

Factors Affecting Consumer Buying Decision: A Quantitative Perspective

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Abstract: Rapid technological changes bring advancement in every sector of management. Hence, marketing function of Indian organizations is also striving for effective means of promotion. Previously marketing tools are confined to print media with the highest circulation of newspapers, however in today's advanced technological business environment, E-magazines, WhatsApp and Facebook. Social media has its own advantages, this is increasingly widening its influence on the consumer. Therefore, this study tries to explore factors influencing consumer buying decision in Indian market. The study was initiated with a sample size of 103 respondents. The data collected was put to data analysis. For assessing measurement model unidimensionality, reliability and validity was assessed. Further for assessing structural model data was analyzed through MLE using the capabilities of LISREL 8.80

Keywords: Consumer Buying Decision, Marketing Management, FMCG, Indian consumer

Background of the Study:

Business firms utilize many marketing tools for products promotion, as one of the researches carried out by Cole (1993) reports that the most utilized tools are advertising and personal selling. Sales promotion is on the other hand defined as a "diverse collection of incentive tools, mostly, short term designed to stimulate quicker and/or greater purchase of particular products/services by consumers" (Kotler, 1998). It has become a valuable tool for marketing departments. Sales promotion expenditure in India is growing tremendously each 2011, there were 3,050 schemes of promotion amounting Rs 1000,000 crore in the FMCG sector alone (Dang et. al, 2005).

Objective of the Study

The study was designed and conducted to accomplish the following objective:

"Examining the factors influencing sales promotion of FMCG products in India"

Literature review

Evolution of sales promotion as a marketing function

Sales promotion being an idea propounded in the west (S.C. Jain, 1987). Beirelenet al, (1981) following the line of other researchers unfolded the pragmatic significance of marketing mix and sales promotion tools. It is also advocated that sales promotion as a business concept is a successful model with an average growth rate of more than 20% per annum (Smith, 1991). As advocated by James Fayol et al., (1994) about increasing practice of using coupons as a marketing tool. David Merceler (1992) reported that sales promotion expenditure is now surpassing advertisement costs in USA and Europe. In India with the advent of technology and quick communication channels sales promotion emerged as an important marketing tool.

Sales Promotion: Indian Scenario

The FMCG sector is believed to be running on the sales promotion techniques. This sector is formulator, selector and tester of the sales promotion techniques. This sector has highest advertisement expenses as the ratio to its sales. This sector is full of new and innovative offers and discounts as a sales promotion technique. With the review of secondary data on the issue suggests that HUL increased its SP costs in 2011-12 by 48 per cent to around 2,430 crores from 440.22 crores in 2008-09. ITC Limited spent 38 per cent more in the same period than the previous year, and the company earned 10.37 % growth in net sales during that period whereas Britannia which spent about 19.77 per cent more on advertisements in the same period recorded a growth of 21.48 %. With its standing at no 4 position in the Indian economy with a total market size in excess of US\$ 16.1 billion, FMCG sector strong MNC presence and is characterized by a well-established network, intense competition and low operational cost. Other factors may include availability of cheap raw materials, low labor costs and presence across the whole value chain gives India a competitive advantage.

Purpose of the Study

The objective of the study is to assess factors of sales promotion activities which shapes consumer decision making in Kerala. Most of the work on sales promotion in Kerala is focused on the FMCG product's position. The study aims to find out the importance of every factor in shaping of buying decision at a customer level. Finally, this study aims to find out the perception of the customers about the sales promotion tools (Price-off-offer, Coupons, and Samples etc.), which helps to promote the sales promotions of FMCG products in India. In fact the success of organization and company pivots on to understand the consumer needs, wants and behavior from time to time and place to place. To fulfilling the consumer need according to customer expectation a retailer use the sales promotion tools to increase their sales of products in short time. As advocated by Kotler and Armstrong (1994) there are many factors which contributes to sales promotion growth in consumer markets. T. H. Wilson (1995), has the same views on the subject to create demand initiate and bring new customers.

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3.3 Research Design

Burns and Grove (2003:195) define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”. Parahoo (1997:142) describes a research design as “a plan that describes how, when and where data are to be collected and analyzed”. The survey was conducted by the filling the close ended questionnaire that was based on 5-point of Likert scale. In this research study, the survey, took place at Kerala. The study followed “Descriptive cross sectional Research Design”, in accomplishing the objectives of the study. Quantitative data was collected to attain research objectives. To collect primary data, a research instrument was made after an extensive literature review. The unidimensionality, reliability and validity of the research instrument was assessed. Data generated was then subject to data analysis.

Research Constructs and instrument:

The research instrument was made in 2 stages

Stage 1: Identification of measures/constructs: After an extensive literature review, there are some important factors through which we want to find out the factors that have a large participation in sales promotion. These factors are identified to carry out the study objectives. These factors related to the research constructs were drawn from the extant studies.

Stage 1: Development of the questionnaires:

It is divided into 3 parts:

Part 1 consisted of 5 items measuring appeal to buy the product (ABP) of the respondents

Part 2 is made up of 5 items measuring sales promotion effect (SPE), while buying the FMCG products.

Part 3 consisted of 05 items to measure customer's buying decision (FIBD) at the time of purchasing the products. The last part requires the respondents to evaluate, using a 5-point Likert scale ranging from 1 = No At All Consider to 5 = Highly Consider to measure the sales promotion of FMCG goods.

Sampling techniques and procedure

I. Sampling techniques

The simple random convenience sampling process was adopted for this research. Based on this assumption sample reflects the characteristics of the entire population (Hayes, 1998). In simple random sampling technique elements selected at randomly from whole population.

II. Sampling procedure

The sampling process included several steps. This is a whole series of procedures followed by the researcher in achieving the final list of sample (Malhotra, 2007).

4.6.1 Sampling Element

This is that unit about which information is collected and that provides the basis of analysis. In survey research, elements are people or certain types of people. In this study, there are sampling elements such as; people - respondent (students, employers and others), place- (Kerala), targeted population is graduate and post graduates person who have some

experiences about the FMCG products.

4.6.2 Sampling Frame

It is a list of all those within a population who can be sampled, and may include individuals, households or institutions. Sampling frame of the study have more than 500 people, within the sampling frame took the data of this study to make it a meaningful research. This study has 103 responses out of 500 populations. This sampling frame have students respondent mostly.

4.6.3 Sampling Approach and Sample Size

The generalizeability of results depends upon sample size (Malhotra, 2007). There were a total of 100 samples taken to study of this research. Convenience sampling method was used in picking 103 responses. 500 prospective customers selected through convenience sampling. Increased size decreases sampling error. SEM based studies usually need large samples.

Primary Data Collection Method

The questionnaire were self-administered, copies were given to and collected from the respondents by me on behalf of the researcher. All the data has been collected by questionnaire, from both directly meet from the respondent and mailing. Personally questionnaire was handed out to the respondents and through the mails to all those have email IDs, after mailing filled by them and sent me. Participation was voluntary. The respondents were freed to participate in the research study or not as they wished. There were 125 questionnaires handed out and all 100 questionnaires were return. 80% responses collected from the respondents.

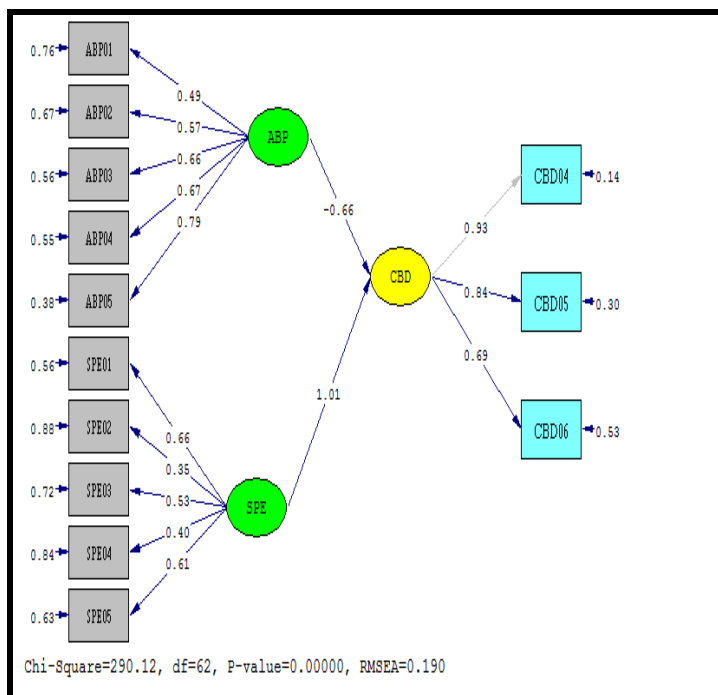
Measures

The study considers three measures i.e.

- 1) Appeal to buy the product (ABP); this measure is an independent variable consisting of 5 items.
- 2) Sales promotion effect (SPE): this scale is also an independent variable consisting of 5 items.
- 3) Customer's buying decision (CBD): this is a dependent variable consisting of 6 items.

Assessment of Measurement Model

Initially measurement model was assessed by confirming unidimensionality, reliability and validity.

Exhibit 1: Showing measurement and structural model for research variables

5.1 Summary of Findings

There is (2.50) mean value, those factors are considered which have above value from the mean value (it means >2.50). And those factors are not considered which have below value from the mean value (it means < 2.50). From the findings, it was observed that a lot of sales promotion factors were in use to sell the FMCG products in the competitive marketing. But, these all factor's function is not same; they all have different functions to the customers. Some factors which play an important role in sales promotions and some have least importance in sales promotion. After completion of my data analysis of my study, I have found out the result on the basis of 'mean' of respondent consideration which factor highly affected the sales promotion. Now, we can found out the findings of the study on the basis of below table which consists the "mean" of responses consideration. As, I categorized of these factors into two categories which help to sales promote of FMCG products in India are given below.

Firstly, According to this study I found out five factors which are most favorable to the sales promotion of FMCG products in India. These factors found out through the "Mean" table, which are respondent's responses mean rete. These factors rated through the responses which have mean value above (3.25, "it means above 65% responses") are given below;

1. 'Product features' and its mean value (3.85).
2. 'Product attractiveness' and its mean value (3.55).
3. 'Discount offers' and its mean value (3.45).
4. 'Product's cost' and its mean value (3.35). and
5. 'Service quality and brand loyalty' (3.25)

Secondly, According to this study I found out five factors which are least favorable to the sales promotion of FMCG products in India. These factors found out through the above "Mean" table, which are respondent's responses mean rete. These factors rated through the responses which have mean

value above (2.50, "it means below 50% responses") are given below;

1. 'Purchasing in bulk to avail in discount' and its mean value (1.25),
2. 'Referral' and its mean value (1.55).
3. 'Direct selling' and its mean value (1.55).
4. 'Demonstration' and its mean value (2.05). and,
5. 'Retail store facilitate' and its mean value (2.45).

Conclusion

Technologies advancement creates a new flow of evolution in the marketing field especially marketing activities. Despite spending lots of money on promotion, companies may not be aware. Which types of the promotional mix elements will create consumers' awareness and purchase likelihood thus increase sales and revenue? So, research is a important tool to find out the real solution of the problems. There, I have also done a research on factors affecting of sales promotions in FMCG products in India. In this study, I made a research questionnaire on factors on sales promotions. I have collected 100 responses. Through which I have collected the raw data for my study, this raw data collected mostly from the students. There, mostly respondent were male and their age between (18-25) years. Finally, data analysis have been completed and found out the result that are given above data analysis through which found out those factors are most effective and least effective to the sales promotions in FMCG products. These factors are given in the findings of the study. The main objectives of this research were to investigate about the factors favorability which influence of the sales promotion toward FMCG products. As, we have already mention that, this study conduct to found out those factors which are most/least favorable to the sales promotions and found out this result with their regular work. Finally, result found out of this study the most favorable factors of sales promotions are discount offers, product cost and product features and least favorable factors of sales promotions are referral, direct selling and demonstration. Ultimately, consumers' purchase likelihood of products can be generated by exposing them to advertising, sales promotion activities, public relation and sales promotion.

Summary of findings:

1. Discount offers, product features, and product attractiveness, these 3 factors attract more customers and purchasing in bulk to avail in discount, direct selling is the least factors that attract customers.
2. One third of customers said psproduct features, and nearly one fourth of respondents said discount and products cost are the factors used for promotion.
3. Product cost, product features, product attractiveness, discount offers and service quality and brand loyalty are the main factors of sales promotions which is liked by the most respondent.
4. Most of the respondents who made the their responses are in the age group of 18-25 years.
5. Referral, direct selling, and demonstration are the least factors of sales promotion which is liked by the most respondent.
6. Most of the respondents who made their responses are male.
7. Most of the respondents who made their responses are post graduates.

8. Price discount is considered the most tangible and believable promotional tool for consumers because it is considered the least doubtful from the eye of the consumer.

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