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Consumers Preferences towards FMCG Products: A study in Mysore City

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ABSTRACT

Indian FMCG sector is the fourth largest sector in the economy with an estimated size of Rs.1,300 billion. Characterized by strong MNC presence, well established distribution network, intense competition between the organized and unorganized players and low operational cost. Easy availability of important raw materials, cheaper labor costs and presence across the entire value chain gives India a competitive advantage. Penetration level and per capita consumption in many product categories is very low compared to world average standards representing the unexploited market potential. Mushrooming Indian population, particularly the middle class and the rural segments, presents the huge untapped opportunity to FMCG players. Over the three decades marketers have moved from mass market to dynamic market. During times of traditional marketing consumers were passive in nature. But in the changed business environment of economic liberalization, intense competition, crowding of goods and services, exacting demand for better quality and customer delight, enlightened and informed consumers etc., marketers have moved from the traditional marketing to a responsive and sensitive marketing process which calls for more than developing a marketing mix . The real marketing begins when offering is transferred to the consumer. The sector has shown an average annual growth of about 11% per annum over the last decade. Unlike the developed markets, which are prominently dominated by few large players, India's FMCG market is highly fragmented and a considerable part of the market comprises of unorganized players selling unbranded and unpackaged products. There are approximately 12-13 million retail stores in India, out of which 9 million are FMCG stores. An attempt is made in this paper to analyze the consumers preferences towards FMCD product such as MAGGI products in Mysore city.

Keywords: *FMCG, MAGGI, Consumers preferences, Marketing preferences*

FMCG SCENARIO IN INDIA

Our country has a varied agro-climatic condition which enables to offer extended raw material base suitable for many FMCG sub sections like food processing industries etc. India is the one of the major producer of livestock, milk, sugarcane, coconut, spices and cashew and is the second largest producer of rice, wheat and fruits & vegetables. Similarly, India has an abundant supply of caustic soda and soda ash, the chief raw materials required in the production of soaps and detergents, which enables the household section of the industry to excel and grow. The accessibility of these raw materials gives India the locational advantage. Around 60% of Indian FMCG market is unorganized. Local players had nearly 70% of the FMCG market. In the FMCG sector increasing competition is the main reason for loss of pricing poser in most brands. In the FMCG industry in India, companies distribute their products to over 10lakh retail outlets or point of sales. Cash poor & low level of income the poor consumer has to be accessed differently. Major Indian consumer product companies (Britannia, P& G, HLL, Colgate etc.) have a very sound presence throughout the Indian market with their strong brands. The leading companies make considerable investment in R & D to sharpen & maintain their edge in the business. Brand equity, therefore is an extremely important factor in FMCG Industry.

SIGNIFICANCE OF THE STUDY

The FMCG sector seems to have final growth partly by posting double-digit growth in sales in the past couple of years. With annual revenues of Rs 72,000 crores, it is one of the largest sectors in the Index economy (Kiran Kabtta, 2008). The industry's future prospects look bright, considering rising house hold income and the spread of modern retail business. The per capita income level in India is still low as compared to the other developing economies like China Besides, the penetration level of many branded FMCG products is relatively low and several local brands are popular with certain pocketing the market. However, there is a huge untapped potential for FMCG industry. In contrast to other manufacturing sectors, FMCG is relatively less capital-intensive, but demands creating marketing skills accompanied by powerful advertisement and promotion. Most companies in this sector create value through product differentiation, package innovation and differential pricing and highlighting the functional aspect of goods. While recession restricts the demand for goods in general, many FMCG companies escape the trend. Most companies pass on the cost inflation to consumers, via a judicious blend of price hikes, packaged size reduction and change in product mix. Few consumers react by down trading to lower priced products, but most hang on to their preferred brads price hikes are moderate.

Objectives of the Study

The study aims at identifying the marketing performance of FMCG products in respect of MAGGI products. The following are specific objectives of the study:

- To study the marketing performance of MAGGI products.
- To analyze the consumer attitude and perception towards MAGGI products.
- To examine the problems prevailed in buying of MAGGI products.
- To suggest the suitable measures to overcome the problems in buying of MAGGI products.

Scope of the Study

The study covers FMCG Sector and Marketing Performance of FMCG products. a market survey on MAGGI products of Nestle Food Processing Company is carried out with the help of a questionnaire to assess the nature of marketing performance of the product. A cross section study involving sample respondents selected from various segments in Mysore is carried out. The collected data is analyzed using appropriate statistical tools.

Methodology

Research Design

This research is exploratory as well as descriptive in design; the exploratory technique is used in this research to define the problem variables and to map problem environment. A pilot study was also undertaken to determine the characteristics of the population to design the research objectives. A descriptive research involves collection and analysis of primary and secondary data pertaining to a phenomenon or an event.

The primary data is gathered through the open-ended and closed ended structured questionnaires which were distributed to consumers of FMCG in Mysore for comparative study of consumer behavior and perception.

Secondary data consists of Company published documents and statistics published by various agencies. This study has used secondary sources like reports of association of FMCG Industries, consumer protection organizations, FICCI, CII and industry archives. Data has been collected from published journals, books, and some research thesis.

Sampling Size

The sample size consists of 50 respondents (consumers) selected on stratified and convenience basis. A structured questionnaire was distributed to 50 respondents in Mysore.

Questionnaire Design

A structured questionnaire is used to elicit opinion from respondent. It contains both closed-ended and open- ended questions and rating scales and is bilingual i.e., English and Kannada. It consisted of 23 questions pertaining to attributes of MAGGI products, awareness, usage patterns, consumer perception etc.

Questions also pertained to the opinion of the respondents on MAGGI, brand awareness, kind of product that the respondents are currently using, be used earlier, product attributes, requirements, consumer preferences, perception about the existing products etc.

Data Analysis

The SPSS has been adopted in the study to analyze the collected primary data. The frequency analysis is used to draw an appropriate inference in the study.

Limitations of the Research

The study is mainly based on survey method of research. Therefore the limitations of survey method are expected to influence the outcome of the research. The study is also limited by the information provided by the respondents in Mysore city. And this survey questionnaire is made on four type of products of MAGGI i.e. 2 minute noodles, ketchups, soups and maggi stocks. The inferences will be based on the data gathered from the market survey.

RESULTS AND DISCUSSION

Respondents Gender

Table1. *Gender of the Respondents*

SL No.	Particular	No. Of respondent	Percentage
1	Male	45	90
2	Female	05	10
	Total	50	100

Source: *Primary Data-2020*

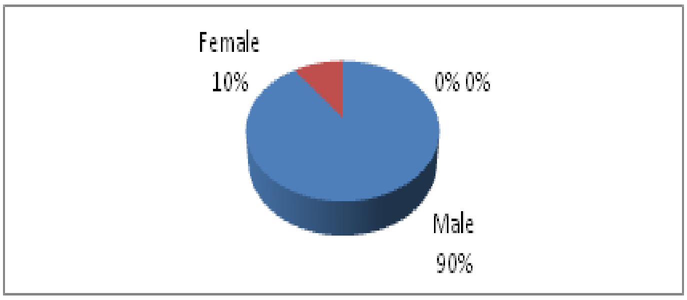

Figure1. *Gender of the Respondents*

In the study of 50 household 10 percent respondents are female where as 90 percent of them are male respondents in the study.

Income

Table2. *Classification of Income among the Respondents*

SL No.	Particular	No. Of respondent	Percentage
1	Bellow 50000	5	10
2	50000-100000	12	24
3	100000-150000	11	22
4	Above 200000	22	44
	Total	50	100

Source: *Primary Data-2020*

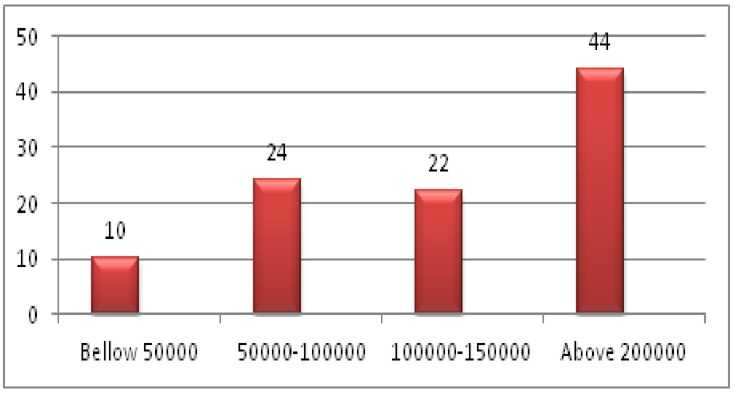

Figure2. *Income of the Respondents*

The table 2 reveals that, when the income increases the usage of magi products also increases so more than 40 percent of the study contains people of income group who are having more than 2 lakh. Out of 50 respondents, 40 percent of them are having above 2 lakh followed by Rs.1 lakh-150000, 50000-100000 and 10 percent of the respondents has below Rs.50000 of Income as observed in the study.

Education

Table3. *Education of the Respondents*

SL No.	Particular	No. Of respondent	Percentage
1	Uneducated	03	06
2	< SSLC	20	40
3	SSLC- PUC	11	22
4	Degree	16	32
	Total	50	100

Source: *Primary Data-2020*

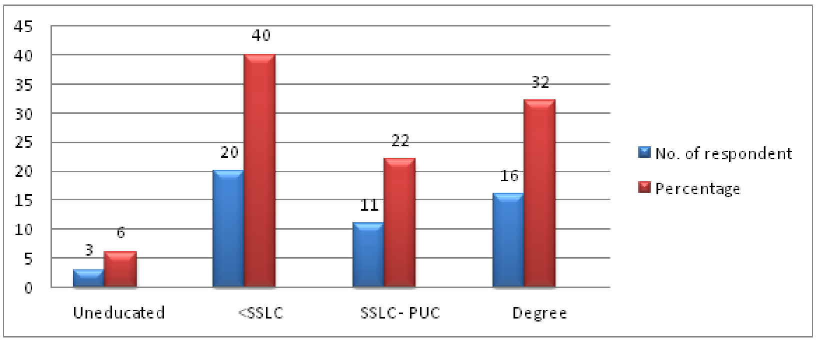

Figure3. Education of the Respondents

As the study conducted in Mysore city the city is having high literacy rate. As the literacy rate is high so the education level attainment is also high and their knowledge towards magi products also increases based on their education. We could observe that educated people are more than uneducated.

Media to Inform About MAGGI Products to Respondents

Table4. *Sources of information about MAGGI products*

SL No.	Particular	No. Of respondent	Percentage
1	By friends/family	11	22
2	Press Adds	01	02
3	TV Adds	38	76
4	Other	00	00
	Total	50	100

Source: *Primary Data-2020*

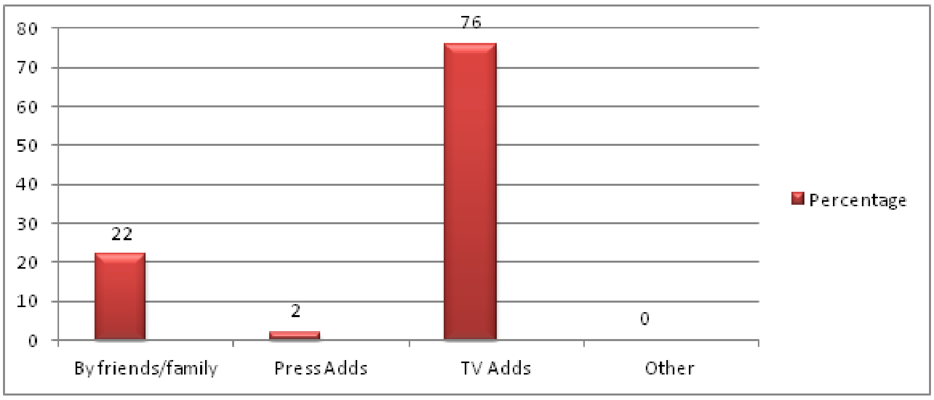

Figure4. *Source of information of MAGGI products*

The table 4 reveals the advertisement of maggi products is majority by T.V Adds with 76 percent; there is very less or negligible amount of advertisement by face to face. From the above analysis it is evident that more no of people are addicted to Digital media rather than social medium. So it is more worthful to use T.V adds and Press to reach the public in promotion of MAGGI products in the study area. So we could observe that 76 percent of the respondents are attracted towards T.V. adds and 22 percent are by family/friends.

Usage of the Product (MAGGI)

Table5. *Duration of using Maggi products among Respondents*

SL No.	Particular	No. Of respondent	Percentage
1	Less than 1 year	11	22
2	1 to 2 year	24	48
3	Above 2 year	15	30
	Total	50	100

Source: *Primary Data-2020*

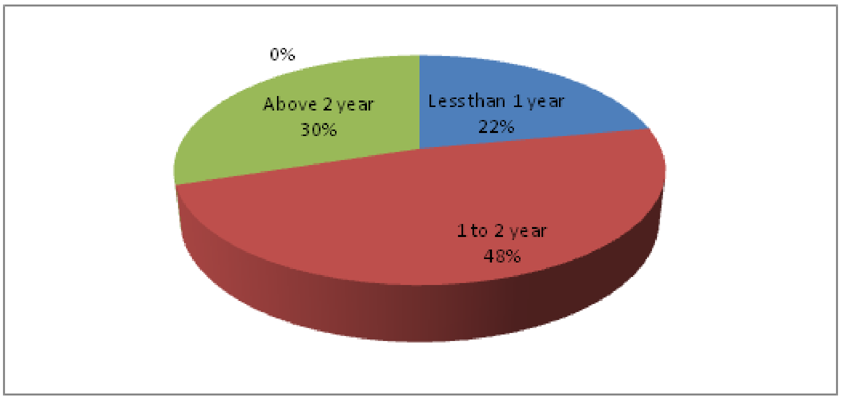

Figure5. *Duration of using Maggi products by respondents*

The Maggi product started in India from 1982 but the product is regularly used or more used by from 2 to 3 years so, from the analysis it is evident that the Maggi products are old and used by people more than 2 years. The figure shows that the product has a gradual increase in number of users from more than 2 years to 1 year where as very less no of people in the recent years i.e. it has reached the saturation point. So the study reveals that 48 percent of the respondents are using from 1-2 years, 30 percent are using from above 2 years and 22 percent are using the product from less than 1 year.

Preference of the Products among Respondents

Table6. *Preference of Maggi Products by Respondents*

SL No.	Particular	No. Of respondents	Percentage
1	Veg	33	66
2	Non-Veg	17	34
	Total	50	100

Source: *Primary Data-2020*

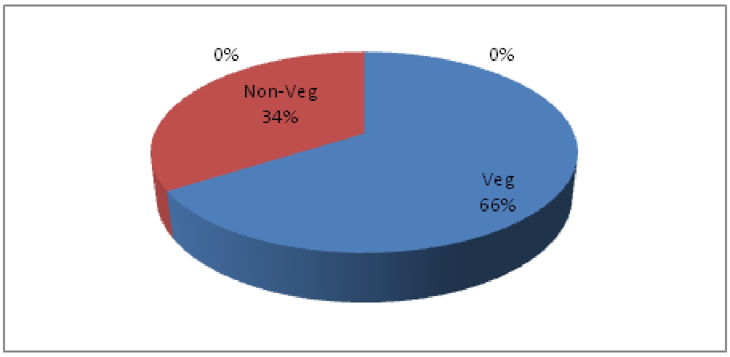

Figure6. *Preference of MAGGI Products by Respondents*

There is a large amount of attraction toward the veg product of Maggi comparatively to non-veg product i.e. from the study around 66 percent of are veg buyers where as 34 percent are non-veg buyers.

Liking in MAGGI Product among Respondents

Table7. *Preference in liking the MAGGI products*

SL No.	Particular	No. Of respondent	Percentage
1	2 minutes noodles	35	70
2	Ketchups	10	20
3	Magi Stocks	02	04
4	Soups	03	06
	Total	50	100

Source: *Primary Data-2020*

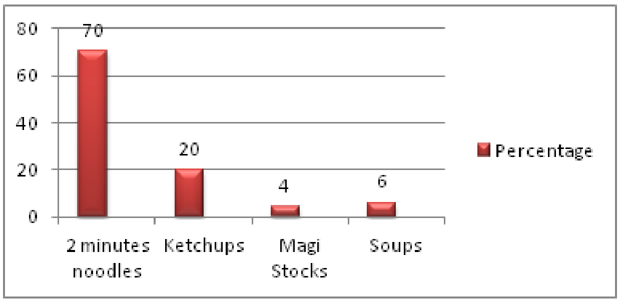

Figure7. *Preference in liking the MAGGI products*

Table 9 analyses that it is a general perception that noodles are more preferred products in the Maggi family and also when it comes to liking of the product Maggi grabs all attention of user towards it i.e. from the figure it is evident that 70 percent of people like Maggi, where as Ketchups stands second by 20 percent likings and rest 4 percent and 6 percent belongs to other 2 products of MAGGI i.e. Maggi Stocks and Soups among the respondents.

Factors Influence to Buy MAGGI Products

Table8. *Factors influencing to buy MAGGI products*

SL No.	Particular	No. Of respondents	Percentage
1	Quality	30	60
2	Service	08	16
3	Price	09	18
4	Other	03	06
	Total	50	100

Source: *Primary Data-2020*

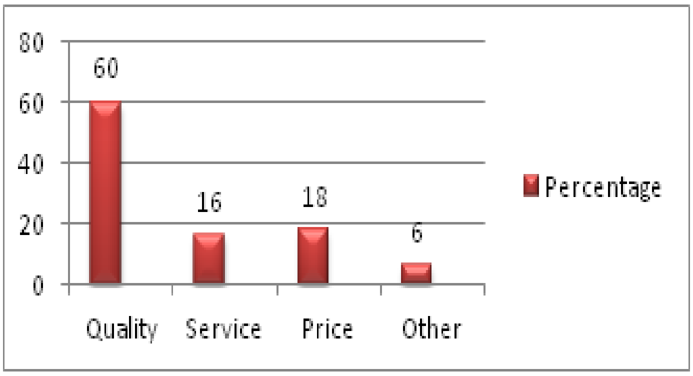

Figure8. *Factors influencing to buy MAGGI products*

Table 8 examines to buy any product in a market there is a lot of choices but any consumer would prefer product with good quality within his/her budget, even my analysis on factors influencing for preference of product shows that 60 percent of buyers prefer quality as prime importance and followed by service 18 percent and price 16 percent.

Opinion of the Respondents about MAGGI Products

Table9. *Opinion about the MAGGI products by Respondents*

SL No.	Particular	No. Of respondents	Percentage
1	Excellent	04	08
2	Good	42	84
3	Average	04	08
4	Poor	00	00
	Total	50	100

Source: *Primary Data-2020*

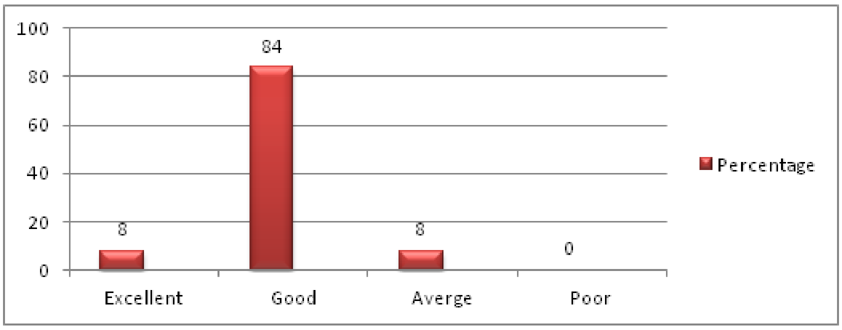

Figure9. *Opinion about the MAGGI products by Respondents*

The Maggi products are not worse that is the outcome of the study in beginning, as we see further in analysis we could know that Maggi products are good enough to sustain rather than excellent. I.e. around 84 percent of people feel the product as good and 8 percent feel as excellent and so on.

Problem Facing by Respondents in MAGGI Products

Table10. *Problems facing by respondents in MAGGI products*

SL No.	Particular	No. Of respondent	Percentage
1	Yes	05	10
2	No	45	90
	Total	50	100

Source: *Primary Data-2020*

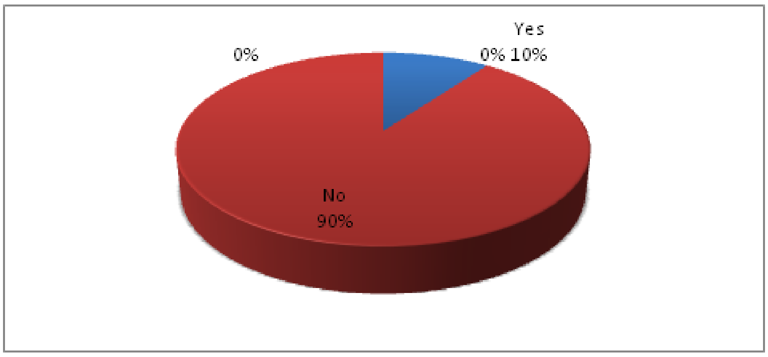

Figure10. *Problems facing by respondents in MAGGI products*

The maggi products have very less problems i.e. 10 percent. The majority of the problems revolves around packaging, quantity of products to be mixed, less number of promotional offers, pricing of the products, there are huge set of population around 90 percent are facing no problems. The problems are: - High level of price, low level of quality, number of ingredients added, mode of packaging, etc….

FINDINGS OF THE STUDY, SUGGESTIONS AND CONCLUSION

In order to fulfill the research objectives, an exploratory research methodology was adopted.

A sample survey was conducted using the consumers in Mysore City.

Consumers were interviewed using open ended and close ended questions. Secondary data analysis was also carried out. The data collected through questionnaire method.

Inferences have been made on consumer awareness, product exposure, preferred attributes, geographical variance, and other demographic variables with reference to 2 Minute Noodles, Ketchups, Maggi Stocks, Soups of MAGGI products.

- NESTLE has evolved a marketing stratergy where it caters products in the price band from lowest to highest. Consequently it has captured the major population of Maggi products in India. The advertisement campaign of NESTLE attracts the common man as well as the more affordable people.
- Data analysis indicates that more consumers in Mysore are going with 2Minute Noodles of MAGGI Products. And also it reveals that the Brand NESTLE has increased the affordable capacity of consumers.
- The study and the data analysis reveal that the consumers preferred all the kind products of MAGGI. But if we take a close view on the analysis it explains that most preference is for 2Minute Noodles and Ketchups. Preference to Maggi Stocks and Ketchups are relatively less.
- Demand for consumer goods ranging from passenger to decorative paints is affected by the recent economic slowdown. But Fast Moving Consumer Goods (FMCGs) have so far defied this trend. Sales growth for 10 large listed FMCG company actually accelerated from 14.5 percent in the last two financial years to 20 percent in the first nine months of 2009-2010.
- In Maggi products for instance, as prices crept up, there are early signs of consumers “down trading” from premium to cheaper brands, in an effort to economize on purchases.
- With the opening of the economy from 1991 onwards and wit the emergence of the WTO regime down the worlds, the concept of global marketing strategy has taken a new dimension The first of products that benefited out of the liberalization process were the fast moving consumer goods and the companies round the works. The opening of the economy has created abundant opportunities for FMCGA companies in India and also to its competitors in U.S & U.K market. Though the opportunities have expanded and demand for the product increased, the competition is a major threat to the existing portfolios of products.
- In this context, a study on Marketing Performance of FMCG acquires a new dimension with rising income globally and the increased purchasing power especially amongst the youngsters ratchets unheard of demand for products for all FMCG companies. The study has focused to FMCG business giants of NESTLE. The study analyses how the company, inspite of the unprecedented competition, have been able to sustain its brand and market share position.
- NESTLE has historical background in India primarily because of is long presence both of its product and company image. its strategy of selling product that are satisfied by Indian consumers through their affordability pricing factor and distribution strategy has played a key role in sustaining their presence. In these exercise NESTLE has the advantage over all other FMCG in India. The success of NESTLE arises because of various strategic reasons from the economy point of view and also the NESTLE’s operations management which had provide big success.
- Just as other global FMCG players are watching the new emerging markets such as Brazil, Russia, India, China and South Africa (BRICS) and India being termed as a leading Asian market, NESTLE can reconsider its decision of expanding portfolio of products. The study inferred that with the raising demand for FMCG products there is a definitive opportunity to expand operations in India and increase the profitability ratios. Perhaps with the existing recession in the advanced countries, this could be an appropriate time to enter for expanding marketing operations by segmenting the market and targeting key untapped market.

SUGGESTIONS

- FMCG Companies need to continuously explore different marketing strategies to enhance their presence through extensive research on market.

- Constant innovation is a fundamental aspect of developing new products and enhancing the market share through people patronization of the brand.
- Strategies used by the company must follow up the performance from the end users.

CONCLUSION

In this age of globalization hyper competition has become a regular feature. Today the markets are no less then battlegrounds and one has to strive very hard for survival and growth. Now a day most of the FMCG companies considering sales promotion as an important part of their marketing strategy. From the analysis of survey it becomes clear that consumers do response to the sales promotion campaign, but there are customers who strongly prefer to stick to brand name. Post liberalization not only saw higher number of domestic choices, but also imported products. The lowering of the trade barriers encouraged MNCs to come and invest in India to cater to 1bn Indians needs. What does all this mean for the future of FMCG industry in India? Undoubtedly, all this is good for the consumers, who can now choose a variety of products, from a number of companies, at different price points. But for the players who cater to the Indian consumer, the future brings a lot more competition.

It is finally conclude from the study that NESTLE company is the top food processing company in India and attracts more consumers. The Products of MAGGI has increased its sales by its best offer and brand. The of people are facing problem in MAGGI products rest are without any problems.

The company needs to provide some more attractive offers to maintain and increase its sales. So it is finally conclude that the products of MAGGI are acquiring the global market. The marketing performance of MAGGI products are relatively more as per the result of the study.

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