CHAPTER – III

CONSUMER BEHAVIOUR IN INDIA AND FAST MOVING CONSUMER GOODS (FMCGS) MARKET SCENARIO

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CHAPTER – III
CONSUMER BEHAVIOUR IN INDIA AND FAST MOVING
CONSUMER GOODS (FMCG) MARKET SCENARIO

This chapter highlights consumer behaviour in India and changing trends; Consumers’ spending behaviour in India; comprehend the constituents & characteristics of FMCGs and Characteristics of Indian FMCG sector; Scope and prospects of FMCG sector in India and role of Indian consumers’ class in FMCG

3.1 INTRODUCTION
Consumer behaviour is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people’s wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. Buying Behavior is the decision processes and acts of people involved in buying and using products. In respect of consumer behaviour the marketers always need to understand: why consumers make the purchases that they make? What factors influence consumer purchases? And the changing factors in the society. Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

- Buyers’ reactions to a firms marketing strategy has a great impact on the firm’s success.
- The marketing concept stresses that a firm should create a Marketing Mix (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.
Possibly the most challenging concept in the marketing is to deal with understanding the buyers’ behavior. Attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. An important and recent development in India’s consumerism is the emergence of the rural market for several basic consumer goods. The Indian middle class has provided a big boost to the consumer culture during the recent past and it is hoped that their buying behavior will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also increasing. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to the services and industry sector where growth prospects are reasonably high as compared to the agriculture sector which is showing slow growth.

The consumption pattern of the country depends on liberalization of economic policies, buying habits of the younger generation, financial independence at a young age, increase in number of nuclear families and increase in media exposure of the people. The tastes and preferences of the current generation are changing rapidly. The current generation does not mind paying extra for better facilities and ambience. Another major factor that has led to increased consumerism is the growth of credit culture in India. The Indian consumer does not feel shy to purchase products on credit and pay tomorrow for what they use or buy today. This tendency has led to a tremendous increase in purchase of homes, cars, two-wheelers and consumer goods. The market for luxury products in India is also climbing at an astonishing rate as compared to a decade ago when it was almost negligible. The reason behind this is that the purchasing power of people of India is rising very steeply. The Indian consumer today is highly aware about the brand, product, price, quality, associate services and the options available with them. Consumers do not make their decisions in a vacuum. Their purchases are highly influenced by cultural social, personal, and psychological factors. The purchasing is done with keeping all these factors in mind. Today, price is not the only consideration as it was a few years back when prices played a major role in purchasing. Marketers are trying hard to capture this ever increasing Indian middle class as they form the bulk of consumers.

3.2 APPLYING CONSUMER BEHAVIOUR KNOWLEDGE

(1) Consumer behaviour knowledge is applied in Marketing Management. A sound understanding of the consumer behaviour is essential to the long-term success of any marketing programme. It is the corner stone of marketing concept which stress on
consumer wants and needs, target market selection, integrated marketing and profits through the satisfaction of the consumers.

(2) Consumer behaviour is also important in non-profit and social organizations. Such organizations are govt. agencies, religious organizations, universities and charitable organizations.

(3) Consumer behaviour is applied to improve the performance of government agencies as well. For instance, the performance of government transportation is poor. It can be improved by knowing the needs and wants of the consumers. Same can be applied to other organizations like universities and charitable organizations.

(4) Consumer behaviour also helps in marketing of various goods which are in scarcity. People are made aware that gas, fuel, water and natural resources are in scarcity. Consumers are encouraged to reduce their consumption of these commodities.

(5) Consumer benefit from the investigation of their own behaviour. When the consumer learns so many variables affect his behaviour. He gets educated and understands better how to affect his own behaviour. What is learnt about consumer behaviour also benefit consumer in a formal sense.

There can be many benefits of a product, for example, for owning a motor bike, one can be looking for ease of transportation, status, pleasure, comfort and feeling of ownership. The cost is the amount of money paid for the bike, the cost of maintenance, gasoline, parking, risk of injury in case of an accident, pollution and frustration such as traffic jams. The difference between this total benefit and total cost constitutes the customer value. The idea is to provide superior customer value and this requires the formulation of a marketing strategy. The entire process consists of market analysis, which leads to target market selection, and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product (a set of entire characteristics) is offered. The total product creates an image in the mind of the consumer, who undergoes a decision process which leads to the outcome in terms of satisfaction or dissatisfaction, which reflects on the sales and image of the product or brand.

Figure 3.1 gives in detail the shaping of consumer behaviour, which leads a consumer to react in certain ways and he makes a decision, keeping the situations in mind. The process of decision-making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the product/service.
The figure shows the consumer life style in the centre of the circle. The consumer and his life style are influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumer’s emotions, personality motives of buying, perception and learning. Consumer is also influenced by the marketing activities and efforts of the marketer. All these factors lead to the formation of attitudes and needs of the consumer.

3.3 DIFFERENT SEGMENTS OF INDIAN CONSUMERS

The different segments associated with the Indian consumers are:

- The Socialites,
- The conservatives,
- The working woman

The Socialites: Socialites belong to the upper class. They prefer to shop in specialty stores, go to clubs on weekends, and spend a good amount on luxury goods. They are always looking for something different. They are the darlings of exclusive establishments. They go
for high value, exclusive products. Socialites are also very branding conscious and would go only for the best known in the market.

**The conservatives:** The Conservatives belong to the middle class. The conservative segment is the reflection of the true Indian culture. They are traditional in their outlook, cautious in their approach towards purchases; spend more time with family than in partying and focus more on savings than spending. Slow in decision making, they seek a lot of information before making any purchase. They look for durability and functionality but at the same time are also images conscious. They prefer high value consumer products, but often have to settle for the more affordable one. These habits in turn affect their purchasing habits where they are trying to go for the middle and upper middle level priced products.

**The working woman:** The working woman segment is the one, which has seen a tremendous growth in the late nineties. This segment has opened the floodgates for the Indian retailers. The working woman today has grown out of her long-standing image of being the homemaker. Today, she is rubbing shoulders with men, proving herself to be equally good, if not better. Working women have their own mind in decision to purchase the products that appeal to them.

### 3.4 CONSUMER BEHAVIOUR IN INDIA

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

1. **Cultural Factors**

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

*Culture:* Basically, culture is the part of every society and is the important cause of person wants and behavior. Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by
individuals. It has certain characteristics and is transmitted from one generation to another. It is a comprehensive concept and includes all those things that influence an individual in his thinking and behaviour, e.g., People in the western world has a different culture than those in the east. Their behaviour, living style and decision making is different from those in the eastern countries. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Subculture: Within a culture there exist more homogeneous subgroups. These groups have their own values, customs & traditions and other ways of behaviour that are peculiar to a particular group within a culture. Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. For instance, the Hindus in India have a certain pattern of living, values, food habits, clothing they wear and the language they speak. Culture is a broad term; we have American culture, Japanese culture, European culture, Asian culture, culture of the Far East, Middle East, African culture and many more. These cultures are divided into subgroups and are known as the subculture. The division of these groups helps to assess the need of the subcultures more accurately and effectively and marketing becomes easier. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

Social Class: The buying behaviour of individuals and groups are strongly influenced by the social class to which they belong, or aspire to belong. Social class is also linked to demographic and geographic data. These classes are found living in clusters and have relatively homogeneous geo-demographic segments in terms of housing, urbanization and other, viz. class difference in status is symbolic for food, housing, clothing, purchases, and lifestyle. A social class refers to a social position that an individual occupies in a society. Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. People belonging to a social class have many characteristics, such as education, occupation, ownership of property and source of income. We, in India have many social classes and these divide the society into a hierarchy of classes, varying from the high class to low. The members within each group have almost the same status, income, buying characteristics. Social class influences the decision-making of groups and individuals.
We are aware of our social class to a certain extent, which gives us an idea of our status. Social class is a reality of life. It reflects on the marketing behaviour of consumers. The products we buy, the style we prefer the stores we visit and want to buy from.

The concept of social class involves families rather than individuals. Members of the same family enjoy the same status, as they belong to the same social class and share the same house, share a common income and have similar values. These characteristics effect their relationship with others. Social class results from large groups in a population sharing approximately the same life styles, which are stratified according to their social status and prestige. All countries and societies have variations in social standing—many countries, including China, tried to have a classless society but not with great success. Social stratification is thus a reality of life.

**Exhibit 3.2: Shared behaviour**

![Shared behaviour diagram](image)

**Source: Consumer Behaviour, Hawkins, Best and Coney (2011)**

As shown in Fig. 3.2, the behaviour of all social classes is unique within themselves. By unique behaviour we mean that each social class has its own pattern of purchase, education, occupation, recreation, etc. This is important to marketers, in order to understand the needs of the consumer, and accordingly to frame a marketing strategy. There is much behaviour, that is common between social classes, and all social classes behave in a similar manner without much difference. This is shared behaviour. Excluded behaviour is one which the social classes do not indulge in. They try to avoid that behaviour, as it is against their standards and norms.

2. Social Factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.
Reference Groups: Reference group is a group of people whom you refer to, while making buying decisions. They help you in buying items like clothing, etc. Reference groups influence consumer behaviour by building aspirations for the individual and, helping him to choose the product for a particular lifestyle. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics). They are small groups and consist of family, close friends, work groups, neighbours or any other group of people you associate with. These groups regulate the lives and set standards for norms and conduct. In a family, influence is exerted by the members of the family in the purchase consumption process. Reference groups affect consumers by imparting information and by influencing value expressive needs of the consumers. If one wants to be a member of the group, one has to conform to the standards of the group. Their values and attitudes have to be appreciated and adopted, and one tends to buy and use the products which the group uses and appreciates. More homogeneous groups or group members having similar characteristics are more susceptible to attitude changes than the groups whose members are less homogeneous. Some individuals have a strong sense of identification with a group because they derive strong material or psychological benefit by being associated with that group. Sometimes, there are pressures of buying, known as conformity pressures, and one adheres to the norms of the group. Conformity pressures can be noticed with norms set by schools and colleges, other membership organization. These can be exerted directly or indirectly on the members of the group.

Family: Buyer behavior is strongly influenced by the family or member of a family. Family is a social group. It is also an earning, consuming and decision-making unit. All purchases are influenced by family members. Family is a closely-knit unit, and the bonds in a family are more powerful than in other groups. A reciprocal influence operates in all family decisions. There are three main influences which are father, mother and other family members. Every member has his own motives, beliefs and predisposition to the decision process. Every member is influenced and influences other family members. There is a reciprocal influence exerted in the decision process other family members. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

Roles and Status: Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman
is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

3. Personal Factors

Each individual processes the information received in different ways and evaluates the products in his own personal way. This is irrespective of the influence of the family, social class, cultural heritage, etc. His own personality ultimately influences his decision. He can have his personal reasons for likes, dislikes, price, convenience or status. Some individuals may lay greater emphasis on price, others on quality, still others on status, symbol, convenience of the product, etc. Personal influences go a long way in the purchase of a product. Thus Personal factors can affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

Age: Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

Occupation: The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation: Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle: Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

Personality: Personality is another internal determinant which influences our consumption pattern. We tend to use products that go with our personality. Personality changes from person to person, time to time and place to place. Personality may be defined as those inner psychological characteristics that determine and reflect how a person responds to his or her environment. Inner characteristics are those specific qualities and attributes traits, factors, mannerisms that distinguish one person from another. Personality influences the individual’s
product choices and brand choices. It also responds to a firm’s promotional efforts and, when and how they consume particular products or, services. Therefore it can greatly influence the buying behavior of customers. By associating personality characteristics with consumer behaviour, a marketer can formulate marketing strategies in an effective manner.

4. Psychological Factors:

There are four important psychological factors affecting the consumer buying behavior. These are: motivation & involvement, perception, learning, beliefs and attitudes.

**Motivation & involvement:** In a society, different consumers exhibit different consumer behaviour because they are unique and have unique sets of needs. Motivation is that internal force that activates some needs and provides direction of behaviour towards fulfillment of these needs. The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

Involvement refers to the personal relevance or importance of a product or a service that a consumer perceives in a given situation. Depending on the value and personal interest, a consumer can have a high or low involvement. For a professional photographer the choice of a camera is made with great care. He buys a camera with the right specifications and attributes. For another person the recording of family and other events by a camera which is convenient and handy.

**Perception:** Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

**Beliefs and Attitudes:** Customer possesses specific belief and attitude towards various products. These are learned predispositions towards people, objects and events. Attitudes are responsible for our responses and are not inborn but are learnt from people around us. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.
3.5 RECENT TRENDS IN MARKETING STRATEGIES APPLICABLE AMONG INDIAN CONSUMERS

*Online Shopping:* Currently, the most suitable marketing strategies applicable is internet marketing because it has been seen that the Indian consumers are buying products through online for example; greeting cards, clothes, CDs/VCDs/DVDs, cassettes, books, magazines, medicine and educational material. The popular online shops in India include: www.ebay.in, www.shopping.rediff.com, www.reliablegreetings.com, www.shopping.expomarkets.com.

*Celebrity Influence:* This is an important tool which is able to influence Indian consumer buying behavior. With the visual media becoming more popular the use of celebrities in the TV media has increased. Celebrities create headlines. Their activities and movements are being closely watched and imitated. It is not surprising therefore that using celebrities in advertisements has become common practice. In India especially, it is not difficult to look for the reasons as to why companies are increasingly using celebrities. Consumers like advertisements more if they are admirers of the celebrities in the advertisements. When people see their favored reference group members or celebrities in the advertisements, they pay more attention to them. Celebrities may also help reposition products.

*Quality Oriented Outlet:* Indian consumers looking for quality choose expensive brands as they feel that price is an indicator of quality. However, in the absence of well known brands in selected product range, consumers are likely to take cues from well established retail outlets hoping that these outlets carry quality products.

*Freebies:* Indian consumer buying behavior is influenced by freebies. Freebies are consumer products given free as gifts for purchasing selected products above a certain value. TVs, washing machines, refrigerators, and readymade clothes are some of the product categories in which freebies are given to Indian consumers.

*Eco-friendly Products:* The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.
3.6 CHANGING TRENDS IN INDIAN CONSUMER BEHAVIOUR

An individual's choice is a product of its demographics, social and cultural factors. The Indian consumers have gone through radical shift in their socio-cultural behaviour as a result of growing globalization and cultural borrowing. With globalization, culture becomes predominantly important strategic issue in market that has to be faced and properly managed (Banerjee, 2008). Every decade since Indian independence has been marked by the substantial shifts in the business environment of the nation. The era from fifties to late sixties has been marked by shift from agricultural economy to industrial economy. Early seventies to late eighties heralded the age of growing professionalism and birth of many iconic Indian brands into the marketplace (Prasad, 2008). The post liberalization phase in India has gone through plenty of changes in market place. This phase has not only spotted the massive inflow of brands coming from various countries all around the globe but has also observed the changing consumers and evolving trends in the consumer behaviour. There exists a gap between the realities of socio-cultural change and the picture of society reflected in earlier marketing plans and advertising campaigns. Many marketing specialists who pride themselves on their pragmatism and realism have not related their day-to-day marketing activities to the facts of these changes (Bartos, 1978).

The technological advancements, media revolution, quality orientation, service work culture and unbeaten fierce competition have educated the customers like never before (Akula, 2008). This time period has seen lot many transitions in the market from the days of Nirma to Maruti Suzuki to Dabar lal dant manjan to Sunsilkgangofgirls.com (Agarwal, 2008). Present day customers have matured from those seeking for the satisfaction to those who want to be delighted by their marketers. The products needed, the brands desired, the way of approaching and consuming them have transformed radically. The latest socio-cultural trends of society, proliferating brands, growing economy has created both opportunities and challenges for the marketers. Now marketers constantly have to think of innovative ways to reach the mind of customers (Jayswal & Salvi, 2007). Urbanization is taking place in India at a dramatic pace and is influencing the life style and buying behavior of the consumers. The working urbanites are depending more on fast and ready to-serve food, they take less pain in traditional method of cooking and cleaning. Bulk purchases from hyper stores seem to be the trend these days, rather than frequent visits to the neighborhood market/store/vendor. The paradigm shift in social dimensions over the years has brought significant changes in the Indian society's attitudes toward the roles of various members of the society. These changes are much more prominent in older generations of India. The current urban middle and upper
class Indian consumer buying behavior to a large extent has western influence. There is an increase in positive attitude towards western trends. The Indian consumer has become much more open-minded and experimental in his/her perspective. There is an exponential growth of western trend reaching the Indian consumer by way of the media and Indians working abroad. Foreign brands have gained wide consumer acceptance in India, they include items such as; Beverages, Packed food, Ready to eat food, Pre-cooked food, Canned food, Personal care products, Audio/video products, Garment and apparel, Footwear, Sportswear, Toys and Gift items.

3.7 CONSUMERS’ SPENDING BEHAVIOUR IN INDIA
The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) are falling. Other items have increased in importance, for example, medical and healthcare spending has increased from total expenditure over the same period. Similarly spending on transport and communication has increased. For urban India, per capita 30 days’ consumer expenditure was split up into food, and for non-food. Food expenditure includes cereals and cereal substitutes, milk, milk products, vegetables, edible oil and others. Non-food expenditure included fuel and light, and rest on clothing, footwear and on other non-food expenditure. In India, the higher income group spends more amount of their income on luxury gods and trendy products than fact moving consumer products. The middle income group spends more on consumer expendables than the rich (Kumari, 2012).

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labeled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market. Indian consumers have a high degree of family orientation. Brands with identities that support family values tend to be popular and accepted easily in the Indian market. Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant that values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers. Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands. Consumers are highly involved when the product is expensive, risky, purchased infrequently, and highly self expressive. Thus buyer will have to pass through a learning process, first developing beliefs about the product, then attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers. They need to
help buyers learn about product-class attributes and their relative importance, and about what
the company's brand offers on the important attributes. Marketers need to differentiate their
brand's features, perhaps by describing the brand's benefits using print media with long copy.
They must motivate store salespeople and the buyer's acquaintances to influence the final
brand choice. Dissonance can also reduce the buying behavior which occurs when
consumers are highly involved with an expensive, infrequent, or risky purchase, but see little
difference among brands. After the purchase, consumers might experience post purchase
dissonance when they notice certain disadvantages of the purchased carpet brand or hear
favorable things about brands not purchased. To counter such dissonance, the marketer's
after-sale communications should provide evidence and support to help consumers feel good
about their brand choices. Habitual buying behavior also occurs among the certain group of
the population under conditions of low consumer involvement and little significant brand
difference. For example, take salt. In such cases, consumer behavior does not pass through
the usual belief-attitude-behavior sequence. Consumers do not search extensively for
information about the brands, evaluate brand characteristics, and make weighty decisions
about which brands to buy. Instead, they passively receive information as they watch
television or read magazines. Thus, the buying process involves brand beliefs formed by
passive learning, followed by purchase behavior, which may or may not be followed by
evaluation. Visual symbols and imagery are important because they can be remembered
easily and associated with the brand. Ad campaigns should include high repetition of short-
duration messages. Television is usually more effective than print media because it is a low-
involvement medium suitable for passive learning.

3.8 FAST MOVING CONSUMER GOODS (FMCGs) - AN INTRODUCTION

FMCG is the abbreviated form of fast moving consumer goods. In West, FMCG is also called
consumer packaged goods. Any product that is used very frequently, sometimes daily and
move relatively faster (consumption at least once in a month) at the retailer end can be
classified as FMCG. Examples are soap, toothpaste, batteries, beverages, cigarettes etc. Thus,
FMCGs are essential, low price goods which get repeat sales.

FMCGs are also termed as non-durable goods – a tangible item that is quickly consumed,
worn out or outdated and consumed in single use or few uses (Majumder, 1998). Consumer
products used for personal, family or household use are further classified as three types:
convenience, shopping and specialty categories (Copeland, 1923). FMCG are also called as
‘consumables’ that are consumed by the consumer, typically sold in packaged form and
generally branded.
With respect to consumer behavior towards this category, consumers tend to spend minimum effort in comparison and buying them. But much of astute marketing activities have evolved from these products, where consumers show low involvement, get wider choice and are allured by a host of inducements (Majumdar, 1998)

3.8.1 FMCGs Category and products: The fast moving consumer goods (FMCGs) category and products are delineates below in the table 3.1.

Table-3.1: FMCGs Category and products

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Care</td>
<td>Fabric wash (laundry soaps and synthetic detergents); household cleaners (dish/utensil cleaners, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish and furniture polish).</td>
</tr>
<tr>
<td>Food and Beverages</td>
<td>Health beverages; soft drinks; staples/cereals; bakery products (biscuits, bread, cakes); snack food; chocolates; ice cream; tea; coffee; soft drinks; processed fruits, vegetables; dairy products; bottled water; branded flour; branded rice; branded sugar; juices etc.</td>
</tr>
<tr>
<td>Personal Care</td>
<td>Oral care, hair care, skin care, personal wash (soaps); cosmetics and toiletries; deodorants; perfumes; feminine hygiene; paper products.</td>
</tr>
</tbody>
</table>

Source: *India Brand Equity Foundation (IBEF)*

3.8.2 Characteristics of FMCG:

The characteristics allied with fast moving consumer goods (FMCGs) are-

- FMCG industry is characterized by a few distinct factors:
- The sector touches every aspect of human life, looks to hygiene to palate.
- This industry is characterized by a strong focus on the four Ps Product, pricing, place and Promotion.
- It is a high volume, low value driven industry in most categories.
- It is brand driven, rather than product driven.
- The capital investment required in plant and machinery is not high and any reasonably sized industrial house can enter the industry in manufacturing.
- The major area in the area of marketing: brand building and promotion.
- Distribution network is extremely vital for the success of an organization in the industry.
3.9 FAST MOVING CONSUMER GOODS (FMCGs) SECTOR AND INDIA

The Fast Moving Consumer Goods (FMCG) sector is a cornerstone of the Indian economy. This sector touches every aspect of human life. The FMCG producers have realized that there is ample opportunity for them to enter into the rural market. Today we notice this shift towards branded FMCGs in rural areas as a result of Socio Economic & Political changes in the last 5 years. This has made rural areas more viable markets even compared to urban areas. The Socio Economic and Political changes contributed to a great extent for changes in the life styles of countryside people who patronized branded FMCG products. The Government policies to promote education in rural areas enhanced their brand awareness due to the presence of at least one higher education pursuing student in their family or neighbouring family. The different Government policies are also being helpful for rural people contributed in enhancing people's income followed by a change in their lifestyles resulted in patronizing the branded products (Jain & Sharma, 2012).

According to the National Council of Applied Economic Research (NCAER) about 70 per cent of Indian population living in villages, India has perhaps the largest potential rural market in the world. It has as many as 47,000 haats (congregation markets), compared to 35,000 supermarkets in the US. And of the total FMCGs demand in India, nearly 53 per cent comes from the rural market. At present Indian FMCG sector is worth Rs. 1300 billion and expected to be around a whopping value of Rs. 4000 to Rs. 6000 billion by 2020. Henceforth FMCG and its closest companion Retail sector, both are likely to create most of the jobs in India in the coming years primarily in functions like marketing, sales, advertising, supply chain, logistics, human resources, product packaging and development, finance, operations, general management, supervising and so on.

3.9.1 Characteristics of Indian FMCGs sector:
The Indian Fast Moving Consumer Goods (FMCGs) industry began to shape during the last fifty-odd years. The FMCG sector is a cornerstone of the Indian economy. This sector touches every aspect of human life.

FMCG companies in India have always enjoyed a vast potential market because of the large population of the country. The improved economic situation of both the rural and urban consumers has helped FMCG companies to further expand their market to the hinterlands of the country. The Indian FMCG companies enjoy a diverse industrial base and offer a variety of products to consumers, namely toiletries, personal care products, soaps, detergents, oral hygiene, packaged foods, beverages, grooming products, healthcare products, plastic products, bulbs, batteries, glassware etc. It is the fourth largest sector in India, creating [73]
employment for more than 3 million people in the country with a market size of over Rs 110,000 crore (around $22 billion) and is estimated to grow to over Rs 185,000 crore (around $37 billion) by 2014. FMCG Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments (Kavitha, 2012).

3.9.2 Distinguishing features of Indian FMCG Business

FMCG companies sell their products directly to consumers. Major features that distinguish this sector from the others include the following:

1. Design and Manufacturing:
   a. Low Capital Intensity - Most product categories in FMCG require relatively minor investment in plant and machinery and other fixed assets. Also, the business has low working capital intensity as bulk of sales from manufacturing take place on a cash basis.
   b. Technology - Basic technology for manufacturing is easily available. Also, technology for most products has been fairly stable. Modifications and improvements rarely change the basic process.
   c. Third-party Manufacturing - Manufacturing of products by third party vendors is quite common. Benefits associated with third party manufacturing include (1) flexibility in production and inventory planning; (2) flexibility in controlling labor costs; and (3) logistics - sometimes it’s essential to get certain products manufactured near the market.

2. Marketing and Distribution:

Marketing function is sacrosanct in case of FMCG companies. Major features of the marketing function include the following:

a. High Initial Launch Cost - New products require a large front-ended investment in product development, market research, test marketing and launch. Creating awareness and develop franchise for a new brand requires enormous initial expenditure on launch advertisements, free samples and product promotions. Launch costs are as high as 50-100% of revenue in the first year. For established brands, advertisement expenditure varies from 5 - 12% depending on the categories.

b. Limited Mass Media Options - The challenge associated with the launch and/or brand-building initiatives is that few no mass media options. TV reaches 67% of urban consumers and 35% of rural consumers. Alternatives like wall paintings, theatres, video vehicles, special packaging and consumer promotions become an expensive but required activity associated with a successful FMCG.
c. **Huge Distribution Network** - India is home to six million retail outlets, including 2 million in 5,160 towns and four million in 627,000 villages. Super markets virtually do not exist in India. This makes logistics particularly for new players extremely difficult. It also makes new product launches difficult since retailers are reluctant to allocate resources and time to slow moving products. Critical factors for success are the ability to build, develop, and maintain a robust distribution network.

3. **Competition:**

**Significant Presence of Unorganized Sector**

Factors that enable small, unorganized players with local presence to flourish include the following:

a. Basic technology for most products is fairly simple and easily available.

b. The small-scale sector in India enjoys exemption/ lower rates of excise duty, sales tax etc. This makes them more price competitive vis-à-vis the organized sector.

c. A highly scattered market and poor transport infrastructure limits the ability of MNCs and National players to reach out to remote rural areas and small towns.

d. Low brand awareness enables local players to market their spurious look-alike brands.

e. Lower overheads due to limited geography, family management, focused product lines and minimum expenditure on marketing.

3.10 **EVOLUTION OF INDIAN FMCG INDUSTRY**

The historical evolution and growth of Indian FMCG Company can be classified distinctly in to two periods:

1. Pre- liberalization period (prior to 1991).


3.10.1 **Characteristic of the Indian FMCG Industry during Pre- liberalization period:**

Although purely Indian companies started the FMCG industry, but it was a MNC backed company that drove the FMCG evolution in India by achieving a product depth as well as market width in the pre- liberalization period.

MNCs were allowed to operate in India in the FMCG sector in the pre-liberalization period but very few chose to set up proper manufacturing base in the country ; reasons being a small urban –demand driven market and a cumbersome a protectionist regulatory environment in the country . MNCs however were present in only a select few categories in the country. Most FMCG categories went unrepresented by any large player and as such remained largely dominated by unorganized players. The reasons were evident:
a. Huge and diverse market
b. Strong need for localization
c. Difficult operational environment
d. Pro-small industrial policy
e. Policy treatment to the sector as MNC-dominated, luxury goods sector, which attracted higher taxes and duties.

Therefore the characteristics of pre-liberalization FMCG sector can be summarize as –

a. Dominance of unorganized sector on the manufacturing side
b. Limited investment
c. Complex policies on account of over regulated business environment
d. Low penetration in rural sector
e. High product prices driven by high cost of manufacturing, distribution and taxation
f. Low innovations in marketing.

3.10.2 Characteristic of the Indian FMCG Industry during Post-liberalization period:

The FMCG sector got a huge facelift in the post liberalization era. Economic reforms led to an overall increase in income levels in the country, pushing up the demand for FMCG goods. At the same time the market for FMCGs stagnated in Europe and the US; and India and other developing countries have become the most tempting markets for multi nationals such as Unilever and P&G.

The changes that were brought in the industry structure on account of the transformation of macroeconomic regulatory environment in 1991 are as –

a. It become relatively easier to setup business in the sector
b. Organizations increasingly reaching deeper into the mass rural market
c. Increased penetration of various media in the rural areas enabling promotional effort in the rural market
d. Increased activity and investment by MNCs in India
e. Categories within categories were created in products (such as feminine hygiene products, men’s toiletries, processed foods etc), which were earlier not explored.
f. Price war amongst players for greater share of the Indian FMCG market.
g. Increase in product offerings
h. Many local and regional players also got market savvy and emerged as tough competitors for the national players
i. Emergence of customer centricity; FMCG players sought to come as close as possible to the end-consumer in terms of understanding various customer preferences, behavioral patterns, price sensitivities, etc.

Fast Moving Consumer Goods (FMCG) sector is the fourth largest sector in India touching everybody's life every day. With changing profile and mindset of Indian consumers, this sector has a constructive potential in the form of semi-urban, urban slums and emerging rural segment.

3.1 SCOPE OF FMCG INDUSTRY IN INDIA

FMCG Sector in India is one of the four largest sectors in Indian economy. The FMCG (Fast Moving Consumer Goods) companies have faced tough competition among themselves over the years which is continuously increasing. This is due to the increase in per capita income among individuals and also various developments in rural economy. The FMCG sector has changed its strategies and has opted for a more well-planned marketing of the products to penetrate both the rural and urban markets. To execute these tasks, the FMCGs companies are hiring more and more people which have led to an increase in the job prospects in this sector. Thus, FMCG sector is creating massive employment with good career prospects. Marketing, retail, sales, services and supply are the key areas which generates maximum career scopes in FMCG Industry in India.

3.12 PROSPECTS IN THE FMCG SECTOR IN INDIA

FMCG sector in the Indian rural market is one of the most booming sectors in Indian economy. The villages of India account for 12.2% of the world's population. The farm sector has been one of the significant sectors which boosted the rural economy resulting in the higher consumption of FMCG products. The consumers in both rural and urban sectors can afford high-priced branded products nowadays with the high disposable income. The FMCG sector in India has grown significantly in the year 2007 and this gave rise to huge prospects in the sector. The rural and urban sectors fared equally well in the processed food items in the year 2007. The rural market separately performed well in the personal care, fabric care, and hot beverages while the urban market did well in home care, personal care, bakery, dairy products, and the like.

3.13 ROLE OF INDIAN CONSUMERS CLASS IN FMCG

The FMCG sector has attracted a large number of consumers in both the urban and rural sectors in India the past few decades through better penetration and low-priced products. Various manufacturers of FMCG products are concentrating on increasing the sales volume due to the rising demand of the consumers. Creativity and innovation are the major attributes
required for success in the sector. Large-scale FMCGs companies have won the hearts of consumers by delivering high-end and innovative products at affordable range. Consumers play a crucial role in the Indian FMCG sector as the price band of each FMCG product is fixed depending largely on the consumer class which the particular company is targeting. A number of variants are offered by each brand in the FMCG sector. For example, the personal care, home care, bakery products, dairy products, processed foods are more consumed by the urban classes whereas the personal care items and fabric care are consumed more by the rural population. Some of the FMCGs companies like Nestle India, Cadbury, Procter & Gamble (P&G) and SmithKline Beecham offer high-priced branded products as these companies target the elite and upper middle class consumers. These high-priced branded products do not have high sales in the rural regions as much as it does in the urban section of India. The consumption of personal care items is high in the rural regions. High literacy rates and an increase in the per capita income of the inhabitants led to a rise in the consumption of the FMCG products in the country (Nagarajan & Sheriff, 2013).

3.14 SUMMARY REVIEW OF THE RESULT OF SOME RESEARCH STUDIES ON FAST MOVING CONSUMER GOODS (FMCGs)

Summary review of the result of some research studies on fast moving consumer goods (FMCGs) covering different aspects of this important market segment are offered below in the table-3.2 in order to have a glimpse of it in its various setup and perspectives.

<table>
<thead>
<tr>
<th>Author(s) / Year</th>
<th>Title of the Study</th>
<th>Findings</th>
</tr>
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<tbody>
<tr>
<td>Kavitha(2012)</td>
<td>A comparative study of growth, challenges and opportunities in FMCG of rural market</td>
<td>Marketers will need to evolve new strategies to connect and communicate with a more aware and unreserved Consumer than ever before, the study found. The demand or prospect could be increased further if these companies can change the consumer's mindset and offer new generation products. Thus we can safely suggest that the future drivers of growth are the rural markets for the FMCG sectors.</td>
</tr>
<tr>
<td>Rasool et al (2012)</td>
<td>Impact of advertisement on consumer behavior of FMCG in Lahore city</td>
<td>Consumer behavior sustains due to culture, when culture, traditions, trends and customs will be change then user change their choices. Consumers are quality conscious healthier tooth rather than freshness and they do brushing two times in a day. People like media advertisement rather than banners or newspapers. Many consumers use the specific brands on the dentist recommendation that's why they do not change the brand. The consumers have more awareness about</td>
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<td>Source</td>
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<tr>
<td>Gupta &amp; Mittal (2008)</td>
<td>A study of consumer behavior aspects and brand preferences in rural India with reference to FMCG sector</td>
<td>Close-up and Colgate brand of toothpaste. The consumers are mostly like the media advertisement. Through media consumer are attracted more so the companies are used the media as a mode of promotion for the product. In Pakistan combine family system is followed so the more consumer are used same product which is their parents are used. That’s why on that people advertisement and other promotion modes are not influence their behavior and due to parents or under some limitations consumers behavior not influenced. Finally, consumer behavior will attract to those products which are easily available and has more quality rather than quality. Income is a major factor on which bases people buy low price product brands of FMCG.</td>
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<tr>
<td>Jain &amp; Sharma (2012)</td>
<td>Brand awareness and customer preferences for FMCG products in rural market: an empirical study on the rural market of Garhwal region</td>
<td>Customers do not bother more about the purchase decision of FMCG product. The house makers and other members of the family influence the purchase decision. Rural area people have enough time to talk with their friends and social groups so their decisions are also influenced the reference groups. In brief we can say that the consumer in rural markets is not so sophisticated and not conscious about the brands and purchase decision. This shows an opportunity for the marketers to promote their products by the promotional strategies, which can make a place in the heart of the customers.</td>
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The brand awareness in rural areas particularly in respect of beauty care and health care products is showing an increasing tendency. (Most of the people both from illiterate & literate groups prefer branded products with the belief that quality is assured as the manufacturers are reputed companies. For ex: Colgate Tooth Paste, Head & Shoulder shampoo). People are not worried about the price of the product. They are showing willingness to spend higher price when they realize that they can afford to spend. Since the usage of branded products of reputed companies will elevate their status as well as stature in that village. This change in the attitude to spend more on the highly priced branded products (Example: Dove Soap) among high income groups in rural areas clearly suggests that there is an ample scope for such products to capture the markets in this areas by increasing the supply of these products. The marketing agencies are advised to conduct health awareness programs by educating the people about the need to use the health care products to arrest tooth decay, hair fall, dry skin, etc. These products can be made more popular and acceptable among the rural people.
<table>
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<tr>
<th>Authors</th>
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<th>Summary</th>
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<tbody>
<tr>
<td>Prajapati &amp; Thakor (2012)</td>
<td>Competitive and innovative promotional tools used by toothpaste companies for rural market &amp; its impact on consumer buying behaviour in Gujarat</td>
<td>The rural consumers are more concerned about the quality, brand name of the oral care products purchased by them. Further it was also found that once the rural consumers found that certain brands are suitable to them (Loyalty ratio is more than 80%), they do not change it easily due to influence of friends/social group and lack of availability of their usual brands. The customer point of view the various medium which are suitable for promote the promotional scheme are television, form the four medium radio, television, news paper and hoardings.</td>
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<tr>
<td>Yuvarani (2013)</td>
<td>A study on rural consumer behaviour towards selected fast moving consumer goods in Salem district</td>
<td>The perception of a rural consumer is as equal as the perception of an urban consumer. They are able to realize the need of the product, extensive awareness of the product, and suitable information sources of the product. They are meticulous about purchasing from outlets of the FMCG. They derive characteristics through their experience of the product and make careful study on the negative effect and quality of product. The consumer behavior of the rural population logically prefers the product, making the purchasing decision and expressing the satisfaction level. The consumers have the tendencies brand shift if not satisfied with the utilization of the product as well as availability in the market. In the post – purchase satisfaction in rural consumers of predominant brand image and quality of the product is important. The royalty of rural consumer purpose is very high, so their strength and their expectation are also maximized. The democratic background of the rural consumer plays a vital role in determining the behavioral aspect as well as the royalty of brand.</td>
</tr>
<tr>
<td>Gupta &amp; Roy (2012)</td>
<td>Ingredient Branding: a differentiation strategy for FMCG companies</td>
<td>Careful planning must be done before entering into a relationship in order to maximize the benefits of any Ingredient branding strategy. Along with the costs involved in forming and maintaining the alliance, and the opportunity cost involved for the partnering firm, the consumer’s quality sensitivity and their ability to evaluate quality must also be considered. Firms considering an Ingredient branding strategy must also evaluate the customer’s perception toward each brand prior to the alliance. The perceived fit of the products as well as the brands must be understood, and the level of customer familiarity with each brand must be gauged. This will help marketers in developing a successful Ingredient branding strategy, which builds on the strengths of the partnering brands and generates additional value for the consumer.</td>
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<tr>
<td>Jagdish (2012)</td>
<td>Consumer behavior of teenagers with reference to specific with regards to Fast Moving Consumer Goods</td>
<td>The consumer behaviour of college going teenagers in specific with regards to Fast Moving Consumer Goods</td>
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<tr>
<td>Nagarajan &amp; Sheriff</td>
<td>Emerging challenges and prospects of FMCG product development in India</td>
<td>The emerging trends in new product launch (FMCG), has seen a wide range of innovations in India, even though we have drawbacks. This article highlights the different types of problems faced, the possible solutions and how GDP affects the growth of this industry. A clear understanding of the various processes involved, will enable the industry to cash-in on the prevailing trends in changing consumer moods and interests. It is worthwhile to note that it is possible for FMCG Industries to bring about changes in their strategies in creating consumer preferences by suitably modifying interest pattern and preferences from their primitive mind set to modern ways of living. It is highly appreciable to note that the recent trend in FMCG industries and markets shifting their focus from urban to rural settings make new strategies, promotional polices and new pedagogy capturing this new launcher market segment in India.</td>
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<tr>
<td>Behura &amp; Panda</td>
<td>Rural Marketing of FMCG Companies in India</td>
<td>The rural Indian consumer is economically, socially, and psycho graphically different from his urban counterpart. The kind of choices that an urban customer takes for granted is different from the choices available to the rural counterparts. The difference in consumer behavior in essence stems from the way of thinking with the fairly simple thought process of the rural consumer in contrast to a much more complex urban counterpart. Rural consumer’s brand choices are greatly restricted and this is where the retailer comes into the picture. The rural customer generally goes to the same retailer to buy goods. Naturally there’s a very strong bonding in terms of trust between the two. Now in such a scenario the brand becomes subservient to the retailer and he pushes whatever brand fetches him the greatest returns. Thus, as there is a need to understand the rural consumer, similarly need is there to study the retailer as he is a chief influencer in the buying decision.</td>
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<tr>
<td>Deliya(2012)</td>
<td>Consumer behavior towards the new packaging of FMCG products</td>
<td>Though the importance of packaging design is a vehicle for communication and branding for packaged FMCG products, the consumer’s are not highly aware of it. Only 26% of consumers are influenced by packaging while switching from one brand to another. According to priority, 24% prefer Protective Packaging, 16% Eco-friendly Packaging, 28% Convenience Packaging, and 32% consumers are agreeing for all. For consumers, Brand name (74%) and convenience in buying (68%) are highly concerned matter in respect of packaged FMCG product.</td>
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<tr>
<td>Ahmad (2011)</td>
<td>The impulse buying behavior of consumes for the FMCG products in Jodhpur</td>
<td>The study clearly indicates that there exists a weak association between consumer lifestyle, fashion involvement, and post-decision stage of consumer’s purchasing behavior with the impulse buying behavior including the attitudinal as well as behavioral aspects of the consumers buying behavior. Pre-decision stage of consumer’s purchasing behavior established a strong association with the impulse buying behavior of the consumers.</td>
</tr>
<tr>
<td>Rahman (2012)</td>
<td>Impact of advertisement: an empirical study of FMCG products in KSA</td>
<td>Although the environmental factors are important in decision making and getting information but the most reliable and trustworthy source is the ad of particular brand. Opinion leaders (models) work as the informative agent, so advertisement becomes a reliable source. All these issues covering appeal phenomena including attractive personality, keyword/caption, and source of information concluded that advertisement had a positive impact on consumers. In order to be more effective and influential in a positive manner, the ad of particular brand must have all the qualities of a good ad. In a nutshell, it was concluded that advertisement appeal and its effectiveness were positively related. It was also found out that people form attitudes towards objects on the basis of their beliefs, perception, and knowledge about these objects.</td>
</tr>
<tr>
<td>ChandraSekhar (2012)</td>
<td>Consumer buying behaviour and brand loyalty in rural markets: FMCG</td>
<td>Although a lot is spoken about the immense potential of the unexplored rural market, advertisers and companies find it easier to vie for a share of the already divided urban pie. The success of a brand in the Indian rural market is unpredictable as rain. It has always been difficult to gauge the rural market. Many brands, which should have been successful, have failed miserably. More often than not, people attribute rural market success to luck. Therefore, marketers need to understand the social dynamics and attitude variations within each village. Though, nationally it follows a consistent pattern looking at the challenges and the opportunities which rural markets...</td>
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<tr>
<td>Prialatha &amp; Mathi</td>
<td>A study on factors influencing rural consumer buying behaviour towards personal care products in Coimbatore district</td>
<td>The study is evident that qualities of personal care brands were given more emphasis and the difference in educational level of respondents is significant in case of certain factors namely quality, nearness to selling point and retailer. With increased education the rational thinking of rural consumers is improved and impulse buying is reduced. They make more rational decisions even though they belong to the rural regions. Income had a significant difference across Marital Status and Gender of respondents in influencing their purchase decision. Majority of the consumers do not mind visiting towns/city to purchase good quality brands of Personal care products. Further, the marketers must constantly monitor the rural consumer purchase behavior through local retailers and seek their assistance in curbing fake brands.</td>
</tr>
<tr>
<td>Kumaravel &amp; Vikraman</td>
<td>A study on consumer behavior towards FMCG products with special reference to personal care products</td>
<td>Consumer behavior is largely affected by place, product, price, promotional, psychological and people influences. The satisfaction level of consumers also depends on product specific and market wide factors. Consumer behavior will improve when their expectations are fulfilled by their distribution channels.</td>
</tr>
<tr>
<td>Panikar</td>
<td>A study of consumer behaviour on FMCG products</td>
<td>Customer make decisions based on large on large number of factors and although it is impossible to influence them all successful marketers try to strike a balance between appealing to the emotional and rational sides to our personality. What is rational or emotional decision-making? Rational decision making involve logical thought process in making purchasing decision while emotional works upon the brain wave. People have both logical and emotional buying motives. Normally low value FMCG buying in rural has attributed to habitual buying and sometimes impulsive buying, still rise and fall of numerous brands in FMCG product has been observed. This clearly indicates that the key lies in influencing the purchase decision either through emotional approach or through rational approach.</td>
</tr>
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</table>
Factors affecting buying behavior of consumers in unauthorized colonies for FMCG products

Consumers in Unauthorized Colonies prefer brands over generic products. At the same time reliability, product features and socio-economic factors have a large impact on buying behavior along with promotional offers. A considerable portion of monthly income is spent on buying grocery (including FMCG products).

**Source:** Secondary

### 3.15 CONCLUSION OF THE CHAPTER

From the discussion made above a clear picture of consumers' buying behaviour and market scenario of fast moving consumer goods (FMCGs) in Indian can be emerged. Conclusion over the matter can be drawn that Indian consumers are noted for the high degree of value orientation and have gone through radical shift in their socio-cultural behaviour as a result of growing globalization and cultural borrowing. The technological advancements, media revolution, quality orientation, service work culture and unbeaten fierce competition have educated the customers like never before. It is evident from the study that the Indian consumers have a high degree of family orientation which in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market. Further, Indian consumers are also associated with values of nurturing, care and affection. Since the Indian FMCG market is concerned, this has attracted a large number of consumers in both the urban and rural sectors in India the past few decades through better penetration and low-priced products. The Indian FMCG companies enjoy a diverse industrial base and offer a variety of products to consumers, where Consumers play a crucial role in the Indian FMCG sector as the price band of each FMCG product is fixed depending largely on the consumer’s class which the particular company is targeting. A number of variants are offered by each brand in the FMCG sector which is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments.

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www.findarticle.com

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