



A STUDY ON VARIOUS FACTOR AFFECTING THE IMPULSE PURCHASE BEHAVIOUR OF CUSTOMERS IN FMCG.

Author: Dr.Paresh Patel , Pratik Patel , Jayesh Patidar

Under The Guidance: Dr.Paresh Patel
Designation: Assistant Professor (MBA)
Institute: PIET

Name: Pratik Patel
Designation: Student MBA
Institute: PIET

Name: Jayesh Patidar
Designation: Student MBA
Institute: PIET

ABSTRACT:

This paper is an attempt to find out the factor(s) influencing the buying behavior of customers in the FMCG sector keeping in view the retail market in India. The impact of various impulse buying factors like sales and promotion, placement of products, window merchandising, effective pricing strategy etc. on the impulse buying behavior of the customer has been analysed. A hypothetical model is built in this paper, which is taken into account for our research work on impulse buying behavior of consumers.

The study is based on primary data collected from shopping malls, handlooms and marts with the help of structured questionnaire on similar scale.

Data analysis has been done using SPSS software. The statistical analysis method employed in this study is factor analysis. After analyzing the available data it is found that as the income of the individual is increasing and more and more people are moving towards western culture in dress, food etc., the purchasing power of the people has actually increased. up and thus the impulse buying of the commodities is on a great increment mainly due to pricing strategies of retail players and full of festivals throughout the year.

Key words: Impulse buying, Retail industries in India, FMCG sector.

INTRODUCTION

The fast-moving consumer goods (FMCG) sector is the fourth largest sector in India, with household and personal care accounting for 50% of FMCG sales in India. Increasing awareness, easy accessibility and changing lifestyle have been the major factors for the growth of this sector. The urban segment (accounting for a revenue share of around 55%) is the largest contributor to the total revenue generated by the FMCG sector in India.

However, over the years, the FMCG market has grown at a faster pace in rural India than in urban India. The semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50% of total rural spending. The Indian FMCG industry generates massive employment opportunities and currently employs over 3 million people. Departmental stores, grocery stores and supermarkets are places where consumers buy essential products for daily consumption. In the 21st century, people do not want to visit different stores to buy common household items. Unlike other emerging FMCG industry across the world, the FMCG sector in India is still quite traditional. Street markets are still one of the most visited places for shopping in urban as well as rural areas, despite being the leading online platform for buying FMCG products.

Impulsive buying, generally defined as a consumer's unplanned purchases, is an important part of buyer behavior. It accounts for 62% of supermarket sales and 80% of all sales in some product categories. Although impulsive buying has received attention in consumer research, unfortunately, research on group-level determinants is lacking.

This research suggests that the presence of other individuals in a purchasing situation is likely to have a regulatory effect on purchase decisions. However, the nature of this influence depends on the perceptions of normative expectations of those who influence and the motivation to follow these expectations. Peers and family members, the two primary sources of social influence, often have different normative expectations.

Thus, it has been evaluated two factors that are likely to affect the motivation to conform to social norms:

- a) The inherent susceptibility to social influence and
- b) The structure of the group Group cohesiveness refers to the extent to which a group is attractive to its members. The theory proposed by Fishbein and Ajzen helps conceptualize these effects. This theory assumes that behavior is a multiplicative function of expectations for what others consider socially desirable and the motivation to comply with these expectations.

ABOUT MAJOR COMPANIES IN THE INDUSTRY:-

The fast-moving consumer goods (FMCG) industry or consumer packaged goods (CPG) industry is mainly responsible for producing, distributing and marketing fastmoving consumer goods.

1. Toiletries: - The Toiletries Market is an essential part of the FMCG sector. Toiletries have become an essential part of the human life. These products are classified as oral care products, hair care products, skin care products, personal wash products, etc. The Toiletries Market in India is well developed and the major players in this sector are the transnational companies and the big Indian companies.

2. Cosmetics: - The Cosmetics Market in India is one of the booming segments pertaining to the Fast Moving Consumer Goods (FMCG) sector. The segment includes products like color cosmetics (lip, eye, face, and nail care products), talcum powder, perfumes, and deodorants. In the past few years the cosmetics market has grown at the rate of 15% to 20%. The growth is due to the increase in the sales of the low priced and middle priced category, which constitutes nearly 90% of the total Cosmetics Market in India.

3. Household products: - Fast-moving consumer goods are nondurable products that sell quickly at relatively low cost. FMCGs have low profit margins and high volume sales. Examples of FMCGs include milk, gum, fruit and vegetables, toilet paper, soda, beer, and over-the-counter drugs like aspirin.

4. Electronic goods: - Consumer electronics are considered a sub-classification of a FMCG. Known as Fast Moving Consumer Electronics, or FMCEs, items like digital cameras, laptop and notebook computers, and cell phones are excellent examples of non-durable goods within this category.

5. Packaged food: - Processed foods: Cheese products, cereals, and boxed pasta Prepared meals: Ready-to-eat meals Beverages: Bottled water, energy drinks, and juices. Baked goods: Cookies, croissants, and bagels. Fresh foods, frozen foods, and dry goods: Fruits, vegetables, frozen peas and carrots, and raisins and nuts.

3. PRODUCT PROFILE :-FMCGs can be divided into several different categories, including:

- Processed foods: Cheese products, cereals, and boxed pasta
- Prepared meals: Ready-to-eat meals
- Beverages: Bottled water, energy drinks, and juices
- Baked goods: Cookies, croissants, and bagels
- Fresh foods, frozen foods, and dry goods: Fruits, vegetables, frozen peas and carrots, and raisins and nuts
- Medicines: Aspirin, pain relievers, and other medication that can be purchased without a prescription
- Cleaning products: Baking soda, oven cleaner, and window and glass cleaner
- Cosmetics and personal care: Hair care products, concealers, toothpaste, and soap
- Office supplies: Pens, pencils, and markers

LITRATURE REVIEW

- Moschis and Mitchell (1986) conducted a study designed to test the effects of behavior. Unlike previous studies, however, the effects of such communication processes on teens are evaluated in the context of household decision making. Thus, the influence of these images may be of enormous significance in shaping the attitudes and behaviors and attitudes of young people.
- Subba Rao (1982) conducted a study to find out the influence of different media of advertisement and different forms of personal selling on the deposit mobilization of commercial banks both in urban and rural areas. The study suggested that the medium of English Newspapers need not be used widely as its impact is very little on urban customers and it is almost negligible on rural depositors. Personal selling or direct contact has been suggested as the best method, since it educates the potential rural customers into the bargain.
- Terry Flew (2002), defined advertising as: The way in which the mass media in all of their forms affect the way the audiences act and behave in their daily lives. The forms of media include television, films, songs and other similar forms.
- Advertising has been perceived from divergent viewpoints, some of which are positive and others negative. Wright, Winter and Zeigler (1982) (cited in Akpan, 1996: 157) describe advertising as "ubiquitous -brash -

pervasive materialisticdynamic- annoying- indispensable-fascinating." This view provides a somewhat balanced appraisal of advertising, with both positive and negative attributes.

- In another research by Rook (1987) reported that impulse buying usually takes place, when a consumer feels a forceful motivation that turns into a desire to purchase a commodity instantly. Beatty and Ferrell (1998) defined impulse buying as instantaneous purchase having no previous aim or objective to purchase the commodity. Stern (1962) found that products bought on impulse are usually cheap.
- Shopping lifestyle is defined as the behavior exhibited by purchaser with regard to the series of personal responses and opinions about purchase of the products as reported by Cobb and Hoyer (1986). They find that shopping life style and impulse buying behavior are closely related but only in the case of impulse buyers. The study also states that impulse purchasers fell in the middle as of the measurement tools used by the researchers, indicated that purchasers will not pick the first brand they spotted in the shopping mall
- Reviewing an already done research work will give an easy understanding of research done previously (SAUNDERS et al., 2009). While doing a review of literature about our topic we made a scan of various sources of information related to Retail sector in India, Impulsiveness of customers and factors affecting it etc. While making a choice of various theories and literature a critical analysis of the data sources is done to make sure that they are fitting to our area of research and are relevant in this context.
- The research started with search on articles in Indian Retail sector and Effect of Advertisements and promotions on consumer buying behavior and then shifted to Impulse buying and various factors affecting it. The search for scholarly articles was done in databases from GRIET Library and on Google Scholar and EBSCO. Wherever the search was done we made sure that it is a peer-reviewed one. We used Keywords like Impulse, Organized Retail in India, Factors affecting Impulse Buying etc. According to Gopalakrishnan (1987), it is a never ending process. This assists to a researcher to identify the place from where he has to start his present research, trace out his research area, and identify the research problem. Moreover, it provides a strong theoretical background on the subject matter of the research. It facilitates the researcher to ascertain what has happened in his research topic. It provides record of findings, suggestions and recommendations made by the previous research scholars. The present research scholars can understand their standing on their research and it is possible to know the research gap in this area of research.
- Prasanna Kumar.D and Venkateswara Raju.K (2013) The Role of Advertising in Consumer Decision Mak onclude that consumer purchase decision has implications for advertising. An advertisement reaching a potential buyer while the buyer is seeking information will have a greater impact, since the buyer has spared the time and effort needed to seek out this information himself and is less likely to turn to competing brand advertisements to obtain the additional information. In other words, buyers are generally more responsive to different brand advertisements while they are seeking information on these brand.

RESEARCH METHOLODIGY:

In this study the primary source of data is collected through questionnaire.

Questionnaire:

Questionnaire was used to collect Response of FACTOR AFFECTING THE IMPULSE PURCHASE BEHAVIOUR OF CUSTOMERS IN FMCG . The questionnaire consisted of closed ended questions focused on understanding consumers convenience, preferences and expectations.

Sampling method:

Structured questionnaire is used and random sampling method is being used for the the data collection . The people from Vadodara location are randomly selected and the survey form are used which is an online survey questionnaire based on the different factor that are beinselected for the study are used and conclusion based on that factors are to be obtained.

We just collected responses of 140 respondents by emailing them the Questionnaire and then analyzing there Responses.

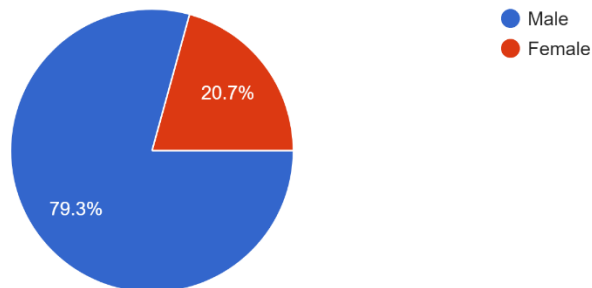
DATA COLLECTION

Primary source of data is used in this research paper . the survey form is being used to collect data and make analysis on it . The survey method under the primary source is taken into consideration by an online survey .No secondary source are being used here.Qualitative method for the data collection is used for data collection in which survey are used at the targeted audience and survey is taken from them to conduct the survey . The online survey method was used to gather the data .The population is divided upon 2 categories geographic location as (vadodara city) and demographic ie income ,age are factor involved in the research test .

DATA ANALYSIS AND INTERPRETATION

Gender

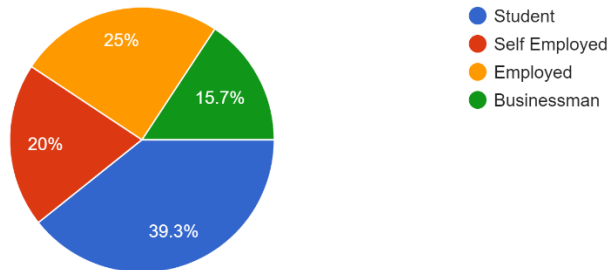
140 responses



Interpretation

From the above chart 79.3% of respondents are Male and 20.7% are female.Thus it means Male respondents have direct impact factor affecting the impulse purchase behaviour in FMCG products

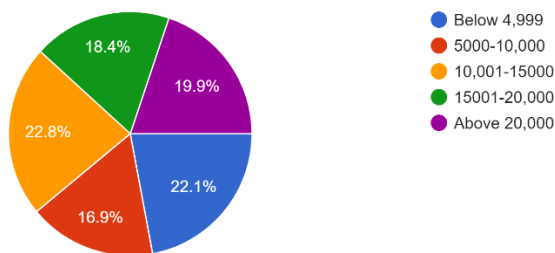
Occupation
140 responses



Interpretation

From the above chart 39.3% of respondents are students, second highest that is 25% respondents are Employed, 20% of respondents are self employed and 15.7% respondents are businessman. Thus it means students respondents have direct impact factor affecting the impulse purchase behaviour in FMCG products

Monthly Income
136 responses

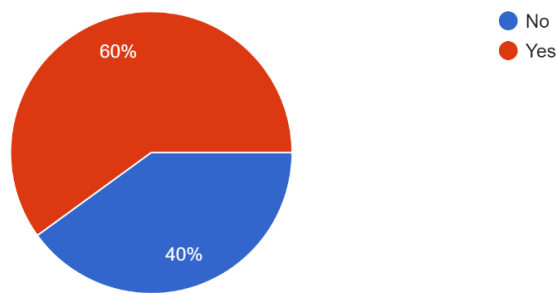


Interpretation

From the above chart 22.8% respondents have monthly income that ranges from 10,001rs -15000rs, 22.1% respondents have monthly income that is below 4,999rs, 19.9% respondents have monthly income that is Above 20,000rs, 18.48% respondents have monthly income that ranges from 15001rs-20,000rs and 16.9% respondents have monthly income that ranges from 5000rs-10,000rs. Thus respondents with monthly income from 10,001rs -15000rs have direct impact factor affecting the impulse purchase behaviour in FMCG products

HAVE YOU EVER EXPERIENCED INSTANT/UNPLANNED IMPULSE BUYING IN STORE?

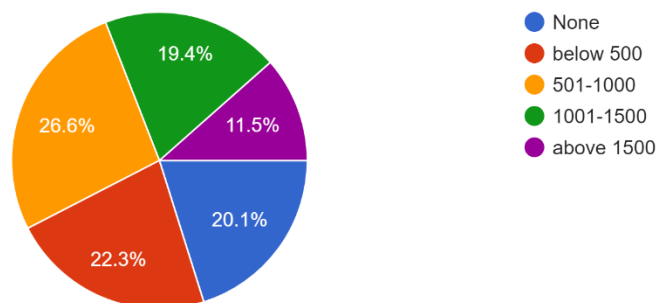
140 responses

**Interpretation**

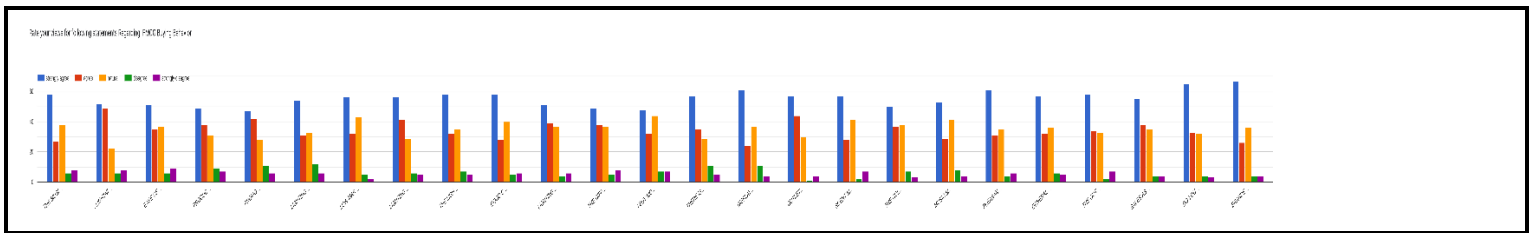
From the above chart 60% of respondents have experienced instant/unplanned impulse buying in store and 40% of respondents have experienced instant/unplanned impulse buying in store.

AMOUNT OF IMPULSE PURCHASE IN LAST THREE VISITS

139 responses

**Interpretation**

From the above chart 26.6% respondents have 501rs -1000rs of impulse purchase in last three visits, 22.3% respondents have below 500rs of impulse purchase in last three visits, 20.1% respondents have no impulse purchase in last three visits, 19.4% respondents have 1001rs -1500rs of impulse purchase in last three visits and 11.5% respondents have above 1500rs of impulse purchase in last three visits. Thus most of respondents have 501rs -1000rs of impulse purchase in last three visits



FINDINGS OF STUDY

After we studied Study on various factors affecting the impulse purchase behaviour of customers in FMGC, 40% of respondents have experienced instant/unplanned impulse buying in store.

Customers are taking a subconscious cognizance of the way goods are presented at the store. Impulsive buying mainly depends on the personality traits of the shopper. Retail displays are very important because visual merchandising will make or break a potential customers first impression. The store should be designed in such a way that the customer can easily locate his desired department and category. Colour of Merchandise and various divisions of the store definitely have a positive impact on the propensity of consumer's purchases. Most of respondents have spent 501rs - 1000rs of impulse purchase in last three visits. According to our research respondents with monthly income from 10,001rs -15000rs have direct impact factor affecting the impulse purchase behaviour in FMCG products. Shoppers try to improve their parasocial interactions with people they don't meet during their workday. The advent of stores has brought about a drastic change in the behavior and work habits of the customers. Discount display boards are one of the major factors that motivate people to make purchases as they feel the discount by seeing the prices before and after the discount. Availability of funds is a major facilitator in the process of impulsive buying. Men have a higher propensity to make purchases than women and the latter show interest in products that show symbolism and are self-expressive and easily blend with their emotional self and appearance. Young customers are more prone to make purchases because of their attitude as well as status, while older customers think twice before buying any product. Heightened impulsive nature can be seen in online shoppers due to their socialization and this is exponentially greater in comparison to regular shopping at the store.

CONCLUSION

In short, the consumer impulse for FMCG products is favorable in India. When consumers see a store offering free products and price discounts, they are more likely to make impulsive purchases. Income level and visual merchandising have a strong and significant influence on consumer impulse to buy FMCG products in India, especially well decorated ones with colorful surroundings as well as pleasant and calm store environment along with colorful surroundings not just motivating the consumers to buy unintentionally but also build excitement inside the consumer's minds. Window display and visual merchandising have an important role play for consumer's impulse buying. Consumer can be attracted to a store for purchase by settling up a well-designed window display and by insertion up a proper placement of products, packaging and displays of products along with a better presentation of products and store.

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