A STUDY ON PURCHASE BEHAVIOUR OF URBAN CONSUMERS TOWARDS SELECTED FMCG WITH SPECIAL REFERENCE TO SALEM DISTRICT

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ABSTRACT

INTRODUCTION TO FMCG

FMCG is an acronym for Fast Moving Consumer Goods, which are packaged stuffs, other than grocery sold in super markets and retail shops. The FMCG sector is the fourth largest sector in the economy with a total market size in excess of Rs 60,000 crore. This industry essentially comprises Consumer Non Durable (CND) products and caters to the everyday need of the population. FMCG are frequently purchased essential or non-essential goods such as food, toiletries, soft drinks, disposable diapers etc.

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods. FMCG products are those that get replaced within a year. Fast Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG), though the absolute profit made on
FMCG products is relatively small, they generally sell in large numbers and so the cumulative profit on such products can be large.

Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars.

Subsets of FMCG’s are Fast Moving Consumer Electronics (FMCE) which includes innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS Systems and Laptops. These are replaced more frequently other than electronic products, mainly due to technological changes.

White goods in FMCG refer to large household electronic items such as Refrigerators, smaller items; TV sets, stereo systems etc. are also sometimes termed as Brown 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 foodstuffs household accessories and extends to certain electronic goods. These items are meant for daily frequent consumption and have a high return.


OVERVIEW OF FMCG PRODUCTS AND CATEGORIES

The regular day-to-day needs of goods that do not take much time for consumption are perishable, so that they can't be stored for long, varying from bread, butter, milk, tooth-paste, vegetable oil, flour, biscuits, razors, chocolates, soft-drinks, beverages like tea and coffee, shampoo, hair oil, detergents, medicines, toiletries, clothing, furniture and electronic items are known as FMCGs.

➤ FOODS AND BEVERAGES

Food stuffs include bread, dairy products like butter, milk, cheese etc., vegetable oil, cooking oil, flour, chocolates, candies, ice-creams, biscuits, jam, ready-to-eat items, chips and so on. While beverages include tea, coffee, soft drinks, packaged juices, energy drinks, packaged drinking water etc.

➤ PERSONAL CARE, ORAL CARE, HAIR CARE AND SKIN CARE

Such products include sanitary napkins, tissues, razors, shaving creams, shave-gel, anti-ageing products, shampoos, conditioners, lotions, cosmetics, deodorants, perfumes, hair oil, tooth-paste, tooth-brush, moisturizers, cleansers, bathing soaps, body-wash and other toiletries.
HOUSEHOLD CARE

Household care products consist of laundry soaps, synthetic detergents, dish washing liquid/ gel, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish, furniture polish and so on.

- **Electronic goods:** Cell phones, laptops, computers, digital cameras, refrigerators, washing machines and other electronic gadgets are classified as Fast Moving Consumer Electronics or FMCEs.

**STATEMENT OF THE PROBLEM**

Now a day’s many varieties of foods products like tea & coffee power, cooking oil, health drinks, soft drinks and biscuits etc, personal care products like toothpaste & brush, bath soap, shampoo, hair oil, cosmetics etc and house hold care products like washing power, detergent soap, dishwashing bar, floor cleaner, toilet cleaner and mosquito re-fillers etc are available in the market but the users are not in a position to identify and select a particular brand. Hence because of this all fmcg companies undertakes various strategies to deliver their product information to the consumers through internal and external sources. In spite of this only some of the sources induce them to buy those products. In the mean time, the level of income and size of the family also affects the purchase behavior of the consumers which determines their standard of living.

The consumer have to consider various factors such as brand image, price, quality, user suggestion, taste and flavor etc. which influences the decision before buying the consumer goods. To attract the consumers the fmcg companies are introducing various types of products with different brands which make the consumers to change their product from the existing to the latest brand. In addition to it the researcher has made an attempt to study the level of satisfaction about the usage of their products and also to know the opinion of recommending it to other consumers.

Finally, advertisements is a major tool which plays a vital role in informing about the product information to the consumers hence, the study focus on the impact of advertisement which affects the purchase behavior and what are all the problems faced by the consumers while purchasing the product.

**OBJECTIVES OF THE STUDY**

1. To trace the origin and growth of FMCG.
2. To study the profile of FMCG companies in India.
3. To review the market potential of FMCG.
4. To analyses the purchase behavior of urban consumers towards FMCG.
5. To identify the factors influencing the purchase of FMCG by urban consumers.
6. To analyses the problems faced by the companies dealing with FMCG.
7. To compare the performance of companies dealing in FMCG.
8. To know how the FMCG changes the standard of living of urban consumers.
9. To know the role of the companies dealing with FMCG in the economic development of India.
10. To offer suitable suggestions to the companies dealing with FMCG.
REVIEW OF LITERATURE

B.V.N.G. Chandrasekhar (2012) in his study “Consumer Buying Behaviour and Brand Loyalty in Rural Markets: FMCG”, aims to study brand loyalty of various brands in rural markets and identify the presence and the importance of local brands. The primary data was collected through a questionnaire. This study was conducted on a sample of 60 respondents in the village’s Satanapalli, Tadipatri and Mallapur.

Shafayet Ullah and Panuel Rozario Prince (2012) discussed in their study that Fast Moving Consumer Goods (FMCG) sector is one of the largest sectors in the economy of Bangladesh. In the last few years, the FMCG industry in Bangladesh has experienced a dramatic growth that both qualitative and quantitative improvements have taken place in the consumer durables segment. FMCG in marketing means convenient and low involvement products like, salt, flours, pens, chocolates, etc. In recent years, the FMCG industry worldwide has experienced a difficult market condition. In some categories, formerly popular brands have either been deleted or squeezed between the category leaders and low-cost competitors. This study recommends focusing on three important factors, i.e., sales promotion, time constraints and unavailability of brand to smoothen the progress of the FMCG industry in Bangladesh. The FMCG industry will find better development opportunities, if the findings of this study are used as an input in its strategic decision making.

METHODOLOGY

This study is a combination of both descriptive and analytical. It is descriptive because more qualitative variables like economical, commercial and social variables are involved. This study is also analytical because more quantitative variables such as income and expenditure are to be studied. The tools used for collecting primary data are interview schedule.

Primary data required for the study were collected from the urban consumers who are located in Salem District. Primary data was undertaken with the use of interview schedule. Secondary data were collected for the present study with references to the objectives chosen for the study, such as literature reviews from various thesis, journals, magazines, books and websites etc. Since the size of population is very large, so that convenient sampling method was adopted to select the respondents. The survey was conducted among 500 respondents in Salem District. The collected primary data were analyzed with the help of the following statistical tools to fulfill the objectives of the study. The following statistical tools namely Descriptive statistics, Chi-square test, Anova, Garrett Rank technique, Weighted average and Anova, Multiple regression, Discriminant function and Inter-correlation & Path co-efficient analysis were used for Analysis and Interpretation of survey data.

HYPOTHESIS

Based on the research objectives the following hypothesis is framed.

1. There is no association between gender and overall satisfaction regarding foods and beverages.
2. There is no association between age and overall satisfaction regarding foods and beverages.
3. There is no association between education and overall satisfaction regarding foods and beverages.
4. There is no association between monthly expenses on fmcg and overall satisfaction regarding foods and beverages.
5. There is no association between frequency of purchase and overall satisfaction regarding foods and beverages.
LIMITATIONS OF THE STUDY

1. The study is confined to Salem District only.
2. The attitude of consumers may change frequently, hence the result arrive would be varying.
3. The study is mainly focused on urban consumers only and the rural consumers are outside the purview.
4. The study Concentrate only on the Indian FMCG companies.

ANALYSIS AND INTERPRETATION

PATH COEFFICIENT ANALYSIS

The Path coefficient analysis segregate the total correlation of each independent variable with the dependent variable Y into direct response and indirect response via other independent variables. The direct effect of each of the explanatory variables on the dependent variable and the indirect effect of each explanatory variables on the dependent variable through other explanatory variables are furnished in the Table No. 1

<table>
<thead>
<tr>
<th></th>
<th>INCOME</th>
<th>FSIZE</th>
<th>FOOD</th>
<th>PER</th>
<th>HHOLD</th>
<th>FMCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME-X1</td>
<td>0.540</td>
<td>-0.001</td>
<td>0.066</td>
<td>-0.023</td>
<td>0.130</td>
<td>0.712*</td>
</tr>
<tr>
<td>FSIZE-X2</td>
<td>0.134</td>
<td>-0.003</td>
<td>0.026</td>
<td>-0.010</td>
<td>0.059</td>
<td>0.207*</td>
</tr>
<tr>
<td>FOOD-X3</td>
<td>0.329</td>
<td>-0.001</td>
<td>0.108</td>
<td>-0.022</td>
<td>0.134</td>
<td>0.548*</td>
</tr>
<tr>
<td>PER-X4</td>
<td>0.391</td>
<td>-0.001</td>
<td>0.074</td>
<td>-0.032</td>
<td>0.148</td>
<td>0.581*</td>
</tr>
<tr>
<td>HHOLD-X5</td>
<td>0.354</td>
<td>-0.001</td>
<td>0.073</td>
<td>-0.024</td>
<td>0.198</td>
<td>0.600*</td>
</tr>
</tbody>
</table>

*-Significant at 5 % level.

It is seen from the above table that among the explanatory variables, the variable X1 showed higher positive direct effect on the dependent variable Y-FMCG. The variable X5 also had higher positive indirect effect on Y through X3 and X5. The variable X3 showed higher positive direct on Y. This variable also had higher positive indirect effect on Y through X1 and X5.. The variable X5 showed higher positive direct on Y. This variable also had higher positive indirect effect on Y through X1 and X3. Hence the three variables X1, X3 and X5 are substantially important contributing variable for the dependent variable Y-Expense on FMCG..
REGRESSION ANALYSIS

Multiple regression analysis of Y- Expenses on FMCG with a set of independent variables X1-Income, X2-Family size, X3-Expense for food & beverage, X4-Expense on personal care products and X5-Household care products and the following regression model is fitted for performance.

\[ Y_2 = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \ldots \]

Where b1, b2, and b3 are partial regression coefficients; b0-constant and the results are presented in the following table.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression Coefficient</th>
<th>Standard Error</th>
<th>t-value (d.f = 494)</th>
<th>( R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.45</td>
<td>0.08</td>
<td>5.81</td>
<td>.543</td>
</tr>
<tr>
<td>INCOME-X1</td>
<td>0.42</td>
<td>0.04</td>
<td>11.69*</td>
<td></td>
</tr>
<tr>
<td>FSIZE-X2</td>
<td>0.00</td>
<td>0.04</td>
<td>-0.08</td>
<td></td>
</tr>
<tr>
<td>FOOD-X3</td>
<td>0.09</td>
<td>0.04</td>
<td>2.39*</td>
<td></td>
</tr>
<tr>
<td>PER-X4</td>
<td>-0.03</td>
<td>0.05</td>
<td>-0.58</td>
<td></td>
</tr>
<tr>
<td>HHOLD-X5</td>
<td>0.18</td>
<td>0.04</td>
<td>4.00*</td>
<td></td>
</tr>
</tbody>
</table>

*- : Significant at 5 %

Regression Fitted: \( Y = 0.45 + 0.42 X_1 - 0.00 \times X_2 - 0.09 X_3 - 0.03 X_4 + 0.18 X_5 \)

Table 3

Analysis of variance for regression

<table>
<thead>
<tr>
<th>Source</th>
<th>S S</th>
<th>D F</th>
<th>M S</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>161.82</td>
<td>5</td>
<td>32.36</td>
<td>117.36**</td>
</tr>
<tr>
<td>Residual</td>
<td>136.23</td>
<td>494</td>
<td>0.28</td>
<td></td>
</tr>
</tbody>
</table>

**- Significant at 1 % level

The Multiple regression model indicated that out of the five explanatory variables under study 3 Variables namely X1, X3 and X5 have significantly contributing to Y-FMCG. The analysis of variance of
multiple regression modal for Y indicates the overall significance of the model fitted. The coefficient of determination R² value showed that these variables put together explained the variations of Y to the extent of 54.3%.

SUGGESTIONS AND CONCLUSION

The brand preference in urban areas particularly in FMCG sector is showing a significant growth. In this survey we found that most of the popular FMCG brands and using any one of them as their brand. Gone the days when consumer were just depending on local brand, imitation brand and home based product for their use. They have selected different types of FMCG product categories and their brands, but in this study, the researcher has considered the products based on foods and beverages, personal care, health care and analyzed the purchase behavior of the urban consumers by applying advanced statistical tools and presented the findings accurately. The present study also highlights the most important tools such as motivational factors, customer’s satisfaction, opinion of recommendation, impact of advertisement and the difficulties faced by the consumers are also identified. The suggestions given in this study may help the consumers to know the right products with their brands and also to the companies to overcome the obstacles to develop their prospectus.

END NOTE / REFERENCE


