



A Study of Factors Affecting Buying Behaviour of Indian Consumers towards Online Purchase of FMCG Product

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ABSTRACT

The FMCG products are sold in offline stores as well as online store. The opportunity to acquire many customers lies in online mode. Our research and its findings can help marketers and companies in understanding the potential of e-commerce sites with regards to FMCG products. Since the internet users in India are soaring and touching the million active users, a large portion of customers are unacquired in online mode. Just by tackling the basic challenges of user-friendly sites can, eventually, prove to be a core competency. FMCG products, if not purchased, are consumed by every age and gender. To leverage technology for sale of FMCG products is crucial along with the factors that affect such online buying decisions.

KEYWORDS: FMCG products, online buying, factors

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I. INTRODUCTION:

In the Indian economy the fourth largest sector is the Fast-Moving Consumer Goods sector. As the earnings of the people increases there will be a rise in the said sector also. Moreover, in this sector the foreign investments are also increasing because of the government support. Fast Moving Consumer Goods are the goods sold to customers in a quick time at a low rate. As there is not a huge gain from selling these FMCG products, these goods are often sold in bulk quantities so that the aggregated revenue from selling these items is large. India's FMCG industry is the fourth biggest area in the economy and is estimated to have a size of Rs 1,300 crore. In the previous ten years, the growth of this sector annually is about 11%. The significant segments of the market include the selling of unbranded items and unpackaged products.

The major areas of the FMCG Industry are family care, individual care, food, and drinks. As indicated by Indian FMCG Industry Report; From 2016 to 2020, this market is estimated to rise at a CAGR of 21%. There is an estimation that by 2020 the use of modern retail will rise drastically. According to the data, household and individual care represented half of the market, hair care represented 23%, and food and refreshment represented 19%. Now the FMCG processes frameworks have gotten more transparent, organized, and effectively compatible. There were trends seen in the rural areas as well particularly related with this sector. Nowadays, people have more income in their hands and because of that they are very much aware about the products they need keeping in mind the quality of the products. The focal point of the development of FMCG organizations is to enhance existing item portfolios and make new products. To maintain the production process and increase the number of customers, the organizations are trying to produce low-cost Stock Keeping Units (SKUs) to have stable profitability.

FMCG Going Online

In comparison with the worldwide customers, the Indian customers are very much like them; living in the world of internet now everything can be found on the Internet, including getting food from restaurants, getting medicines, and even finishing salon benefits at home. Although India's Kirana Store is getting ahead, online grocery will be viewed as a significant channel of distribution in coming future. The purchase of FMCG products online is increasing at a rapid pace not only in India but also worldwide. Now the Indian customers purchase online is not only restricted to books, electronic items, or attire. They can now buy all sort of products, for example, cleansers, shampoos, hair oils, food etc. From one viewpoint, the e-commerce giants, for example,

Flipkart and Amazon sell shampoos, hair oils and other individual care items, however online platforms like Grofers, Big Basket give grocery items, vegetables, and packaged food on the doorsteps of customers. Customers at work are occupied with their timetables, and these kinds of platforms give them a very big relief since they can shop anywhere, anytime. Moreover, in current scenario it is seen that there is huge rise in purchasing of FMCG products on various e-commerce platforms worldwide.

II. LITERATURE REVIEW:

Somashekar (2016), studied about the buying behaviour of customers in the FMCG sector. Consumption of FMCG products growing rapidly as the urban market was facing a saturation point. Entering of MNC'S in India has resulted in increased competition among domestic players. Packaging plays an important role in selling product. FMCG sector sees impulsive buying behaviour of customers like customer go to the shop to buy biscuits, they purchased chips along with it. The main factors influencing the consumer to buy products are taste, quality with low price. He concluded that marketers should give importance to these factors to increase their revenue. Thus, marketer needs to understand the behaviour of customer with the changing behaviour of customers.

Sudhamathi (2017), discussed the buying behaviour of customers in FMCG products. The study revolves around to know factors influencing consumer's preferences. The author discusses the consumption pattern, their lifestyle, perception about the product through advertisement. The conclusion of the report is consumers are more focus on quality rather than the price also health is an important factor that consumer focus to buying online.

Dey (2017) concluded that in India spending and Income of consumers has risen. Increase of internet and social media has changed dramatically. Lifestyle of consumers has shift, which affects change in buying behaviour of consumers, consumers awareness is also rising in both rural and urban areas. Urban people shift to fast and ready to eat food rather than the traditional way of cooking and cleaning. Customers shop more from malls and supermarkets than small shops and purchase items in bulk. Consumers have a huge impact on western culture, they buy branded products. The buyer should pass from following steps are Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision, Post-Purchase Evaluation.

Sinha and Kim (2012), researched in the article that the quality information, ease of payment, online shopping benefits and loyalty on online purchase decision significantly. Also identify factors affecting consumers' behaviour based on online purchase considering perceived risks and service, products and infrastructure concerns. They have also added culture-specific factors like shopping and leisure habits, debit, credit or online penetration rate, Internet related infrastructure, reliability of postal carriers, etc. Convenience risk was found to be one of the factors affecting online buying behaviour of consumers.

Akhter (2002) resulted that more educated, males, younger and wealthier people as compare to less educated, older, females, and less wealthy are more likely to show interest on online purchasing. Quality of Service depends on the behaviour of consumers. Consequently, if the website interface could enable consumers to use easily and quickly find the information or purchase service they need, consumers would feel the high-quality service of the friendly websites.

Kansal and Singh (2015), studied the influence of brand on buying FMCG products. The results show that variables such as educational qualification, gender, occupation, income have a positive correlation and family size has a negative correlation with the impact on buying FMCG products. Cash discount and free gifts are the major sales promotion schemes used by the marketers.

Uzun and Poturak (2014), told that convenience and trust are the most important factors of online shopping followed by price and quality of the products. According to the results, if the consumers have a good experience while buying online and they are satisfied with the products and services then there is lesser risk, and they intend to buy again which means they are loyal towards the brand or the product.

Jahng, Jain, and Ramamurthy (2001), added a Technology/Product Fit Model to describe and predict the relationship between the product characteristics, e-commerce interface characteristics and consumer outcomes. They classify products sold on the Internet as there are four categories based on social and product presence included: simple, experiential, complex, or social.

.Tanuja & Rashi (2017), studied the influence of online advertisement in FMCG sector, with the help of celebrity advertisement, that has become crucial. Hiring a celebrity for online advertisement helps FMCG companies to have a better product perception as audience tends to resemble themselves with their hero or heroine. In the recent past, celebrity advertisement has greater chances to attract, acquire and retain customers.

Aneesa & Nanja (2009), found in his study that online advertisements influence the shopper to buy the products, if not often, then once in a lifetime. Behaviour analysed in online ads helps in convincing the customer to purchase more through online mode.

Jagadeesan (2020), pointed out that understanding the consumer behaviour has always been an important factor in advertisement of FMCG products. Since this a century of digitalisation and globalisation,

customers' wants, and requirements are modified. The Fast-Moving Consumer Goods sector contributes heavily towards the GDP of India.

Benedict (2004), stated that often, companies that are into FMCG sector think that customer, with respect to online purchase, is influenced through factors like user-friendliness, and reliability. Whereas there are many external factors are also at play, like demographic characteristic of the consumer, geographical factors, and most importantly the past experience the consumer had when buying online.

Research Design:

Based on the literature review, it is clear that prior to our research many other researchers have been conducted by various researchers. In addition to the existing studies, our study is an add on to the existing ones, which will help in identifying and analysing the different factors which impact the buying decisions of consumers when purchasing FMCG products through online mode. Hence, the data collected for the study is quantitative in nature. Furthermore, a cautiously detailed questionnaire was utilised to collect the data.

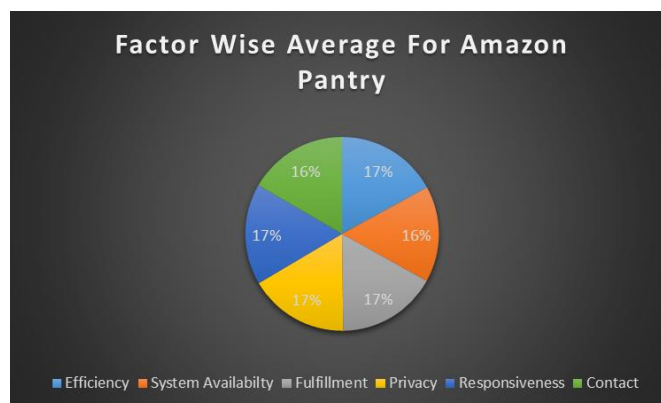
This research report is limited to India. The primary data is collected through a structured questionnaire from potential consumers of age group of 18 to 60 years .The study has taken efforts to cover the collection of primary data as much as possible so that the result is not biased. Since the population is infinite, hence, we had to limit the sample size as per the calculation.

Data Analysis:

On the basis of our research topic, a survey was conducted wherein people from the age group of 18-60 were asked to respond to the questions based on the website they use for online shopping of groceries. These questions were divided into factors (categories): Efficiency of the website, system availability, fulfillment, maintaining privacy, responsiveness of the website and contact details availability on website.

Factor Wise Average for Amazon Pantry

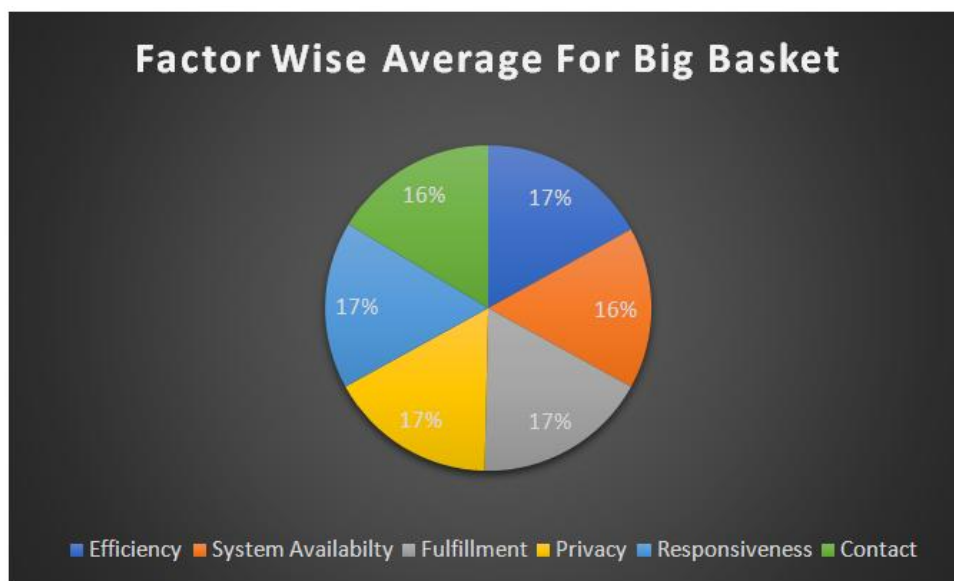
Factors	Average
Efficiency	3.764706
System Availability	3.54902
Fulfilment	3.7
Privacy	3.691176
Responsiveness	3.727941
Contact	3.676471



Respondents using Amazon Pantry for shopping groceries were clubbed together and factor wise average was calculated for their responses. Here we can see that efficiency, fulfillment, privacy, and responsiveness at 17% each with 3.7 as average for each factor. On the other side, 16% each for system availability and contact with 3.5 as average, respectively. Hence, a neutral response can be seen by the respondents using amazon pantry for shopping groceries.

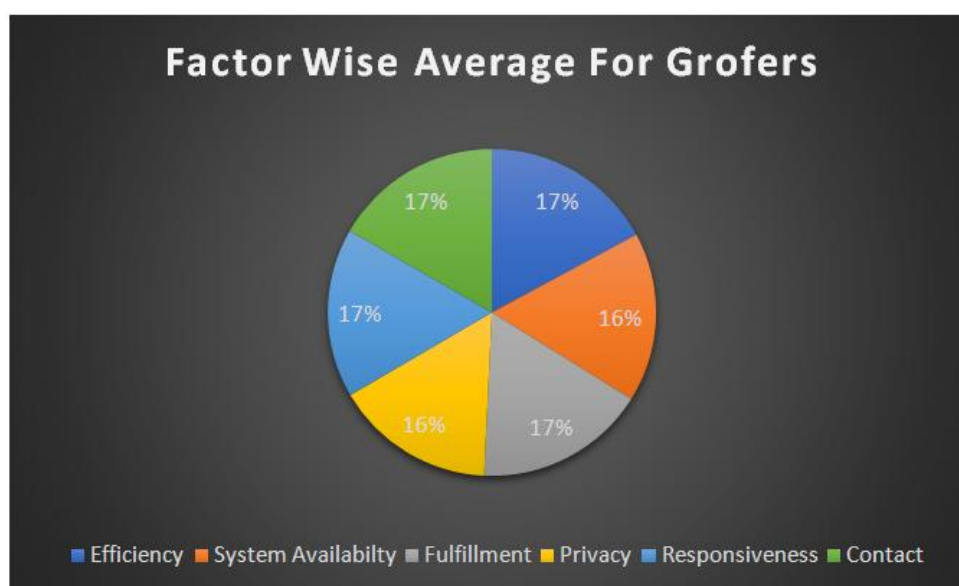
Factor Wise Average for Big Basket

Factors	Average
Efficiency	3.688645
System Availability	3.478632
Fulfilment	3.774359
Privacy	3.615385
Responsiveness	3.602564
Contact	3.564103



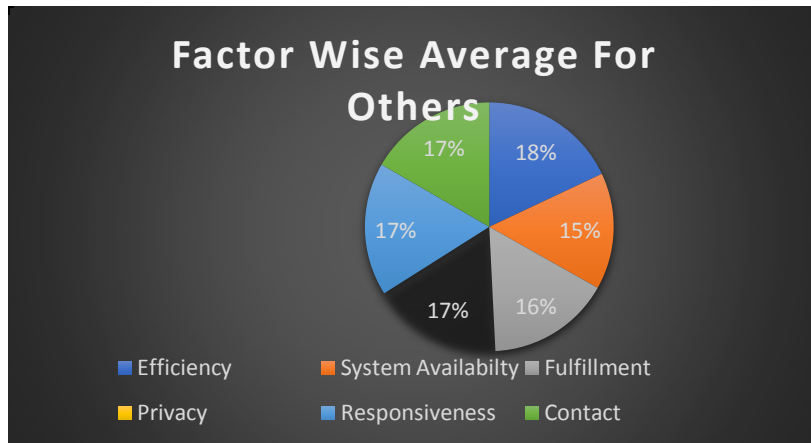
Factor Wise Average for Grofers

Factors	Average
Efficiency	4.102041
System Availability	4
Fulfilment	4.057143
Privacy	3.785714
Responsiveness	4
Contact	4



Factor Wise Average for Others

Factors	Average
Efficiency	3.649351
System Availability	3.075758
Fulfilment	3.254545
Privacy	3.409091
Responsiveness	3.511364
Contact	3.378788



According to the respondents who prefer other platforms, they almost agree that efficiency of these sites is good which includes components like whether the site makes it easy to find what they are looking for, is the platform easy to use, the site helps them to complete the transaction quickly, the information is well organised, is it fast or not or easily accessible.

Talking about the second factor which is System Availability and includes components like site launches and runs right away, the site does not crash and pages at the site do not freeze after entering the information and they are having the average of 3.18, 3, 3.04, respectively. From this it can be interpreted that the users do not agree much, or they are neutral on the system availability factor.

The third factor is fulfilment which talks about whether the platforms are delivering the products on the said date or time, whether the site has proper stock of the items and the site is truthful or not. According to the data, most of the respondents believe that the sites they are using are truthful in their offerings. If we interpret the data related to the factor of privacy which includes points such as the protection of information of their shopping behaviour and the protection of their credit card information, the respondents agree that their information is very well protected on the platforms they use. Interpreting the last two factors responsiveness and contact which are having the average of 3.5 and 3.37 respectively we can conclude that the respondents are very much comfortable with the responsiveness of the sites and it is easy for most of the users to contact with the representatives which are available online.

III. CONCLUSION:

FMCG products are sold and consumed in every household in India. It is estimated that FMCG market's value in India will be \$220 billion by the year 2025. Moreover, internet penetration in India is skyrocketing. Every more and more people are accessing internet. With the same opportunity in mind and leveraging the internet, e-commerce sites have included and listed fast moving consumers goods on their respective sites. Many dedicated e-commerce sites are also operative which sell only FCMG products like Big Basket and Grofers.

The internet penetration has, undoubtedly, increased but not the usage of such sites which sells fast moving consumers goods. After our research, it became clear that people still hesitate to buy such goods through online sites. Reasons for the same may include, transactional security, items return among other. Hence, our research focused on such six factors (Efficiency, Fulfilment, System Availability, Privacy, Responsiveness and Contact).

Most of our respondents chose 'neutral' from the set of choices given for each question. Which can be perceived as a good sign that people who use online mode to purchase FMCG products do not find much or almost zero difference when buying through offline (brick and mortar shops) or online mode. Marketers can

leverage this study to further leverage this opportunity and bring more people towards online purchase of FMCG products. The six factors chosen by our group seems to be very effective in studying the factors that affect the buying behavior of Indian consumers towards online purchase of FMCG products.

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