



## **A STUDY ON CHANGING CONSUMER BEHAVIOUR TOWARDS FAST MOVING CONSUMABLE GOODS IN INDIA**

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### **Abstract:**

Consumers are the king in the modern business world. They are one who buys goods for their consumption to meet their aspirations. Fulfilling consumer desire is the ultimate goal of marketing activities. Indian business are highly influenced by the rapid changes in the technology, improved economic systems, higher purchasing power of consumers, changing life style, online marketing and retail opportunities. Organised retail business has facilitated towards bringing drastic changes in the buying behaviour among consumers. Consumer behaviour is dynamic in nature. Hence, exact prediction, about future sustainable growth of the business prospects upon consumer behaviour is a challenge. Moulding marketing strategies to meet changing consumer needs should be planned well by the business entities. This study is descriptive in nature where the researcher used secondary sources of data from research Journals, books, Company Reports, Newspapers, and Magazines etc. This paper explores on various dimensions of changing consumer preference and consumer behaviour over the fast moving consumable goods, identifies the shift in consumer behaviour through analysing the impact over manufacturing units to become consumer centric and suggests measures to the organisations to formulate consumer centric marketing strategies.

**Key Words:** Consumer Behaviour, Indian Business, Sustainable Growth, Consumer Preference & Marketing Strategies

### **1. Introduction:**

According to KSA Technopark (2006) Indian economy is experiencing a drastically changing from the extensively controlled economy towards liberated market system driven through increased income opportunities, changing saving patterns, scope for international trade and commerce and advanced lifestyle of the modern consumer. It has started influencing Consumer Behaviour towards goods and services in the country. Consumers are considered to be the king of modern business, who decides either to retain or eliminate of any business entity from the market. It has become a great challenge for every business organisation to study the consumer behaviour towards their product and services to remain to be a competitor to satisfy the needs of its customers. According to David L. Loudon and Albert J. Della Bitta (1993) Consumer behaviour refers to be the psychological approach of consumers towards selection, purchase and consumption of a particular good or services which meets their wants or desires. In the context of business, both producers and consumerstry to accomplish their own benefit to the maximum. In the consumer centric modern business scenario consumers decide the future of any business based on their own satisfaction about the utility of any product supplied or services provided to them. The intensified competition among the producers has brought multi dimensional changes in the marketing system for their products, with consumer friendly distribution channels influencing consumer behaviour to a great extent. Consumers are unique with individual perceptions and consumption pattern. It has become inevitable for every marketer to review customer thinking, feelings and preference over alternatives, influence over branding, likes and dislike to be sustainable in the market. The factors such as environment, reference groups, family, sales techniques, style also influence the consumer preference to a great extent. Hence it is very important to understand the reasons for changing consumer behaviour in India. Abdul Brosekhan A, Muthu Velayutham C in his paper titled "Consumer Buying Behaviour – A Literature Review" quoted in ISOR-Journal of Business Management that Consumer interaction by the companies helps to decide market strategies by deriving the quantity of products to meet the future demands of the customers. Purchase intension is known to be 'what consumers think to buy'. It can be known by each company by conducting interviews of old customers to understand the future business prospects. Interview cannot be reliable every time due to the changes in the purchase pattern from time to time. Thus best method is to ask the consumers about their future needs. It is good to study the purchase behaviours for short duration, as more the time, then more will

be the change of purchase behaviour. It is easy to derive purchase intention for any product for tomorrow or within a month than for five years.

## **2. Definitions:**

Consumer behaviour is defined to be the study about factors influencing the consumption along with personal and environmental causes to covering aspects of knowledge, influence and behaviour about pre purchase activities and post purchase experiences through the stages of evaluating, acquiring, using and disposing of goods and services by the customers. According to Belch and Belch consumer behaviour is to search, select, purchase, use, evaluate and dispose products and services to satisfy their needs and desires by the people. The American Marketing Association (AMA) defines consumer behaviour to be the dynamic interaction between cognition, behaviour & environmental effects to meet the exchange needs of the people. According to Well and Prensky it is the study about the exchange of value for any product or service for satisfaction by the consumers. Engel, Blackwell and Miniard It is the decision process preceding and following the actions connected to obtaining, consuming and disposing any products and services.

## **3. Conceptual Framework:**

Consumer behaviour concept is backed by certain major theories given by the experts. These theories will enable the research to have an insight into the conceptual framework upon the concept. It covers the behavioural learning theories, cognitive learning theory, involvement theory, social judgment theory are outlined below

- ✓ **Behavioural Learning Theories:** The behavioural learning theories are as we have known-Stimulus Response (SR) or Behavioural learning theories. In the SR theory, there is a link between responses and stimuli. Here our response to particular stimulus indicates our learning. (S-R) theories are central to the principles of conditioning. They are based on the assumption that human behaviour is learned. One of the early contributors to the field, American psychologist Edward L. Thorndike, postulated the Law of Effect, which stated that those behavioral responses (R) that were most closely followed by a satisfactory result were most likely to become established patterns and to reoccur in response to the same stimulus (S). Thus what we learn are habits. In the SR theory, the process is not so important. The inputs and outputs are more important.
- ✓ **Cognitive Learning Theory:** A great deal of learning occurs by our ability to think with mental faculties. Cognitive Learning Theory implies that the different processes concerning learning can be explained by analyzing the mental processes first. It posits that with effective cognitive processes, learning is easier and new information can be stored in the memory for a long time. On the other hand, ineffective cognitive processes result to learning difficulties that can be seen anytime during the lifetime of an individual. Some solutions flash before us in an instant where as some problems need careful collection and evaluation of information to take decisions. Learning is thus a function of excerpting the mind. This is called cognitive learning theory.
- ✓ **Involvement Theory:** It is difficult to define involvement and more difficult to measure it. Involvement has the components of person, product, and situation. There can be ego - involvement. Commitment also shows involvement. The more the search for information, the higher is the involvement. The lower the search for information, the lower is the involvement. There is a distinction between product involvement and brand involvement. The degree of involvement is indicated by decision time taken, and by the importance given to the product. Involvement is not a dichotomous construct, say high and low envelopment, and it is a continuum. Though there are semantic problems, involvement theory goes a long way in formulating our communication strategy.
- ✓ **Social Judgement Theory:** The central premise of social judgment theory is that on individuals processing of information about an issue is determined by his or her involvement with the issue. Individuals who are highly involved with an issue and have a strong or definite opinion about it will accept very few alternative opinions. Motivation and cognitive capacity are central variables in major models of social judgment and persuasion, however, the exact nature of their interplay in judgment processes has remained ambiguous. Social judgment theory represents an attempt to generalize psychophysical judgmental principles and the findings to the social judgment. With the person's preferred position serving as the judgmental anchor, SJT is a theory that mainly focuses on the internal processes of a person's own judgment in regards to the relation within a communicated message.

## **4. Dimensions of Consumer Behaviour:**

- ✓ **Micro Perceptive:** Every organisation aims for higher profit by better productivity of best products and services. Meeting consumer need for products and services, is possible only by maximum satisfaction of every customer. Consistent Improvement of organisation is possible by the review of consumer satisfaction. Understanding Consumers is very much essential for every organisation to meet its business mission. All the managers especially in the marketing department always strive to study the consumer behaviour towards their product and forecast future business prospects.

- ✓ **Macro Perceptive:** Consumer behaviour is not static but dynamic, as it changes from time to time. Both internal and external sources like social, economic, psychological, political factors and government policies will influence the buying behaviour of the individuals. Understanding societal perception from the view point of consumer is also important to study the consumer behaviour pattern in India.

**5. Factors Affecting the Consumer Behaviour:**

According to Ramya N and Mohamed Ali S.A. (2016) the following are the influencing factors upon the consumer behaviour

- ✓ **Culture:** culture decides the behaviour of any individual based on the people’s desire and attitude within a specific cultural norms existing in the society. These factors are subdivided into culture, sub cultural and social class. Social class seems to be the status and role one person possess in the society. Culture becomes crucial when it starts controlling the behaviour of the people in general. Society composed of several sub-cultures within which people identify themselves. Sub-cultures is the group of people sharing common values upon similar life style patterns. Social classes are defined as groups more or less homogenous and ranked against each other within the social hierarchy. According to some research, people’s behaviour and buying habits will notify their belongingness to a specific social class.
- ✓ **Social Aspects:** Human beings are social in nature; they live under the influence of social factors in the society. They always prefer to interact and discuss various issues of their life with others to seek better ideas and solutions. For any marketer, a social group consists of two or more people interacting with each other to accomplish personal or collective goals. They may achieve the goals with the help of some reference groups like family, organisation, community etc. having specific roles and status.
- ✓ **Personal:** Buying behaviour of a person is highly influenced by the traits such as gender, age, life cycle, personality, self esteem and life style which are unique and stable throughout one’s life. Factors such as age, income, occupation, life style and personality will influence upon the purchase behaviour.
- ✓ **Psychological:** Personality changes from person to person as it depends upon attitude, beliefs, perception, motivation and decision making. Motive is a need which sufficiently drives him to act upon any purpose. There are two types of needs firstly, biogenic covering physiological conditions like thirst, hunger etc., Secondly, psychological state of tensions covering recognition, esteem etc. According to William J Stanton ‘motive’ is a drive or urge to seek satisfaction. It obviously becomes a buying motive when an individual seeks satisfaction through the purchase of some goods or service.
- ✓ **Economic:** Since higher disposal income leads to generous purchase behaviour. Generally, consumers are cautious about personal earnings or savings. Economic aspects like inflation, recession, business cycles, Government Regulations also influence the consumer buying behaviours. Different authors specified different views about the influencing factors upon the consumer behaviour (Refer Table-01).

Table 1: Authors view upon the Factors affecting Consumer Behaviour

According to Magali Morel, Francis Kwakye study state that

| Author  | Factor                 | Samples  |
|---|------------------------|--|
| Kotler  | Cultural               | Culture, Subculture, Social class  |
|   | Social                 | Reference groups, Family, Roles and Status   |
|   | Personal               | Age and Lifecycle stage, Occupation, Economic situation, Lifestyle, Personality and Self-concept |
|   | Psychological          | Motivation, Perception, Learning, Beliefs and Attitudes  |
| Brassington Frances, Stephen Pettit                           | Individual             | Personality, Perception, Motivation, Attitude  |
|   | Situational            | Socio-cultural, Technological, Economic/ Competitive, Political/ Regulatory                      |
|   | Group influences       | Social Class, Culture/ Subculture, Reference Groups, Family                                      |
|   | Marketing mix          | Price, Product, Place, Promotion   |
| Thomas C. Kinnear, Kenneth L. Bernhardt, Kathleen A. Krentler | Demographic            | Age, Education, Income, Race, Material status, Household size, Gender                            |
|   | Marketing mix          | Product, Place, Price, Promotion   |
|   | Internal/Psychological | Motivation, Perception, Learning, Personality, Attitudes   |
|   | External/ Social       | Culture, Social class, Reference groups, Family  |
|   | Situational Physical   | Surroundings, Social surroundings, Temporal perspective, Task definition, Antecedent states      |

Source: Trends of Economic and Management, Volume 3, Number 4

- ✓ **Buying Behaviour Process:** According to Preeti Sehgal and Neha Singh (2010)

- ✓ **Identification of Need:** The organisation should identify the difference between actual need of the people and quantity of accessible goods to meet the need.
- ✓ **Identification of Sources:** Consumers should search for the best alternatives available to meet the need by using internal and external sources like friends, relatives and promotional tools.
- ✓ **Alternative Evaluation:** Consumer should evaluate the features of varied products and services in terms of quality, brand, durability, price etc. and decide about his preference to buy.
- ✓ **Purchase Decision:** Based on the result of his evaluation consumer plans to purchase the good or avail the service which is utmost beneficial in terms of design, colour, price, mode of delivery, durability, warranty etc.
- ✓ **Purchase:** After planning, consumer may take time to purchase the goods by paying the set consideration. In some cases, purchase decision and purchase may happen simultaneously.
- ✓ **Evaluation of Post Purchase Decision:** After the purchase of any good the consumer will start evaluating his own purchase decision by reviewing about his purchase decision with other peer group members. If the post purchase decision seems to be positive it obviously directs towards taking future buying decisions.

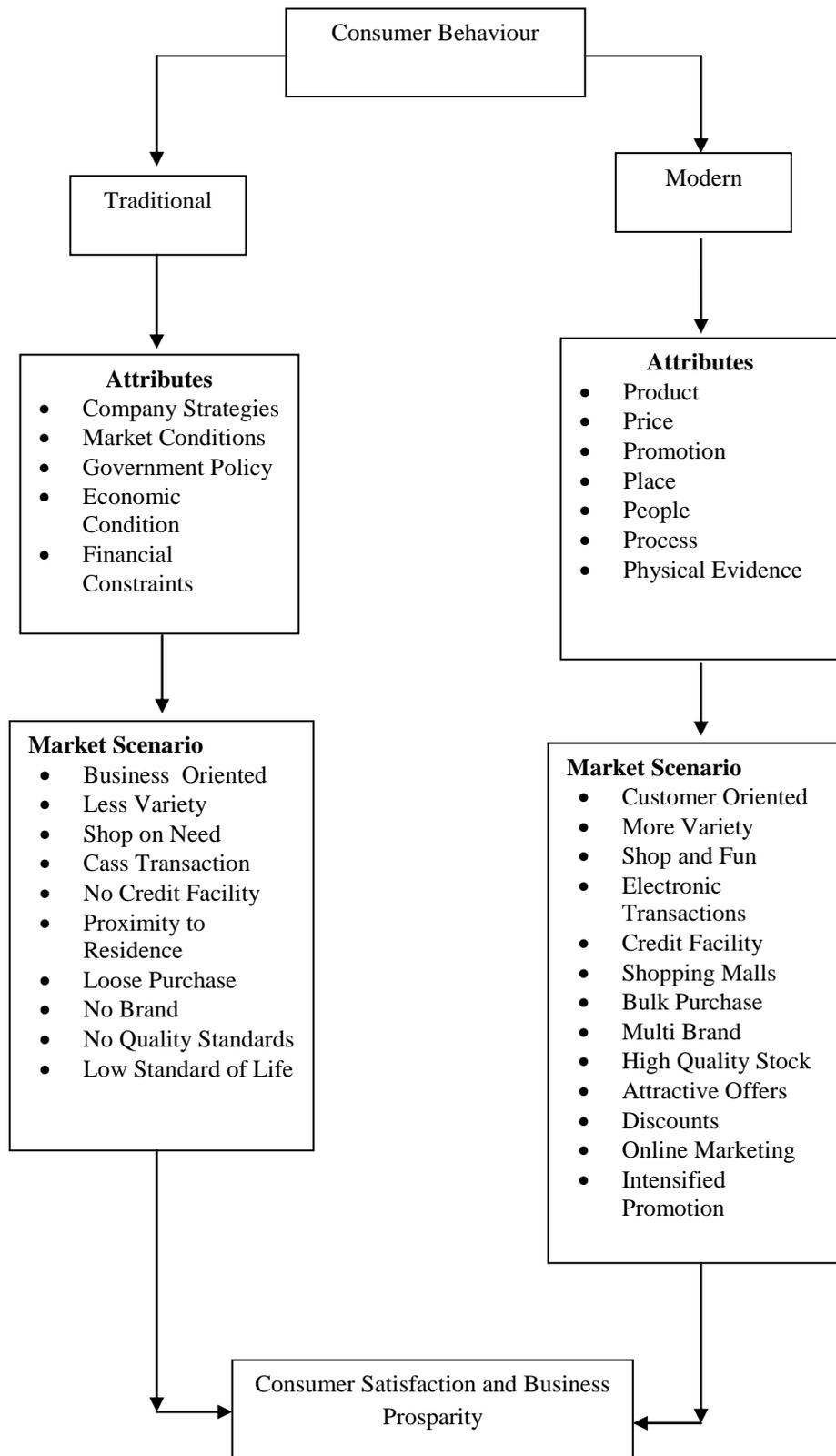
#### **6. Changing traits in Consumer Behaviour:**

The changing consumer behaviour started shaping retail business through creating new opportunities. Even though retail sector is predominantly unorganized in India, organized units started growing and became the preferred choice of consumers in the urban areas. Increased popularity of organized retail units is due to several factors. (Figure-01)

- ✓ **Environmental Consciousness:** According to Geetha and Annie Jenifer (2014) The advancement in education, social medias and awareness present consumers started depending on green products. They have started thinking about controlling global warming, pollution free environment and sustainable growth of environment. This change in consumer behaviour has emerged for a new trend of eco-friendly purchase and sale.
- ✓ **Economic Implications:** According to Jane Priest, Stephen Carter, David A. Statt, (2013) Economic liberalization allowed the entry of multinationals for cash and carry business and single brand retailing. These companies took the advantage of India's low cost labour and raw materials to create a sourcing hub and market for their products. Increase in the income and growing brand consciousness among the middle and higher income groups has contributed hugely towards retail income. Changing occupation and income has changed the consumers buying behaviour. Due to more employment of urban women have increased disposable income to force consumerism. Due to more working women and greater work pressure higher adjustment is sought in the food habits between cooked food and ready to eat food due to the convenience and comfort.
- ✓ **Social System:** Usually society influence upon the behaviour of individual. Due to change in the life standards, taste, changing trends, relationships, family structure adversely changes the consumer preferences. According to Sunanda Sharma (2012) Social and cultural factors such as nuclear families, education, empowerment, entrepreneurship, made shopping to be pro active. Customers started thinking about convenience in shopping through super markets, to purchase daily necessities under one roof. Even the size and composition of the shopping basket have changed over the time. Due to constraints, families are looking for shopping with entertainment, giving way for malls and multiplexes.
- ✓ **Green Marketing:** The business strategies are changed to reach consumers intensively through the high concern towards environmental protection through green marketing as a tool to be competitive to attain sustainable growth. The vision of Green marketing is doing business along with protecting ecological environment. Present day customers need to be socially responsible by consciously working for the cause of environmental protection. The business based on modern trends that have created global pressure upon employers to be environmental friendly. Now, more companies aim to produce consumer and Industrial Goods which are less hazardous to the environment. Every company is eventually shifting towards becoming green to enjoy the early mover advantages offered by regulating bodies. Green Marketing ensures long run sustainability and profitability. It is multi beneficial with reduced cost, encourages accessibility to new markets with competitive advantage, increase morale of employee for being a part of environmental cause, and satisfies the customer with health products and services.

Figure 1: Consumer behaviour Model in changing market scenario

Based on Krishna Mohan Sharma, Kunal Bhattacharya, Vandana Sonwaney model this model has been developed



**7. Analysis and Discussion:**

Indian retail sector is highly influenced by the following consumer behaviour to create impact upon the Indian Market. India experience different shopping values for the consumable and durable products. Utilitarian shopping has started giving way to hedonic shopping' with the emergence of organized retailing. Add-on features in modern retail stores created insignificant impact on actual sales as the consumers prefer 'value for money' while shopping. Retail service quality has assumed the central role in shaping the consumers' perception, sales conversion rate, repeat sales and overall shopping satisfaction. Socio-cultural differences, coupled with

other demographic and psychographic factors, are influencing buying behavior and choice of the store even after the emergence of egalitarian shopping malls. In India Home care products, Personal utilities, Food and Beverages, Cigarettes and Alcohols are the most fast moving Consumable goods. Those companies which produce fast moving consumer goods in India has huge turnover during 2017 (Table-02).

Table 2: Turnover of Fast Moving Consumer Goods Companies in India for (Jan-March) 2017

| S.No | Name of the Company     | Business                                   | Turnover             |
|------|-------------------------|--|----------------------|
| 1    | Nestle                  | Food, Dairy Products and Coffee            | 87.0 Billion Dollar  |
| 2    | Colgate- Palmolive      | Personal care                              | 17.08 Billion Dollar |
| 3    | ITC                     | Tobacco, Hotels and Personal care          | 7.0 Billion Dollar   |
| 4    | Hindustan Uniliver      | Food, Beverage and Personal care           | 4.0 Billion Dollar   |
| 5    | Godrej Group            | Personal care, Real estate and Engineering | 4.0 Billion Dollar   |
| 6    | Amul                    | Dairy Products                             | 2.15Billion Dollar   |
| 7    | Parle Agro              | Food and Beverages                         | 1 Billion Dollar     |
| 8    | Marico Limited          | Oil and Personal care                      | 850 Million Dollar   |
| 9    | Pathanjali Ayurveda Ltd | Food and Personal care                     | 740 Million Dollar   |
| 10   | Britania                | Food items and Dairy Products              | 730 Million Dollar   |

Source: Top 10 FMCG Companies in India 2017, Posted in Top Brand Lists

Table 03 shows information about fast moving consumable goods manufacturing Industrial ranking for the year 2014-15. Among the top ten companies ITC stood first and Emami stood in the Tenth Place. Glaxosmith company stood in the sixth place for the year 2015 but the same company could not come in the top 10 list in the year 2014. In 2014, Proter& Gambler stood in the tenth place instead of Glaxosmith. ITC recorded the highest profit of 8785.21 crores in 2015 and Emami with 398.23 crores but in 2014, Proter & Gambler recorded 1700 crores sales with 207 crore profit.

Table 3: Top 10 Fast Moving Consumable Goods Manufacturing Industrial Ranking based on Sales and Profit for the year 2014 & 2015

| S.No | Ranking |      | Company              | Sales     | Profit    | Sales     | Profit    |
|------|---------|------|----------------------|-----------|-----------|-----------|-----------|
|      | 2015    | 2014 |                      | 2015 (Cr) | 2015 (Cr) | 2014 (Cr) | 2014 (Cr) |
| 1.   | I       | I    | ITC                  | 33238.60  | 8785.21   | 29901     | 7418      |
| 2.   | II      | II   | Hindustan Uniliver   | 28019.13  | 3867.49   | 28019     | 3867      |
| 3.   | III     | III  | Nestle               | 9854.84   | 1184.69   | 9101      | 1117      |
| 4.   | IV      | IV   | Britannia Industries | 6307.39   | 369.83    | 5615      | 233       |
| 5.   | V       | V    | Dabur                | 4870.08   | 672.1     | 4349      | 590       |
| 6.   | VI      | Nil  | Glaxosmith           | 4868.57   | 674.75    | Nil       | Nil       |
| 7.   | VII     | VI   | Godrej               | 4079.84   | 564.84    | 3581      | 510       |
| 8.   | VIII    | VII  | Marico               | 3682.49   | 577.22    | 1069      | 141       |
| 9.   | IX      | VIII | Colgate-Palmolive    | 3578.81   | 539.87    | 3159      | 496       |
| 10.  | X       | IX   | Emami                | 1705.08   | 398.23    | 1627      | 221       |
| 11.  | Nil     | X    | Proter& Gambler      | Nil       | Nil       | 1700      | 207       |

Source: Top Brand List of Fast Moving Consumer Goods Companies in India 2014 & 2015.

## 8. Conclusion:

Every organisation should try to meet future consumer needs with the help of advancing technology. It should reserve huge capital to cope up with the changing consumer behaviour. Sustainable business growth is possible only through the vision of the organisation rather than depending only upon marketing strategies. Business always should be ecologically friendly to gear up future gains. The research wing should assess the market trends frequently. All the products should be concentrated with respect to quality instead of following rivalry competition. Customers are ready to pay any amount for the quality products. Superior and right marketing mix should be used to meet customer needs with complete satisfaction. Change in consumer behaviour will highly influence upon the sales of the company. Grabbing more market share is possible only through consumer centric business.

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