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## Consumer Satisfaction and Impact of Buying Behaviour Factors in organized Retail Stores with Reference to FMCG Products

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**Abstract** - In present day economic scenario FMCG have a vital role to play. The selection of target will throw light mainly on market segmentation and the assembling of marketing mix (the four P's of marketing) to understand consumer buying behaviour. The unorganized retail market is the most dominant and popular mode of retailing and purchase destination for the majority of India's 1.3 billion population. It forms the base or the foundation stone of the retail industry in India and is a deeply rooted and strongly held market mechanism which has stayed for over a century now and continues to rule the country's retail industry. The unorganized retail sector primarily comprises of the small scale retail stores, with little or no standardization, selling goods and services (ideally in fragmented quantities) to the local customers within a small geographical area or locality. There is hardly any use of technology or adherence to processes. Consumer satisfaction level varies and depend on number of factors. It can be concluded on the basis of above given facts that how importantly marketing is required for FMCG. The study has examined the impact of buying factors on customer satisfaction.

### INTRODUCTION

One of the most growing industries in India is Organized Retail Industry and was forecasted to grow by 31% in the year 2018. the organised Indian retail market has increased by ~50% between 2012-2020 to its current value of nearly **12% of** total retail. The modern Indian retail industry is expected to grow at a 15% CAGR to reach 18% by 2025. By the year 2021, it is expected to grow to USD 1200 billion. In retail sector India is ranked as fifth most preferred destination which gives an edge to different companies in the retail chain. The Indian retail industry is divided into organized and unorganized sectors. Trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc comes under organized retailing. Corporate-backed hypermarkets and retail chains and also the privately owned large retail businesses are the examples of organized retailing. on the other hand, unorganized retailing, refers to the traditional formats of low-cost retailing, such as the local Kirana shops,

owner manned general stores, paan/ beedi shops, convenience stores, hand cart and pavement vendors, etc. There were only Kirana stores in the beginning called as Mom and Pop Stores, the Friendly neighbourhood stores selling every day needs.

Currently the Indian retail market estimated at around US\$ 490 billion and it is project to grow at a compound annual growth rate (CAGR) of 6 percent to reach US\$ 865 billion by 2023. In India over the long term period, the FMCG industry is depicting a constant growth due to infrastructure development, constructive demographic profile of consumers, complete growth in industrial sectors and services etc. a major share of growing demand for different types of FMCG due to disposable income, advancement of technology and working women. During the last two decades, the Indian industry has perceived extensive developments due to changing patterns in the affordability of the consumers. It is observed among the buying behaviour of the consumers, the vast changes are being occurred due to the impact of advertising and the disposable income. Rapidly increasing growth in the information technology and outsourcing industry is a major demand driver for the growth of branded products of FMCG in the country. Rapid urbanisation of rural areas has fuelled inflow of massive population from the countryside and smaller towns into the major cities of the country. Foreign investment is also a critical factor principally on account of the capital concentrated temperament of the zone. The world of at present is changing speedy. India has no exemption. Particularly the pace of change that India and its people are experiencing in their socio-cultural surroundings is incredible after the opening up of the economy. India, with its extensive variety, offers a captivating extent to study. The transformation of India's unorganized sector is important to its modernization, growth, and attainment of regional economic equality. First, the unorganized sector is large, accounting for more than 99 percent of establishments and 80 percent of employment in manufacturing. Second, the unorganized sector is stubbornly persistent -- it accounted for 81 percent of manufacturing employment in 1989 and 2005. Third, this persistence is not due to particular subsets of industries or states, as most industries and states show limited change in unorganized sector employment shares. Fourth, the degree to which localized unorganized activity exists is important as it is associated with weaker production functions for manufacturing firms. Building from these facts, the paper investigates conditions promoting transformation by state-industry. Decomposition exercises find that both within and between adjustments for state-industries weakly reduce unorganized sector shares. The aggregate persistence instead comes from the covariance term, where fast-growing state-industries witness rising unorganized sector activity. Regressions quantify that growth in the organized sector by state-industry reduces the unorganized sector employment share, but only marginally reduces employment levels in unorganized activity. Analysis of the establishment size distribution highlights that entrepreneurship and larger organized sector plants are most important for transitions in the manufacturing sector, while small establishments play a key role in the services sector.

Consumer buying behavior is the sum total of a consumer's attitudes, preferences, intentions, and decisions while purchasing a product or service. The study of consumer behavior draws upon social science disciplines of anthropology, psychology, sociology, and economics. The key growth drivers for the Indian consumers are: High Disposable Income: With the increase in disposable income the demand for consumer electronics is raising under the double income families. Indian middle class is an attraction for companies who are out there to woo them. Availability of newer variants: In gaining the attention of consumers who are searching for innovative products, newer variants of producer helps the company. Pricing: The FMCG industry is highly price sensitive, making price the determining factor in increasing volumes at least for lower range consumers. The brand name, technology and product features are important for middle and upper class consumers. Availability of Credit Facility: The availability of credit and the structure of the loans are the major determinants of the affordability of the product. Innovative advertising and Brand Promotions: Sales promotions measures such as; discounts, free gifts and exchange offers help the company in distinguishing itself from others. Festive Season Sales: During the festive season sales new products are launched by most of the companies. Quality For choosing a product that helps in the development of retail reputation product quality is an important determinant for the consumers. Product perspective seen by the consumers determines the quality. Consumer perceives as higher the price higher is the quality. Consumer satisfaction depends upon Perceived quality and it makes them to repurchase the product, which leads to loyalty (Uggla, 2001). Perceived quality is defined as the consumers' judgment about an entity's (service's) overall excellence or superiority. Quality is conceptualized in terms of the "superiority" or "excellence" of a product's performance. Performance refers to products primary operating characteristics Features. These are also known as the bells and whistles of the product. Performance constitutes the major part of the quality which in turn decides the loyal of the consumers. Conformance it is the extent to which a product will operate properly over a specified period of time under stated conditions of use

Consumer's involvement varies across persons, across product/service offerings while making purchase decisions. Product purchase varies from person to person because some have a strong purchasing capacity and some have a moderate purchasing capacity. It also depends on the needs of consumers. For example, a person who has a high level of interest in a product category would expend a lot of time making a decision with regard to the product and the brand. Consumers compare many features such as quality, price, warranty, after sales services etc while purchasing FMCG products. Those consumers who do not want to take risk they take a long time to consider on purchasing which require a great amount. Involvement is categorized into high and low involvement. Products are expensive and they are worth purchasing and consumers pay more attention and are risk averse in high involvement. These products are not supposed to be exchanged or returned if any kind of discrepancy occurs, so consumers consider this fact is more important. Low involvement products on the other hand are purchased frequently without any serious thinking. This type of low involvement is applicable in regular and routine use. In selection of products/services in specific situations the involvement of consumers requires a psychological state of mind. Consumers associate their personal feelings and emotions with the products or services while selection of the same. Today in this modern world, e-commerce has been rapidly gaining space. As a result of which the demand for FMCG products is increasing day by day. FMCG products that dominate the market today are **detergents, toiletries, tooth cleaning products, cosmetics**, etc. The FMCG sector in India includes pharmaceuticals, consumer electronics, soft drinks packaged food products and chocolates.

1. Amul
2. Clinic Plus.
3. Britannia.
4. Ghari Detergent.
5. Tata Products.

## REVIEW OF LITERATURE

Review of previous studies is essential for every research to carry on investigation successfully. Hence, the present study is also based on the following reviews.

Aggarwal (2014) this study was suggested that Consumer behavior research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs. Firms can satisfy those needs only to the extent they understand their customers. The main objective of this paper is to study the demographic differences in consumers' buying behavior of persons living in Madhya Pradesh and when they buy FMCG products.

Hariharan.G. (2008) in his study "profile and perception of retail consumers", analyzed the consumers perception towards retail, in Palakkad. Visiting retail outlets has become a group activity. Most of the shoppers are influenced by as well as accompanied by colleagues, friend and relatives. Majority of the people who visit do not shop at all. They hang around meet friends, do window – shopping and spend time leisurely. Rathanyake (2008) studied in his research about "customer complaining Behaviour in Retailing", proper understanding of the dynamics of customer complaining behaviour support the retailer to treat the customers who are not satisfied with the retail Experience.

Suresh (2007) studied in his research about "Buying Behaviour and promotion in Textile Retailing and concluded that increase in turnover should be achieved by reducing the margin in this competitive era to survive in the long run. Keep updates about the price fluctuations and new fashions in the supplier market. Always be in a receptive mood to know the preference and taste of customers"

Tamilarasan.R. (2007) in his study focused to "A study on Retail store service Quality Dimensions in select Retail stores".

Thirumoorthi.P. (2006) studied in his research about "A study on retailers and customer attitude towards P & G Detergent Powder". It can be concluded that the company must concentrate more on high margin to create a better performance. Importance must be given to sales promotion. The retailers must also be asked to give more displays and discounts. Thus it can be concluded that the customer and retailer attitude towards the P & G detergent powder is positive.

## CONSUMER SATISFACTION

Customer satisfaction has a vital role in sustaining and improving hold on the market. Brief descriptions about the various measures that are needed to improve customer orientation have also been dealt with. Consider the fact today's customer face a plenitude of products in every category. Customer will be having high and raising expectation of quality and service. In the face of their vast choices, the customer will gravitate to the offering that the best meet their individual needs and expectation. They will buy one of the bases of their perception value.

Therefore it is not surprising that today's winning companies are those succeed best in satisfying indeed delighting their target customer. They pay extreme attention to quality and service to meeting and even exceeding customer expectation. They complete vigorously and at the co-operated smartly with their strategy partners in their supply and distribution chain. They pursue efficiently and yet are responsible and flexible.

Customer satisfaction is the outcome felt by buyers who have expectation. Customers are satisfied when their expectation are met and delighted when their expectations are exceeded. Satisfied customers remain loyal longer, buy more, and are less sensitive and talk favorable about the company. From this it is clear that the satisfied customer will be less sensitive towards the fluctuating price and offensive marketing typically cost more than defensive marketing, because it requires much effort and cost to induce satisfied customers to switch away from their current suppliers. We should also consider the fact that "the cost of attracting a new customer may be five times the cost of keeping the current customer happy."

Consumer satisfaction is the best indicator of consumers making purchase in the future which helps the stores gain competitive advantage and increase market share. Indeed, it has been argued by some authors that consumers satisfaction is particularly relevant to the services sector where the building and maintenance of long term relationships is a key component of improved business. Satisfaction has also been linked with purchase intentions. Buyers purchase a brand which they feel will maximize their satisfaction; therefore if their expectations of a particular brand are high they are more likely to purchase it. The working of consumers's mind is a mystery that is difficult to solve and understanding the nuances of what customer satisfaction is a challenges for today's convenience stores. These issues are in the context of the convenience stores give us an insight into the parameters of consumers satisfaction and their measurement. This crucial information will help us to construct the dimensions of satisfaction amongst the consumers and customer loyalty in the long run, which is an essential part for any business. When expectation of consumers, is harmonized the consequential emotion is satisfaction and when expectation does not match than the resultant feeling is dissatisfaction. There should be proper and complete communication system in place. This study aims to recognise buyers' purchasing habits and perceived store image, both of which contribute to their overall happiness with retail formats.

## RATIONALE OF THE STUDY

The purpose of the study is to provide the significant information to the economists, planners and policy makers. This will facilitate in developing conducive environment with a realistic and sound policy, procedural and infrastructural support system, enabling FMCG industries to take advantage of their core competencies to capture global competitive advantage through marketing strategies. In the present day of marketing the study of consumer buying behaviour has become an indispensable since it is based on consumer delight. This study will emerged as changing step towards analyzing the consumer behaviour towards FMCG in terms of its potential advantages, key success factors, preparing



dues to meet the challenges. The purpose of this study is to examine the impact of consumer behaviour on consumers satisfaction for FMCG products.

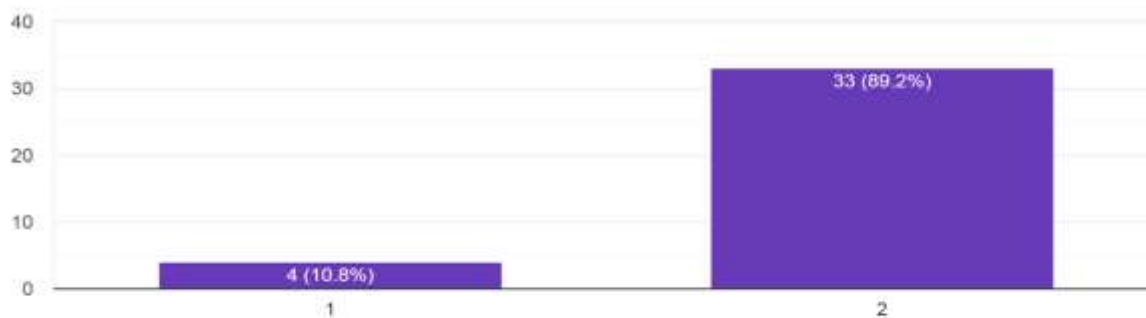
## OBJECTIVES OF THE STUDY

1. To examine the impact of Product Performance on their satisfaction in unorganized retail sector.
2. To examine the impact of Product Quality on their satisfaction in unorganized retail sector.
3. To examine the impact of Product Price on their satisfaction in unorganized retail sector.
4. To examine the impact of Promotions on their satisfaction in unorganized retail sector.

**RESEARCH METHODOLOGY** The study is descriptive in nature and through the self-structured questionnaire; responses were collected on the basis of random sampling. Total 100 consumers were chosen from the across Uttar Pradesh. Percentage analysis is carried out to understand this relationship.

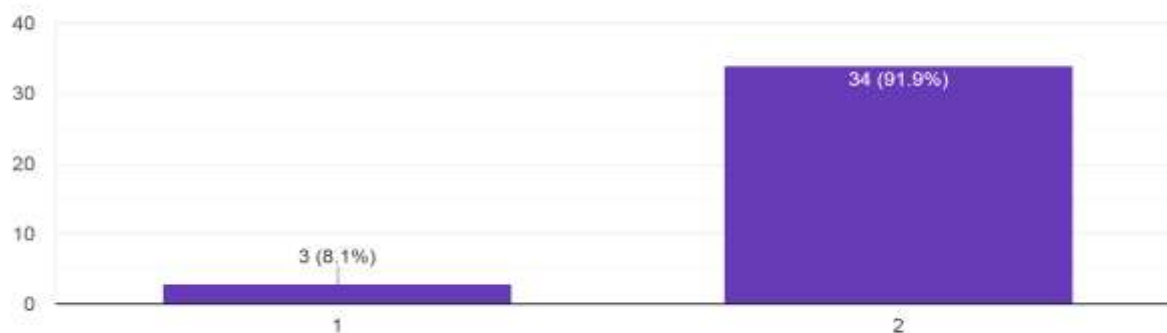
## Data Analysis

How much you are satisfied with the Performance of products purchased from organized retail sector  
37 responses



Only 4% (10.8%) of the total population disagree with the statement and 89% strongly agree with the statement.

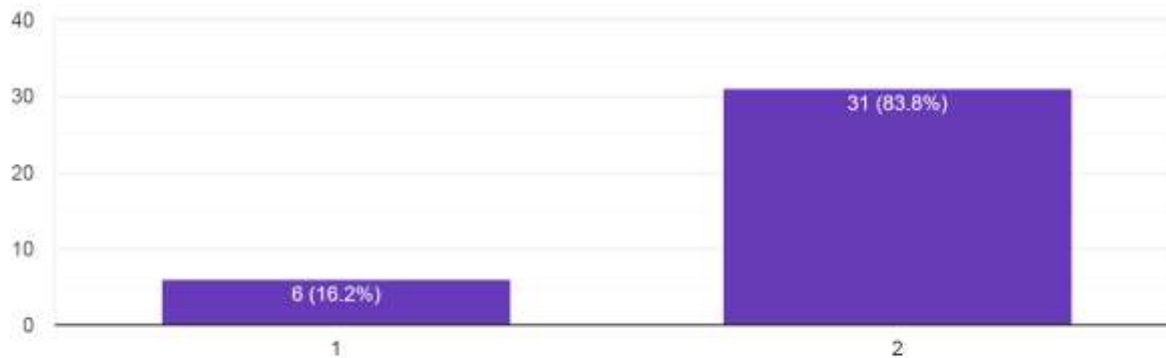
Are you satisfied with the Product Quality of the products in organized retail sector.  
37 responses



The above chart depicts that Only 8.1% of the total population disagree with the statement and 91% strongly agree with the statement.

Are you satisfied with the of Product Price in organized retail sector.

37 responses



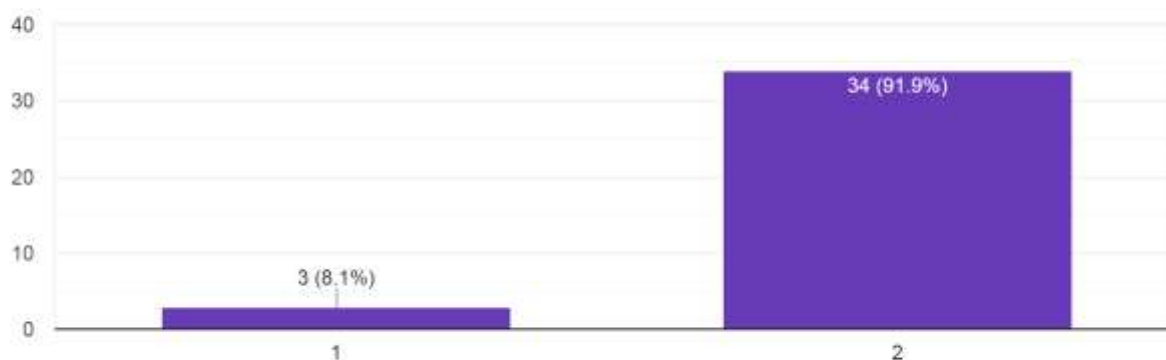
3.

The above chart depicts that Only 16.2% of the total population disagree with the statement and 83.8% strongly agree with the statement.



Are you satisfied with the Promotions of product in organized retail sector

37 responses



4.

The above chart depicts that Only 8.1% of the total population disagree with the statement and 91.9% strongly agree with the statement.

## CONCLUSION

The study found that consumer behaviour is influenced by product performance, product quality, price and promotions that have an impact on consumer satisfaction. Consumer prefers quality, price because today consumers is aware and they want worth of money. In FMCGs there is a wide competition among the branded products so consumers are very careful in choosing among many alternatives. Consumers look for various schemes, offers or discounts and this is very effective tool to influence the consumers. Consumers want quality without compromise the price of the products. Hence, looking into these assumptions, hypotheses were tested and found that there is a positive impact of product performance, price, promotional schemes and product quality on the consumer satisfaction.

## SUGGESTIONS

On the basis of findings, some suggestions have been surfaced:

- The product quality would be enhanced to attract the consumers in order to compete in the market.
- The price of the products would be competitive that consumers can afford and this will be a prime social duty of the Retailers.
- The Retailers should organize various promotional activities for consumers to retain them.
- The product must have durability and must ensure the consumers by Retailers about the products.
- The Retailers should explain the products' features explicitly to consumers.
- The Retailers must keep a check on important factors such as on time delivery, after sales services which are very important in order to improve problem solving dimension and establish its relationship with consumer satisfaction.

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