

Factors Affecting Buying Behavior of Organized FMCG Retail Customers

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ABSTRACT

All human beings are consumers. In order to survive in this world, they need various things in their daily life to eat, drink and they also need to visit various places of their interest and to interact with different kinds of people. Those consumers with similar needs are attracted towards each other and form groups. Retailers identify these groups as their target groups and they do the segmentation of their target market on various basis such as Demographic, Geographic, and Psychographic etc. Different groups behave differently and respond to similar situation / product / service in the different manner. Thus it becomes very important for the retailer to understand how customers behave when they come to his store. What are their needs and likings? What is there in his store which attracts them to visit there and what is there which can irritate them. Answers to all these questions are very important for a retailer to understand in order to sustain in this competitive market.

1. Introduction

This issue focuses on Factors affecting Buying Behavior of Organized FMCG Retail Customers concept of retailing and special emphasis on present status of organized FMCG (Fast Moving Consumer Goods) retailing and exclusively focusing on organized FMCG (Fast Moving Consumer Goods) retailing in Punjab State. The scope of retailing is increasing in our country. Indian retail is moving from family managed to professionally manage.

Today's consumers demand choice and convenience. They "mix and match" channels according to their needs for product research, purchase and delivery. Successful retailers are the ones who clearly understand how the customers make the choice of the retail store, from where they want to purchase from and how they select the merchandise from that store. The consumer today has evolved into a very informative consumer. In general he has the prior knowledge of each and every attribute of the product he is going to purchase. So vague/open arguments without any logic are not going to satisfy him. While a group of consumers today need arguments with clear logic from the store staff, others are persuaded by the emotional / visual appeal inside the store. By understanding the consumer, a retailer can formulate the retail strategy which includes all the aspects such as Financial, Marketing, Human Resource, Promotions, Technology, etc

- To know the factors affecting customer buying behavior towards organized FMCG retailing.

2. Research Methodology

The present study is descriptive in approach. It is based upon primary and secondary data. The researcher has selected customers from the district Bathinda. Criteria for the selection of respondents were on the basis of demographic profile. Since the respondents were those individuals who are visiting the retail outlets, the focus of the study on these areas helped us in getting reliable results.

3. RESULTS & ANALYSIS

The analysis of data is distributed in parts. These parts are related with the demographic features of the research, analysis related with the attributes which were ranked by the customers and the external factors related with the buying behavior of customer.

3.1 Customers' Demographic Profile Analysis

Table 1 Yearly Income of Customer

Sr. No.	Income Group	Bathinda	Villages Near Bathinda	TOTAL
1	Rs. 100000-2, 50,000	10	15	25
2	Rs. 2, 50,000 - 5, 00,000	20	20	40
3	Rs. 5, 00,000 and Above	30	5	35
4	TOTAL	60	40	100

A stratification of the sample was done on the basis of the family income. Three strata were defined (1) Rs. 100000-2, 50,000 (2) Rs. 2, 50,000 - 5, 00,000 and (3) Rs. 5, 00,000 and above. The high rate of response was due to the personal interview method adopted. The

questionnaire contained two sections bearing questions on the consumer behavior, preferences, perceptions, and demographic and geographic information. The scales that were used to measure consumer behavior and perceptions were nominal scales.

Table 2 Demographic Profile of Customer on Basis of Gender

Sr. No.	Region	Males	Females	Total
1	Bathinda City	20	40	60
2	Rural Areas	25	15	40
3	Total	45	55	100

TABLE 3 Factors Affecting Organized FMCG Retail Customer Buying Behavior

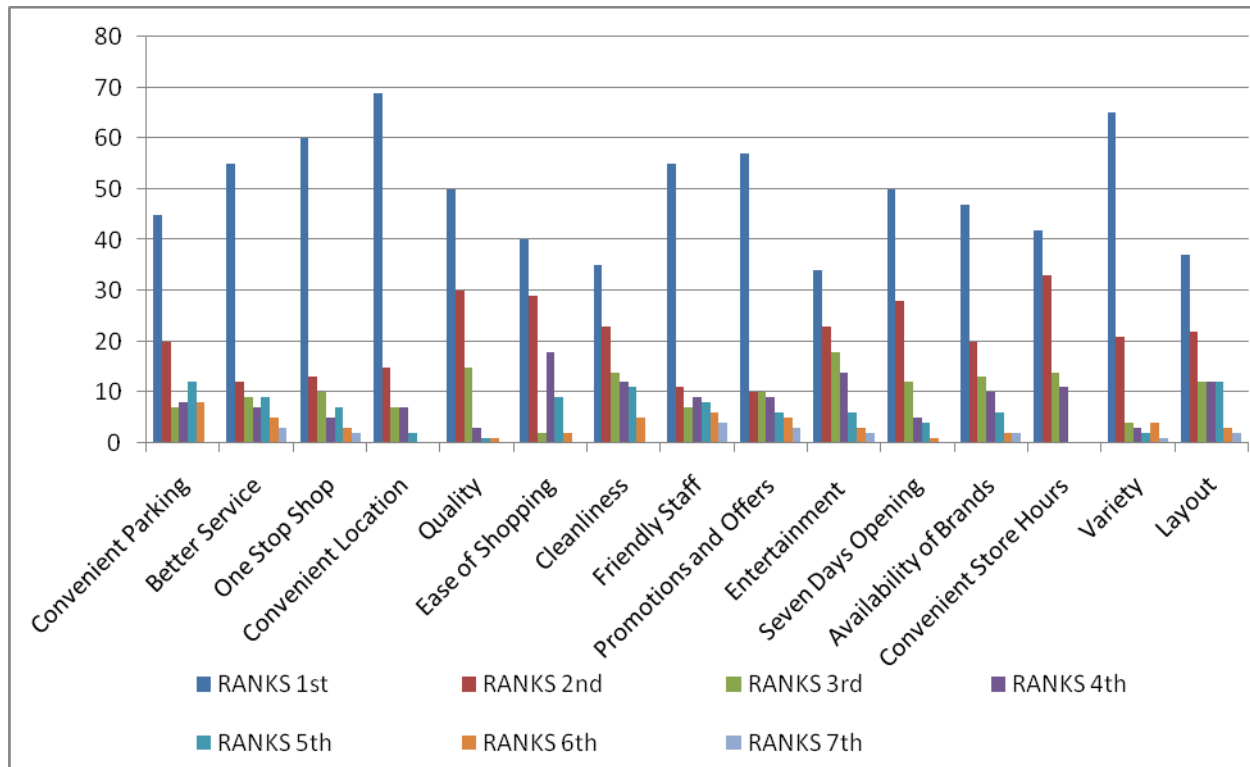
Sr. No.	Factors	RANKS							Total
		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	
1	Convenient Parking	45	20	7	8	12	8	0	100
2	Better Service	55	12	9	7	9	5	3	100
3	One Stop Shop	60	13	10	5	7	3	2	100
4	Convenient Location	69	15	7	7	2	0	0	100
5	Quality	50	30	15	3	1	1	0	100
6	Ease of Shopping	40	29	2	18	9	2	0	100
7	Cleanliness	35	23	14	12	11	5	0	100
8	Friendly Staff	55	11	7	9	8	6	4	100
9	Promotions and Offers	57	10	10	9	6	5	3	100
10	Entertainment	34	23	18	14	6	3	2	100
11	Seven Days Opening	50	28	12	5	4	1	0	100
12	Availability of Brands	47	20	13	10	6	2	2	100
13	Convenient Store Hours	42	33	14	11	0	0	0	100
14	Variety	65	21	4	3	2	4	1	100
15	Layout	37	22	12	12	12	3	2	100

The above table shows how the customers have rated the attributes in the questionnaire; moreover the graphic presentation of the table is also given with it.

The table and the graph shows the trend of the response of the respondents, which ultimately help in finding out the best attribute which is the one affecting the respondent

decision the most. The 15 attributes are ranked based upon the no. of respondent's preferences are discussed in details as well.

Figure 1 Factor Affecting Organized FMCG Retail Customer Buying Behavior



It has been found factor affecting customer buying behavior while purchase from organized FMCG retail stores as follow:

➤ **Convenient Location**

Location is having major impact on growth of FMCG retail. The difference between selecting the wrong location and the right site could be the difference between business failure and success. It was the most favored attribute by the respondents as 69% of respondents ranked it first.

➤ **Variety**

The importance a consumer places on a shopping center having a wide variety of merchandise for the purpose of selecting where to shop, with an emphasis on the set of stores having well-known brands and new products. It stood second in the category favored by 65% of the respondents.

➤ **One Stop Shop**

Consumers increasingly prefer to combine the purchase of different products at one retailer in order to reduce the number of shopping trips or more generally their shop-

ping time. Retailers, in turn, respond to the increasing importance of the so called one-stop shopping behavior by expanding their assortments in order to allow customers to purchase goods from different categories under one roof. That's perhaps the reason behind the third favored attributes by 60 times first ranking.

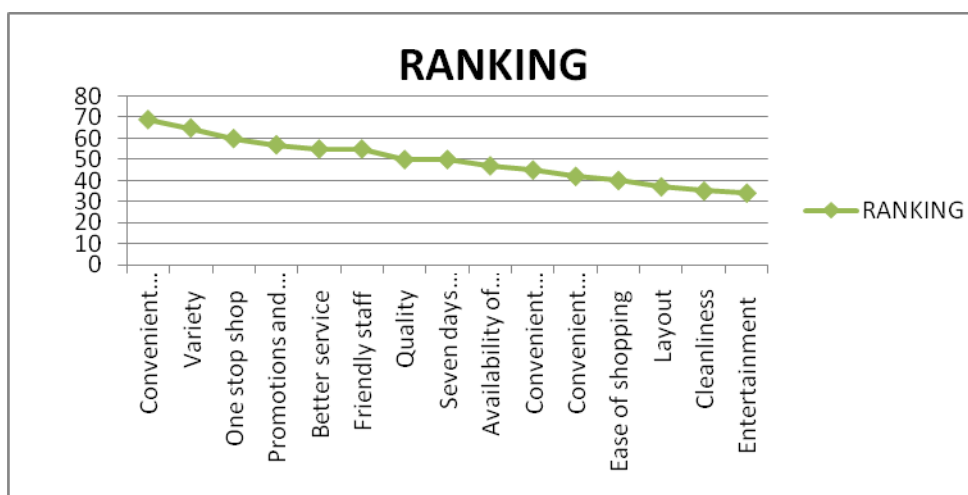
➤ **Promotions and Offers**

Successful promotions deliver added value to the customer at the shelf edge which encourages them to buy NOW. Promotions or special offers are all about selling and, as veteran retailers lament, this is a core skill that seems severely lacking in too many stores. For example the policy of WEDNESDAY BAZZAR is very successful in BIG BAZZAR. This attribute was favored by 57 % of the respondents.

➤ **Better Service**

The way store personnel and management treats a customer has gained importance. With competition from online retailers and auction sites, good customer service often makes the difference between keeping and losing a customer. Better service includes all the services provided by the retailer in and outside the retail house. It was favored by 55% of the respondents.

FIGURE 2 Ranking of Factors Affecting Organized FMCG Retail Customer Buying Behavior



➤ **Friendly Staff**

Knowledge about what you are selling is also quite essential. A well trained staff will be able to assist a customer who is looking for a certain item or needs some extra help in making a purchasing decision. The staff represents the store and plays a major role in just how successful a retail establishment can be. So friendly staff plays

major role in this regard and in the survey it was ranked first by 55% of the respondents.

➤ **Quality**

Product quality has major implication upon the preference settled by the respondents as the respondents prefer quality the most. Quality matters for both educated as well as the uneducated customer. Quality of the products available was such attribute which was favored by 50% of the respondents as their favorite attribute.

➤ **Seven Days Opening**

The tendency to do jobs or business is increasing in the generation now a day's that's why the weekends are the days when majority of the people shop. Moreover the majority of the requirements of the household are shopped for a week and generally demand repurchase in the weekends, following this tendency 50% of the respondents favored this attribute the most.

➤ **Availability Of Brands**

The multiplicity of brands available at the retail was favored by 47% of the respondents as the first one. The availability of multiple brands at one store make the shopping and as well as comparison of all the homogeneous products easy by all the customers.

➤ **Convenient Parking**

The retail stores are assumed to be that shoppers point which are chosen by the customers for larger amount of purchase so the vehicles are generally expected to be there. Moreover the retail stores are one which is available outside the city because of the space requirements. Convenient parking is thus a feature which attracts majority of the customers and in the survey 45% of the respondents favored this point.

➤ **Convenient Store Hours**

Working customers prefer organized retail. So, the organized retail has to adjust its working hours in such a manner so that it may be convenient for the working class. This feature was favored in the survey as the first one by 42% of the respondents.

➤ **Ease of shopping**

The ease of shopping was favored by 35% of the respondents as the comfort they feel while shopping attracts them the most.

➤ **Layout**

The layout and design of interior in a retail store should not be the complex one. The sections of the stores should be well defined and the one which would be preferred by the 37% of the staff.

➤ **Cleanliness**

The cleanliness is the point which is preferred by the number of the respondents as the things which looks clean and well furnished are liked by them. 35% of the respondents stated that the cleanliness is the first preference.

➤ **Entertainment**

The music and other sources of entertainment also affect the retail store attractiveness and 30% of the respondents favor it as the most preferred attribute.

It has been found that consumer buying behavior is determined by:

- Level of involvement in purchase decision.
- Importance and intensity of interest in a particular product
- Buyer's level of involvement determines why he/she is motivated to seek information about a certain and brand but virtually ignores others.

The consumer behavior and ultimately his buying decision are dependent on the level of personal involvement of the consumer in a particular purchase decision. This level of involvement helps to analyze that what is the motive and the need of the consumer behind the purchase; what type of information will he search for during the purchase and how will he behave during the purchase.

Thus for a marketer, it is very essential to understand in depth that how their target market segment considers their purchase decisions. ***The marketing strategy of the company will be completely different for the low involvement products as compared to the high involvement products because the consumer decision making process is different for both of these. (It is explained in the table below).*** In fact the same company may face the different situations for different set of customers. For some the product may be a routine purchase while for others it may be highly involving.

4. Limitations of the Study

The limitation of the study was indifferent attitude of some of the respondents and to some extent shortage of time period.

5. Conclusion

The hypermarket and supermarket is the preferred kind of store by customers, even though the customers buy in several establishments and not exclusively in the organized retail

outlet, which indicates that there is no "single loyalty". While in organized outlets, customers buy essentially convenience goods with low level of risk; in traditional retail, they buy essentially products of more involvement, which requires a more complex buying behavior. The results also show that consumers evoke price and convenience for not buying certain goods in traditional retail, which reveals an attempt to optimize their time and money. This study explores factors affecting customer buying behavior of organized FMCG retail in Punjab and their important role in enhancing the sales of organized FMCG retail.

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