelings, and behaviors during the consumption process. It also encompasses everything in the surrounding environment that has an impact on these feelings, ideas, and behaviors. “The decision-making process and physical activity involved in acquiring, evaluating, using, and disposing of goods and services” is how Kahn (2006, Page no. 4) defines consumer behavior. This suggests that consumer behavior is a wide-ranging, comprehensive concept that considers both the pre- and post-purchase events. However, the focus of this study will only be on consumer buying behavior, which includes the actual decision-making process as well as the subsequent physical act of making purchases of goods and services.

Research Objectives

1. Determining the Fast-Moving Consumer Goods buying trends of Indian consumers.
2. Evaluate Indian consumers’ expectations regarding fast-moving consumer goods.
3. Determine the elements affecting the decisions and purchases made by consumers.
4. Examine strategies for FMCG marketing that work.

Scope of Study

A wide range of stakeholders, including academics and researchers, marketers, investors, brand managers, FMCG brand makers, and agencies, may find great value in the study’s findings.

Future scholars and researchers who wish to investigate or learn more about the factors influencing FMCG brand selection might use the findings as a starting point. The results of the study would also greatly advance any current or novel theories regarding the preferences of consumers. In addition, this research will furnish pertinent insights for marketers by offering information and data that facilitates a clear comprehension of the factors that influence consumer preference for FMCG brands. This will enable marketers to create impactful marketing campaigns that outperform their rivals in the marketplace. Lastly, policy makers may find the study useful as they utilize its results to create new policies or perhaps adjust existing ones in a variety of organizational settings.

Problem Statement

Fast-moving consumer goods (FMCG) are a highly competitive industry, where low costs and intense rivalry are prevalent, the success of brands hinges on their ability to differentiate themselves effectively. However, despite the emphasis on uniqueness, many brands suffer from “symmetry syndrome,” risking their survival in the market. While differentiation is crucial for brand success, there is currently no established methodology or tool to objectively measure brand distinctiveness against competitors.

Given the absence of a practical tool to assess brand uniqueness, marketing managers lack insights into how their brands are perceived in the marketplace and whether their marketing efforts effectively position them apart from competitors. This gap underscores the need for a comprehensive brand differentiation measurement model, which we refer to as the “Brand Symmetry Index.”

The lack of a reliable measurement tool poses significant challenges for brand managers, hindering their ability to evaluate the effectiveness of their marketing communication strategies. Without clear insights into brand differentiation, companies risk their brands being perceived as commodities, potentially undermining their long-term viability.

Therefore, the primary objective of this research is to develop a practical and robust methodology for measuring brand differentiation. By establishing a standardized Brand Symmetry Index, this study aims to provide brand managers with the necessary tools to assess their brands’ distinctiveness accurately and identify areas for improvement in their marketing strategies.

Fast Moving Consumer Goods (FMCG) – Definition

Items that are regularly bought and consumed by customers are referred to as FMCG. These are relatively inexpensive, non-durable goods. Frequently bought things, either necessary or not.

Types of Fast-Moving Consumer Goods

Fast-moving consumer items are those that are used quickly and are not durable, meaning they have a limited lifespan. FMCGs fall under a number of classifications, such as:

- Food and Beverage: This category covers packaged foods, snacks, beverages (alcoholic and non-alcoholic), dairy products, canned goods, condiments, and frozen foods.
- Personal Care FMCG products include soaps, shampoos, conditioners, body lotions, deodorants, toothpaste, skincare, cosmetics, and grooming products.
- Household products include cleaning solutions such as detergents, dish washing liquids, surface cleansers, toilet cleaners, air fresheners, and pesticides.
- Health & Wellness Products: This category contains over-the-counter pharmaceuticals, vitamins, nutritional supplements, herbal products, and other health-related items such as first aid kits.
- Tobacco products include cigars, pipe tobacco, chewing tobacco, snuff, and cigarettes.
- Pet Care items: FMCG includes pet food, treats, grooming items, and accessories like leashes, collars, and toys.
- Baby Care Products: This area includes baby food, diapers, wipes, baby shampoo, lotion, powder, and other products made exclusively for newborns and toddlers.

Factors Influencing Consumer Buying Behavior

A wide range of factors influence consumer purchasing behavior, which varies based on the individual, the product or service being purchased, and the unique environment of the transaction. Some of the primary elements influencing consumer purchasing behavior are:

1. Cultural Factors: Socioeconomic status, culture, and subculture all have a big influence on how people shop. Cultural values, beliefs, practices, and norms influence people’s choices and spending habits. Subcultures inside larger societies, such as ethnic or religious groupings, have an impact on consumer behavior. Social class influences consumers’ ideas of status, prestige, and the things they buy.
2. Social Factors: that influence consumer behavior include reference groups, family, social roles, and social status. Reference groups, which include family, friends, coworkers, and opinion leaders, can influence customers’ purchasing decisions by making direct suggestions

or establishing norms and expectations. Family dynamics, such as roles and decision-making processes, have a significant impact on consumer behavior.

3. **Personal Factors:** Demographics (age, gender, income, education, employment), lifestyle, personality, and self-concept all influence customer preferences and purchasing decisions. Individual features and traits influence consumer perceptions, preferences, and purchasing behaviors.
4. **Psychological Factors:** Perception, motivation, learning, attitudes, and beliefs all influence consumer purchasing behavior. Perception refers to how people understand and process information about items or brands. Consumers are motivated to meet their needs and desires through their purchasing activity. Learning shapes consumer behavior through experience, exposure, and conditioning. Attitudes and opinions influence how consumers evaluate and favor products or brands.
5. **Economic Factors:** Income, prices, and economic conditions (such as inflation and recession) all have an impact on consumer purchasing power and decisions. Income levels influence consumers' ability and inclination to buy goods and services. Price sensitivity and perception can influence consumer behavior, as consumers seek value for money and weigh options based on perceived benefits and costs.
6. **Technological Factors:** Technological breakthroughs and innovations affect consumer behavior by altering the availability, accessibility, and functionality of products and services. Adoption of new technologies affects customer preferences and purchasing behaviors. Examples of these include mobile applications, e-commerce platforms, and smart gadgets.
7. **Environmental Factors:** Physical surrounds, time limits, and situational considerations all influence consumer behavior in various settings. Environmental signals, such as store layout, ambiance, and promotional displays, can influence consumer impressions and buying decisions. Situational elements such as urgency, convenience, and social environment all have an impact on consumer purchasing decisions.

These factors interact and intersect in complex ways, influencing consumers' attitudes, preferences, and purchasing decisions. Marketers must understand these effects in order to create efficient marketing strategies and personalize their goods to consumers' needs and desire.

Challenges Faced by Consumers Buying FMCG Goods

Consumers face several challenges when purchasing Fast-Moving Consumer Goods (FMCG). These challenges can vary depending on factors like economic conditions, technological advancements, consumer behavior, and market dynamics. Here are some common challenges:

- **Price Sensitivity:** FMCG products are generally price-sensitive, making consumers aware of price changes. Any price increase may discourage consumers from purchasing or cause them to seek cheaper alternatives.
- **Brand Loyalty Vs. Variety:** Consumers may struggle with balancing brand loyalty and product variety. Brand loyalty can be strong in FMCG, but customers also want variety and may be enticed by promotions or new products.
- **Quality Assurance:** Consumers may be concerned about the safety and quality of FMCG products, particularly food and personal care items. Issues such as product recalls and unfavorable publicity about quality can undermine consumer trust.
- **Product Differentiation:** Differentiating items in FMCG marketplaces can be tough due to saturation. This might cause decision fatigue and confusion during the buying process.
- **Availability and Accessibility:** In remote or rural locations with limited distribution networks, consumers may struggle to find their favored FMCG products. Furthermore, stock outs or limited availability in retailers might annoy customers.

- **Convenience:** Consumers prefer convenience when buying FMCG products due to their busy lifestyles. Any annoyance with packaging, portion sizes, or ease of usage can dissuade customers from purchasing specific things.
 - **E-commerce and Online Shopping:** While convenient, consumers may confront issues with product authenticity, delivery dates, and refunds when purchasing FMCG goods online.
- Overall, consumers face a complex terrain when choosing FMCG products, weighing aspects such as price, quality, brand loyalty, convenience, and ethical considerations.

Conclusion

This study concludes that the FMCG industry is expanding and will do so at a very rapid rate. The FMCG industry has incredibly bright futures. After undergoing a structural transformation, the industry is expected to become stronger going forward. The fast-moving consumer goods (FMCG) business is still quite fragmented, with handmade products accounting for about half of the market. For the markets for branded products, this offers a huge potential. Despite having numerous rivals, the study on customer preferences for FMCG items has gained significant traction in the market for paste, soap, and shampoo. FMCG was able to keep its top spot by offering customers high-quality products at affordable prices. The primary driver behind the purchase of an FMCG product is quality. Another significant factor contributing to FMCGs' dominance in the consumer market is the introduction of new items to meet customer demand. The survey makes it evident that FMCG has a significant market share in the consumer goods sector and that manufacturers offer high-quality products at competitive prices.

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