



A Study on Market Analysis of FMCG Products in Urban Areas with Special Reference to Coimbatore

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Abstract. The Fast-Moving Consumer Goods (FMCG) industry is a crucial sector in the Indian economy, comprising products such as packaged foods, beverages, toiletries, over-the-counter medicines, and household essentials that are sold quickly at relatively low prices. This study examines the FMCG market in Coimbatore's urban areas by analysing consumer preferences, competitive forces, and marketing strategies. It highlights the impact of digital transformation, lifestyle changes, and demographic shifts on consumer behaviour, helping businesses adapt and sustain growth. The study is based on primary data collected from 120 urban respondents and employs percentage analysis and chi-square testing. Findings reveal that brand loyalty, price sensitivity, and product availability are the dominant purchase decision factors. The research provides actionable insights for FMCG marketers operating in Tier-II Indian cities.

Keywords: FMCG, Consumer Behaviour, Market Analysis, Urban Areas, Coimbatore, Brand Loyalty, Purchase Decision, Competitive Forces, Digital Transformation, Tier-II Cities

I. Introduction

The Fast-Moving Consumer Goods (FMCG) industry is one of the most dynamic and rapidly evolving sectors of the Indian economy. FMCG products encompassing packaged foods, beverages, personal care items, household cleaning products, and over-the-counter medicines are characterized by high purchase frequency, short shelf-life relative to durable goods, and comparatively low unit prices. Due to their essential nature and everyday consumption, FMCG products occupy a central position in the household expenditure basket of Indian consumers across all income levels.

India's FMCG market has witnessed remarkable growth over the past decade, driven by rising disposable incomes, rapid urbanization, expanding middle-class aspirations, and increasing awareness of branded and quality products. As of 2024, the Indian FMCG sector is estimated to be worth approximately ₹5.5 lakh crore, with urban markets contributing approximately 55% of the total revenue. The sector is projected to maintain a compound annual growth rate (CAGR) of 14–15% over the near term, making it one of the most attractive investment destinations for domestic and multinational consumer goods companies.

Coimbatore, a prominent Tier-II city in Tamil Nadu, is a significant contributor to this growth story. Known for its strong industrial base in textiles and engineering, the city has experienced a notable transformation in consumer lifestyles and purchasing patterns over the past decade. The expansion of organized retail format including supermarkets, hypermarkets, and specialty stores alongside the penetration of e-commerce and quick-commerce platforms, has substantially increased consumer access to a diverse range of



FMCG products. This study investigates the FMCG marketing landscape in urban Coimbatore, with a focus on understanding consumer preferences, competitive dynamics, and the evolving impact of digital transformation on buying behaviour.

Objectives of the Study

- To analyse the consumer preferences and purchase behaviour for FMCG products in urban Coimbatore.
- To study the factors influencing brand choice and brand loyalty in the FMCG sector.
- To examine the role of retail channels traditional trade, modern trade, and e-commerce in FMCG distribution.
- To assess the impact of digital transformation and promotional strategies on FMCG consumer behaviour.
- To identify challenges faced by FMCG marketers in Coimbatore's urban market and suggest strategic recommendations.

II. Statement of the Problem

The FMCG sector in India is characterized by intense competition, thin margins, and rapidly shifting consumer preferences. While national-level trends are well documented, there is a notable scarcity of empirical research specifically examining FMCG consumer behaviour at the urban Tier-II city level. Coimbatore presents a particularly relevant case: its unique blend of industrial economic activity, expanding middle class, and accelerating retail modernization creates a consumer market with distinct structural characteristics that cannot be adequately captured by national-level generalization.

Small and medium FMCG enterprises operating in Coimbatore face a challenging dual-front competitive environment competing against established national brands with deep marketing resources on one side and the disruptive pricing of private labels and digital-native direct-to-consumer brands on the other. Additionally, the uneven penetration of digital channels across income segments creates fragmented communication landscapes that complicate brand-building efforts. The absence of rigorous regional-level research on purchase decision drivers, channel preferences, and marketing effectiveness creates an evidence gap that constrains both business strategy and policy formulation. This study addresses that gap directly.

III. Research Methodology

1 Research Design

The study adopts a descriptive and analytical research design. The descriptive component systematically documents the current pattern of FMCG consumer behaviour and marketing practices in urban Coimbatore, while the analytical component examines the relationships between demographic variables, purchase decision factors, and channel preferences.

2 Data Collection

- **Primary Data:** Structured questionnaires were administered to 120 urban respondents in Coimbatore across four zones RS Puram, Gandhipuram, Saibaba Colony,



and Peelamedu. The instrument incorporates five-point Likert-scale items measuring brand loyalty, price sensitivity, promotional responsiveness, and channel preference.

- **Secondary Data:** Published literature, industry reports (Nielsen, IBEF), government publications, and peer-reviewed journal articles on FMCG marketing in India and comparable emerging markets.

3. Sample Profile

Parameter	Category	Detail
Sample Size	Total respondents surveyed	120
Sampling Method	Technique employed	Stratified Random Sampling
Geographic Scope	Survey coverage area	Urban Coimbatore (4 zones)
Age Range	Respondent age brackets	18 – 65 years
Gender Split	Female / Male	52.5% / 47.5%
Income Range	Monthly household income	Below ₹25K to Above ₹1 Lakh
Survey Period	Field data collection	September – October 2024

4. Tools for Analysis

- Percentage Analysis to describe the distribution of respondent responses across demographic and behavioural variables.
- Chi-Square Test (χ^2) to examine associations between categorical variables such as income level and channel preference.
- Weighted Average Score to rank purchase decision factors by aggregate importance across the sample.
- 4.5 Limitations
- The sample of 120 respondents, while representative of urban zones, does not extend to peri-urban or rural Coimbatore consumers.
- Self-reported Likert responses may be subject to social desirability bias, particularly regarding brand loyalty and awareness claims.
- The cross-sectional design captures a single point in time and does not track behavioural shifts longitudinally.

IV. Review of Literature

Author(s)	Year	Key Finding
Kotler & Keller	2016	Brand equity drives repeat purchase over price in low-involvement FMCG categories; strong brand associations reduce consumer information-search effort.
Nair & Menon	2020	In Indian personal care FMCG, brand familiarity is a stronger predictor of purchase intent than price; habitual buying reinforces category loyalty.



Kumar et al.	2021	Tier-II city consumers exhibit dual orientation: price-led for commodity categories combined with brand consciousness for premium segments.
Sinha & Uniyal	2019	Organized modern trade is gaining volume share from Kirana stores in South Indian urban markets; convenience and assortment are key drivers.
Balasubramanian	2022	Social media advertising disproportionately influences Gen-Z FMCG purchase decisions in Tamil Nadu; digital campaigns outperform TV for sub-35 cohorts.
Verma & Singh	2023	Quick commerce is fundamentally reshaping last-mile FMCG delivery in Indian urban markets, with delivery speed emerging as a top-tier channel attribute.
Sharma & Gupta	2024	Private label growth in Indian FMCG is accelerating, particularly in food and household categories, pressuring national brands on price and margin.

The literature consistently identifies brand loyalty, price sensitivity, retail format evolution, and digital channel influence as the four most consequential factors shaping FMCG consumer behaviour in Indian urban markets. This study builds on this foundation with a focused empirical investigation at the Coimbatore level.

V. Data Analysis and Interpretation

1 Purchase Decision Factors

Respondents rated seven key factors on their influence over FMCG purchase decisions using a five-point Likert scale. The mean influence scores are presented in Table 6.1.

Table 1: Influence of Purchase Decision Factors (n = 120)

Rank	Purchase Decision Factor	Mean Score (1–5)	Std. Deviation
1	Price / Value for Money	4.31	0.62
2	Brand Reputation & Trust	4.18	0.71
3	Product Availability & Convenience	4.02	0.78
4	Product Quality & Ingredients	3.95	0.83
5	Peer / Social Media Influence	3.82	0.91
6	Promotional Offers & Discounts	3.74	0.88
7	Television / Outdoor Advertising	3.56	0.95

Interpretation

Price and value for money emerged as the single most influential purchase decision factor (mean 4.31), closely followed by brand reputation (4.18) and product availability (4.02). Peer and social media influence registered a notably higher score among re-



spondents aged 18–30 (mean 4.46) compared to the 51–65 cohort (mean 2.64), reflecting the generational divergence in marketing channel efficacy that has significant implications for media planning.

2. Brand Loyalty by Product Category

Respondents were asked to indicate whether they consistently purchase the same brand across five FMCG product categories. Brand loyalty rates are presented in Table 6.2.

Table 2: Brand Loyalty Rates by FMCG Product Category (n = 120)

Product Category	Loyal (%)	Switchers (%)	Loyalty Index
Personal Care	73	27	High
Packaged Food & Staples	61	39	Moderate-High
Household Cleaning Products	58	42	Moderate
Beverages (Tea, Coffee, Juice)	55	45	Moderate
Health Supplements & OTC	41	59	Low-Moderate

Interpretation

Personal care products exhibit the highest brand loyalty (73%), reflecting habitual purchase behavior, strong emotional brand associations, and consumer reluctance to experiment with products used on the body. Health supplements show the lowest loyalty (41%), consistent with the category's relatively recent mainstream penetration, active competitive promotions, and ongoing consumer education requirements. Marketers in low-loyalty categories must invest in more robust trial-to-loyalty conversion programs.

3 Retail Channel Preference by Income Segment

Table 6.3 cross-tabulates primary retail channel preference with monthly income bracket, revealing the structural segmentation of Coimbatore's FMCG distribution landscape.

Table 3: Primary Retail Channel by Monthly Income Bracket (%)

Income Bracket	Kirana / Local (%)	Supermarket / Modern Trade (%)	Online / Quick Commerce (%)
Below ₹25,000 / month	63.9	24.6	11.5
₹25,000 – ₹50,000 / month	34.9	44.0	21.1
₹50,001 – ₹1,00,000 / month	14.1	58.2	27.7
Above ₹1,00,000 / month	6.3	37.5	56.2
Overall Average	31.8	42.1	26.1



Interpretation

Modern trade (supermarkets and hypermarkets) is the dominant primary shopping channel for the ₹50,000+ income cohort (58.2%), while Kirana stores retain majority preference among respondents earning below ₹25,000 per month (63.9%). The most rapidly growing channel across all segments is online/quick commerce at 26.1% overall, rising dramatically to 56.2% among the highest income segments. This underscores the need for FMCG brands to pursue an omni-channel distribution strategy rather than relying on any single format.

Findings

01	Price and value for money is the single most influential FMCG purchase decision factor (mean score 4.31/5.00), establishing price competitiveness as the primary battleground for FMCG brands in Coimbatore's urban market.
02	Brand reputation and trust rank second (4.18), demonstrating that while price drives initial trial, brand equity is the dominant determinant of repeat purchase and long-term market share.
03	Personal care products exhibit the highest brand loyalty (73%), while health supplements show the lowest (41%), indicating a category-specific loyalty continuum that demands differentiated retention strategies.
04	Modern trade has emerged as the dominant retail channel for middle and upper-middle income consumers (58.2%), while kirana stores retain their relevance for the lower income segment (63.9%).
05	Online/quick commerce is the fastest-growing channel overall (26.1%), reaching 56.2% primary preference among the highest income segment — signalling an accelerating structural shift in FMCG distribution.
06	A significant generational divide exists in media channel responsiveness: social media and peer influence drive purchase decisions significantly more strongly among 18–30-year-olds (mean 4.46) than among the 51–65 cohort (mean 2.64).

Suggestions

Based on the empirical findings, the following strategic recommendations are proposed for FMCG brands, retailers, and policymakers operating in Coimbatore's urban market:

- FMCG marketers should invest in digital-first brand communication strategies targeting the 18–35 demographic, prioritizing vernacular (Tamil-language) social media content, influencer partnerships, and platform-native promotions on quick-commerce apps.
- Brands operating in low-loyalty categories (health supplements, beverages) should develop structured trial-to-loyalty conversion programs incorporating sample distribution, subscription models, and loyalty point systems to reduce brand switching.
- A dual-track distribution strategy should be maintained sustaining Kirana store relationships in lower-income urban zones while building modern trade merchandising capability through planogram optimization and category management investment.
- Price promotional architecture should be strategically calibrated to drive volume in commodity categories without eroding brand equity; value-added promotions (bundling, cashback, product upgrades) are preferable to straight discounting for premium segments.



- Educational institutions and industry bodies should develop AI and data literacy programs for FMCG marketing professionals to improve analytical decision-making in product development, demand forecasting, and consumer targeting.

VI. Conclusion

This study provides a comprehensive empirical account of the FMCG marketing landscape in urban Coimbatore, a market whose strategic significance is growing commensurately with the city's economic expansion and demographic modernization. The Fast-Moving Consumer Goods sector in this geography is shaped by a nuanced interplay of traditional consumer values price consciousness, brand trust and newer behavioural forces driven by digital access, organized retail, and shifting lifestyle aspirations. The principal findings that price sensitivity and brand loyalty co-exist as primary purchase decision drivers, that modern trade and quick-commerce are rapidly displacing Kirana stores in middle and upper-income segments, and that significant generational divergence characterizes media channel responsiveness collectively define a competitive terrain that demands both segmented marketing strategy and omni-channel distribution capability from FMCG brands seeking durable advantage in this market.

The research confirms that Tier-II Indian cities such as Coimbatore are neither homogeneous with one another nor static in their consumer profiles. Coimbatore's distinctive industrial employment base, educational attainment levels, and digital infrastructure maturity create a market environment that resists one-size-fits-all strategy. Future research should examine longitudinal shifts in brand loyalty as quick-commerce and private labels continue to mature, explore supply chain implications of multi-channel distribution complexity, and investigate the specific role of AI-driven personalization in next-generation FMCG marketing in this context.

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