

Customers Perception towards the Fast Moving Consumer Goods and Brand Awareness

(A Study with References to Selected Customers in Erode District of Tamilnadu)

¹Dr.V.T Dhanaraj¹ M.Com .,M.Sc (FCA)., M.Com(CA).,Ph.D
¹Head of the Department & UGC, MRP – Principal Investigator
Department of Commerce
Rathinam College of Arts & Science (Autonomous)
Pollachi Road, Eachanari, Coimbatore-21.

Abstract

Fast moving consumers goods or consumer packaged goods have its presence in everyone's day to-day life. These items are sold quickly having short shelf life. These products include non-durables such as soap, shampoo, toiletries, cosmetics, food items, pharmaceuticals, consumer electronics etc. This product operates at low profit margin. Indian FMCG sector is the major contributor to Indian economy. FMCG sector in India is witnessing tremendous growth over the years. India is having a vast untapped rural market, increasing literacy, income level and life style in increasing awareness among rural customers. It is creating ample opportunity for investment in rural sector.

Keywords: FMCG sector in India, FMCG products, 360 degree strategy

Introduction

Fast moving consumers goods or consumer packaged goods have its presence in everyone's day –to-day life. These items are sold quickly having short shelf life. These products include non-durables such as soap, shampoo, toiletries, cosmetics, food items, pharmaceuticals, consumer electronics etc. This product operates at low profit margin. Indian FMCG sector is the major contributor to Indian economy. FMCG sector in India is witnessing tremendous growth over the years. India is having a vast untapped rural market, increasing literacy, income level and life style in increasing awareness among rural customers. It is creating ample opportunity for investment in rural sector. Now customers are becoming more conscious regarding brand to elevate their social status, they are ready to experiment new brands. Companies are also launching new products to match dynamic expectations of the customer. In the emblematic marketing era FMCG companies are not only selling their product in the market but also adopting 360 degree strategy to gain customers and market share. They are focusing on factor which influences customer preferences.

Companies have understood the importance factor influencing preferences of customers. Companies are now offering online grocery store with home delivery where customers can order the product and gather information regarding the product. Customer associate brand with the quality of product, therefore companies are paying attention on maintaining the quality of product along with packaging, color and other attributes.

Review of Literature

A marketing reform knocked the doorstep of Indian economy with the introduction of LPG (Liberalization, privatization and globalization) in 1991 with the entry of multinational companies. Companies viewed huge capacity in Indian market. Indian is the fourth largest market for FMCG product and attracts FMCG companies towards it. FMCG sectors received researchers’ attention in FMCG sector of India to help companies regarding consumer behavior, brand awareness, customer preferences, customer loyalty, purchase behavior, decision making and satisfaction. Customer preferences and purchasing decisions are the important elements for gaining the customer, increasing sale and profit margins. Therefore the factors influencing customer preferences are taken into consideration while making a marketing strategy. The related research work carried out by several authors in the following areas are given as follows-

Statement of Problem

Fast moving consumers goods operate at low cost. Intense competition in FMCG sector compels the marketers to introduce innovative products. The marketing strategy adopted by the companies is focused towards gaining new customers and maintain existing customers for sustaining in the market for the long –run. The marketers design the market segmentation plan with the future oriented approach. Factors influencing customers regarding their preferences is given due consideration to capture the market. Demographical segmentation divides the market into homogenous groups and the factor influencing these groups varies. A need is identified for the research study regarding the influence of factors on customer preferences. The research question identified are-

1. What are the most influencing factors for preferences of customer for FMCG?
2. There is any difference regarding factors influencing preferences of customer for FMCG across place of residence?

Objective

- To study factors influencing customer preferences for FMCG products (Soap, shampoo and detergent).
- To conduct a comparative study for the factors influencing customer preferences for FMCG products across place for residence (rural and urban area of KAVAL towns).

Research Hypothesis

H₀: There is no difference in factor influencing customer preferences for FMCG products across place for residence in Erode District of Tamil Nadu

H₁: There is difference in factor influencing customer preferences for FMCG products across place for residence in Erode District of Tamil Nadu

This hypothesis is to be tested regarding FMCG brands considered in the study

Research Methodology

The research is based on quantitative approach. The data collection comprises of two phases. First phase includes primary data, which is collected through well structured, self-administered close-ended questionnaire. The second phase of the data collection includes data collection through secondary sources such as websites and research journals. The data comprises of total 600 respondents (customers of FMCG) from Erode District and towns (Anthiyur taluk, Bhavani taluk, Erode taluk, Gobichettipalayam taluk, Kodumudi taluk, Modakurichi taluk, Perundurai taluk, Sathyamangalam taluk and Thalavadi taluk). It includes 150 respondents from each rural/urban area of selected towns.

Statistical Tools and Technique

The Primary Data is analyzed to determine the factors influencing customer preferences and purchase behavior for FMCG products across place for residence (rural/Urban area). SPSS version - Was used for analysis of data. Chi-square test was used as statistical tool to examine the relationship between the variables.

Analysis and Interpretation

The research analysis examines the factor influencing customer preferences and purchase behavior for FMCG products across rural and urban area. Variables considered in the study are Brand name, Product quality, Price, Available brand at shop, Retailer advice and Extra quantity offered and place for residence i.e. rural and urban area.

Table 1: Factor Influencing Customer Preferences across Rural and Urban Area

Factor influencing purchase behaviour and customer Preferences	Distribution for place of residence			
	Rural	Percent	Urban	Percent
Brand name	36	24.0	46	31
Product quality	35	23.3	26	17
Price	39	26.0	41	27
Only brand	29	19.3	24	16
Available at local	11	7.3	13	9
Total	150	100	150	100

Source: Primary Data Level of Significant @5%

Table 1 exhibit that Price is the most preferred factor influencing customer preferences of customers across both rural (26%) and urban area (27%). Product quality influences rural customer mostly, next to quality while brand name influences urban customer mostly followed by quality. Extra quantity offered is not effective factor that influence customer across both areas regarding FMCG products.

Table 2: Chi square Test

Variables	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.356 ^a	5	.002
Likelihood Ratio	19.356	5	.002
Linear-by-Linear Association	.150	1	.584

Source: Primary Data Level of Significant @5%

Table 2 exhibits that the value of Chi square is .002 which is smaller than critical value (.05). Thus it rejects null hypothesis and reveals that there is a significant difference between factors influencing customer preferences and purchase behavior of customers across rural and urban area for FMCG products.

Regression Analysis

A significant ($F = 165, p < 0.001$) variance of 16.6 per cent in overall brand equity was predicted by the brand awareness. A significant ($F = 871, p < 0.001$) and high amount of variance (0.514per cent) in overall brand equity was predicted by the brand loyalty. The percentage variance that the two variables, overall brand equity and perceived quality share is ($F = 825, p < 0.001$). Brand association explains 0.562 percent of the total variation in overall brand equity ($F = 0.704, p < 0.001$).

Table 3: Model Summary of Brand Equity Aspect

Brand equity dimensions	R	R Square	Adjusted R Square	Std. Error of the Estimate
Brand awareness	0.407***	0.166	0.165	2.893
Brand loyalty	0.717***	0.514	0.513	2.209
Perceived quality	0.704***	0.496	0.496	2.249
Brand association	0.750***	0.562	0.561	2.097

*** $p < 0.001$, $r =$ Pearson Correlation coefficient

The results of regression analysis confirmed the strong influence of brand association, brand loyalty and perceived quality on overall brand equity, and provided strong support for the value of research on brand equity in the FMCG industry. A high proportion of variance on overall brand equity was predicted by the brand loyalty, perceived quality and brand association dimensions, which suggests that it is important for managers to measure the brand loyalty, perceived quality and brand associations of their FMCG brands, and further build them with the development of appropriate marketing strategies.

Findings of the Study

The study on factor influencing customer preferences and purchase behavior of customers across place of residence has several findings:

- Product quality is the most crucial factor which influences customer preferences for FMCG in rural and urban areas which varies by in the region of 10% higher respondents in rural area.
- Brand name and price factors have equal influence on rural customers; instead brand name is more influential as compared to price in urban area.
- Recommendations of retailers for FMCG products are more effective over extra quantity and available brand in rural area and urban area, frequency of respondents varies in rural and urban area.

Conclusion

The study concludes that the factor influencing preferences of customers across rural and urban area varies for FMCG products. Product quality is the major influential factor in both rural and urban area, but the number of respondents varies across both the areas. Price influence purchase behavior more as compared to brand name in rural area while brand name has more influence on the urban customers.

Practical Implication of the Study

The present study has been carried out on factors influencing customer preferences across rural and urban areas. The study intends to provide insights about the difference in the impact of factors influencing customer across rural and urban areas.

The response of customer is not the same across rural and urban area, which will prove helpful for marketer in planning marketing strategy for FMCG products. Comparing individual factors influencing customer response provides idea of customer behavior for purchase decision making for FMCG products. The untapped rural area has ample scope of further studies for researchers to further explore the behavior of customers.

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