

## A STUDY OF INDIAN CONSUMER BUYING BEHAVIOR OF FMCG PRODUCTS (WITH SPECIAL REFERENCE OF BATHING SOAP)

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### ABSTRACT

*Bathing soaps are fast moving consumer goods that have seen a surge in their sales in the past few decades in India. More and more people are opening up to the idea of experimenting and trying out newer bath soap. This study is an attempt to cover the various factors that influence the buying decision of consumers who plan to purchase and/or used bath soap. FMCG sector is the fourth largest sector in India touching everybody life's in every day. The FMCG goods sector is vital contributor to India's gross domestic products. The field of consumer behavior is the study of individual, group, organization and the process is used to select, secure, use and dispose of products and services that satisfy their needs. The Indian soap industry includes about 700 companies with combine annual revenue about \$17 billion and also spread all the major metropolitan cites. In India, per capita consumption of soap is at 460 gm. per annum. The Indian market capitalization of bath soap industries is 70% of India's population resident in rural area and 50% soaps are sold in rural market. To attain this objective, a survey was developed and administered across some part of Uttar Pradesh.*

**Keywords:** Consumer Buying Behavior; FMCG; Bath Soap; Demographic Factors; Psychographic Factors; Behavioral Factors

### INTRODUCTION

Consumer behavior is defined as activities people under take when over taking, consuming and disposing of product and services (Blackwell et al., 2001). The study of consumer behavior does not only include reason for buying but also the consumption process of the consumer at large. In the entire process of buying, consumer get driven by influences such as felling, motivation, income, lifestyle, opinion, culture, personality etc. The Indian consumer market has higher disposable income. The development of modern urban life style and increase in consumer awareness have affected by buyer behavior in cities, town, even rural areas. According to 2007 report by McKinsey & company, India is set to grow into the fifth largest consumer market in the world by 2025. In this scenario, creating customer loyalty is now a completely new challenge. These demographic shifts have also created the need for leader who can keep pace with change, identify, and predict future demand. This study is basically emphasis on

influencing factor on Indian consumer buying behavior towards the bath soap on the basis of demographic, psychographic, behavioral factors.

### FMCG Sector in India

Fast moving consumer goods are popularly named as consumer packaged goods (CPG). Items in this category include all consumable (other than grocery and pulses) people by at regular intervals. The most common in the list are bath soaps, toilet soaps, detergent, shampoo, toothpaste, shaving products, shoe polish, packaged food stuff and house hold accessories and extends to certain electronic goods. These items are meant for daily or frequent consumption and have a high returns. The Indian FMCG sector in the economy with a total market size is excess of US \$ 13.1 billion. It has a strong MNC presence and is characterized by a well stabilized distribution network, intense completion between the organized and unorganized segment and low operational cost.

Availability of key raw material, cheaper labor cost and presence across the entire value chain give India competing advantage. The FMCG market is set to travel from US \$11.6 billion in 2003 to US \$ 33.4 billion in 2015. Burgeoning Indian population, particularly the middle class and the rural segments, presence and opportunity makers of branded products convert consumer to branded product.

### **Major Categories in FMCG Sector**

Household care fabric, bath soap, laundry soap, and synthesis detergent; Household cleaner, V Dish/ wash cleaners, toilet cleaners, mosquito repellents ; Cake, biscuit, chips, chocolate, ice cream, tea, coffee; Soft drink, branded rice, flour, canned fruits; Vegetables, dairy products, personal care product, oral, hair, skin care product etc.

### **The Indian Soap Industry**

The Indian soap industry includes about 700 companies with combine annual revenue of about \$ 17 billion. Major companies in this industry include division of P&G, Uniliver, and Dial. The Indian soap industry is highly concentrated with the top so companies holding almost 90% of market. Indian soap industry volume is Rs. 4800 cores. For the purpose of gaining a competitive edge, Indian companies are now relaunching their brands with value additions to woo customers across India. In terms of market share for Indian soap industry the data indicate that (HUL) had a market share 64% in the soap market followed by Nirma 16.8%, Godrej at 4.4%.

Soaps are categories in to men's soaps, ladies soaps, baby soaps, and common soaps. There are few specialty soaps like the glycerin soaps, sandal soaps, specially flavored soaps, medicated soaps. Specialty soaps are highly valued which enjoy only small share of market in value terms. The market is growing at 7% a year. This means that the incremental demand generation is 5% over and above the population growth. With increasing awareness of hygienic standards, the market for the soaps could be at a rate higher than 8% annually. Interestingly, 60% of the market is now sourced from the rural sector. This means that the variance between two segments is not very large. Since end market focus is the urban areas, margins come from the urban sector.

India is a country with a population of 1030 million people. With household penetration of soaps is

90%. People belonging different income levels used different brands which fall under different segments. But all income level uses soap making it the second largest category in India. Rural consumers in Indian constitute of 70% of population. Rural demand is growing with more and more soap brand being launched in the discount segment targeting the lower socio-economic strata of consumer. Soap manufacturers originally targeted their products to the lowest income strata in urban as well as rural areas positioning their brands as a way to remove dirt and clean the body. For some brands, the positioning persists even today with a focus on removal of body odor and keeping the user healthy. However, soap positioning are move in towards skin care as a value added benefit.

Soap is primarily targeted towards to women. As they are the cheap decision makers in terms of soap purchase and medicated positioning like germs killing, anti-bacterial, and marketed to families about 75% of soap bought through the different type's outlets. This is the most common of sources of buying soap. This usually forms a part of the month grocery list pan bedded soap. Total annual soaps sales by companies marketing their brands at national or state levels is estimated at 14000 tons of a total soap market considered to be about 126000 tones.

### **CONSUMER BEHAVIOR AND ITS RELATED STUDIES**

Consumer behavior which was earlier termed as covered behavior is a continuous consumption process related to pre-purchase, purchase and post purchase issues. This refers to the physical action of consumers that can be directly observed and measured by others. According to Michael R.Solomon,& Nancy J.Rabolt(2004) , consumer behavior is the study of the process involved when individuals or groups, select, purchase, use or dispose of product , service, idea or experience to satisfied need and desires. According to Frank R. Kardes (2002), Consumer Behavior is the study of human or consumer responses to product , services and the marketing of products and services. The concept of modern consumer behavior is that people mostly buy products not for what they do, what they stand for.

This concept implies that the products play a role which goes beyond their functional purposes what actually they meant for and consumers tend to establish a relationship with a product what they like. The types of relationship a consumer may make with a product is like self-concept attachment, nostalgic attachment, interdependent and love (Solomon and Nancy, 2004). Sproles & Kendall (1986) established a model to conceptualize consumers decision making behavior with eight consumer mental orientation variables viz., perfectionism, consciousness, brand consciousness, novelty and fashion conciseness, impulsive and careless consumer, confused by over choice consumer, habitual and brand loyal consumer, recreational and hedonic shopping conciseness, price and value conciseness. Jin & Kang (2010) in their study of purchase intention towards foreign brand jeans using four antecedents viz., face saving, attitude, perceived behavior control and subjective norms found that face saving, attitude, perceived behavior control have significant influence of purchase intention whereas subjective norms has not significant influence towards purchase intention. According to Kotler and Armstrong (2001), consumer buying behavior refers to the buying behavior of the individuals and households who buy goods and services for personal consumption. Consumers around the world are different in various factors such as age, income, education level and preferences which may affect the way they avail of goods and services. This behavior then impacts how products and services are presented to the different consumer markets. There are many components which influence consumer behavior namely; cultural, social, personal, and psychological. Kundi J. et al. (2008) stated that consumer behavior refers to the mental and emotional process and the observable behavior of consumers during searching, purchasing and post consumption of a product or services. Consumer behavior blends the elements from psychology, sociology, sociopsychology, anthropology and economics. The soap, bath and shower market can expect to see growth in the next few years due to near universal consumer usage of these products for hygiene maintenance along with a lack of competitive alternatives. However, this market

does have some issues it will need to address: private level offering are slowly starting to grab market share and sales from branded offering; consumers are expecting more from their soap products; and there is growing concern around the chemicals being used in personal care offerings, new product benefits, and ways of helping consumers to feel better about the products that they use (Gabriela Mendieta, Home & Personal Care Analysis).

## RESEARCH OBJECTIVE

The main research objective of this study is to identify the factors that influence consumer behavior at the time of purchasing of bath soap. The primary research objectives are stated below which have been further subdivided into sub objectives to illustrative the point further. Primary objective are

- Demographic factors
- Psychographic factors
- Behavioral factors

Following are the sub objective providing explanation for each of the research studies objective.

**Demographic factors:** Demographic factors are those factors influencing consumer behavior which are the consumers factors comprising of age, gender, income, occupation, education. Demographic factors are important as consumers belonging to similar demographics have a like buying patterns. Based on the research study, researchers would know what brands are favored by the male/female consumers which also depend on the income and occupation. Which brand would be the choice for consumers?

**Psychographic factors:** Comprise of factors that are based on consumer's social class and life style and personality traits. A point to us noted is that some demographics may have very different preference when it comes to psychographic structure. Some brands are concerned one others if they are better at portraying and image which truly reflects the consumer psychographic.

**Behavioral factor:** Are specially related to the buyer's habits and their attitudes towards different brands. Basically, it comprises of components that till about the consumer's knowledge, attitude and responses to a product. If the marketer has ample knowledge about these behavioral barriers then it makes very informative.

## RESEARCH METHODOLOGY

The present study is an empirical enquiry. The present research paper attempts to identify the factors affecting the purchase decision of customers towards the purchase of FMCG (bathing soap) to recommend the particular factors that should be considered most important for such type of decisions. To achieve the said objectives, only (fifteen 15) questions items of the questioners was used. The study is based on primary data as well as

secondary data. Primary data was collected through the structured questioners from different location of Uttar Pradesh and secondary data was collected from books, journals, periodicals, articles, internet, etc. In this study, the respondents were selected on the basis of non-random sampling and convince sampling which mean that the customers who were willing to answer the questionnaire were selected. The sample size selected was 150.

## DATA ANALYSIS AND RESULTS

Gender	Male	40%
	female	60%
Age	Below 20 years	20%
	20-25 years	25%
	25-30 years	15%
	30-35 years	20%
	35-40 years	15%
	Above 40 years	5%
Marital status	Single	45%
	Married	55%
Occupation	Students	30%
	Business person	35%
	Salaried	35%
You belong to which social group	Upper	15%
	Middle	50%
	Lower	35%
Monthly income	Less than 5k	15%
	5k-10k	20%
	10-15k	30%
	15-20k	25%
	Above 20k	10%
How much you are willing to spend on bathing soap in a month	Less 50 Rs.	40%
	50-100 Rs.	30%
	100-200Rs.	20%
	Above 200 Rs.	10%
How many times you buy the bath soap	weekly	10%
	Half monthly	40%
	monthly	50%

Do you like to buy branded and unbranded soap?	Branded	90%
	Unbranded	10%
What kind of consumer you are?	Brand loyal	30%
	Hard core brand loyal	40%
	Switchers	30%
You normally used the following bathing products	Bath cream	10%
	Bath soap	90%
Which factor keep in mind when you purchase a bath soap?	Price	25%
	Quality	40%
	Hygiene	20%
	Color/fragrance	10%
	Durability	5%
You interested to buy a bath soap advertised on	T.V	60%
	Radio	5%
	Newspaper/magazine	20%
	Poster/banner	15%
Your buying decision is influenced by	Family	50%
	Celebrities	30%
	Friends	5%
	Communities	5%
	Social media	10%
You usually bath soap from	Convenes store	25%
	Cosmetic store	10%
	Chemist Shop	5%
	Supermarket	10%
	Neighbor store	50%
The reason for changing a brand	Trying at new brand	30%
	Can't buy the same brand	10%
	Price discount on other offers	20%
	Lower price	20%
	Not satisfied with the same brand	20%

After analysis of data we found that females in terms of customers are the market leader of bath soap. Customers are mostly buying bath soap monthly. Normally persons buy branded soaps. Price, quality and hygiene is the basic features which attract the customers to buy a particular soap. The major promotional influencing factors are T.V and newspaper. Celebrities and family work as a opinion leader to influence the buying decision of consumers. The basic reasons for changing brands are trying to new brands and another one is when did not satisfy with product.

## CONCLUSION

The research concludes that 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 derive characteristics through their experience of the product and make careful study on the negative effect and quality of product. They also approach the product of FMCG and make suitable purchase decision. They are able to collect information of the product through Television advertisements. Consumer prefers the product, making the purchasing decision and expressing the satisfaction level. The consumers have the tendencies for brand shift if not satisfied with the utilization of the product as well as availability in the market. In the post –purchase satisfaction in consumers of predominant brand image and quality of the product is important. The royalty of 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 and they prefer purchasing of bath soaps mostly from convenience store or neighbor retail store.

Consumers now look to their soap products to deliver not only skin cleansing, but also moisturizing, deodorizing, and exfoliating attributes to name a few. However, though this market has performed well and will continue to grow, consumers are very cost conscious due to current economic circumstances and private label offerings are competing with branded offerings, promoting similar benefits for a lower cost. It will be important that companies and brand continue to

integrate new functional and cosmetics benefits in the coming years in order to continue growing the market and to keep consumers engaged with this category.

## LIMITATIONS AND SUGGESTION FOR FUTURE RESEARCH

The research has a number of limitations which must be acknowledged. Mainly this study was conducted in different region of one state (Uttar Pradesh) in India with limited number of respondent. The data collection was based on the opinion of respondent and it may change from time to time. Data collection primary in nature, therefore it suffers from the limitation of primary data, some customers were reluctant in answering the questions. The sample size is very limited due to time constraints. To test the propose consumer buying behavior towards bath care products, this study is used convince sampling of customer who were willing to respond, therefore the finding cannot be generalized universally. In future research, we can add many other factors also.

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