

## **RELATIONSHIP BETWEEN PURCHASE DECISION OF FMCG AND ADVERTISEMENT**

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### **ABSTRACT**

The Fast Moving Consumer Goods industry in India is one of the largest sectors in the country. Customers have a wide choice in selecting the Fast Moving Consumer Goods products. The companies are making a huge profit from these products and it has become one of the main ingredients in our daily life too. Advertising on Fast Moving Consumer Goods has acquired great importance in the modern economies which have tough competition in the market and fast changes in technology and fashion and taste of the customers. This paper makes an analysis of the relationship between the purchase decision of Fast moving consumer goods (FMCG) and the advertisement.

**KEYWORDS:** Advertisement, FMCG, Purchase Decision

### **INTRODUCTION**

The fast moving consumer goods (FMCG) industry in India is one of the largest sectors in the country and over the years it has been growing at a very steady pace. The sector consists of consumer non durable products which broadly consist, personal care household care and food & beverages. Products which have a quick turnover, and relatively low cost are known as fast moving consumer goods. FMCG products are those that get replaced within a year. FMCG are products that are sold quickly at a relatively referred to as consumer packaged goods. The most common things in the list are toilet soaps detergents shampoos and toothpastes, shaving products, shoe polish, packaged food stuff and house hold accessories. The term even extends to certain electronic goods also. These items are meant for daily or frequent consumption. many factors influence the purchase decision of FMCG products. Still advertisement plays a pivotal role in decision making of a customer.

### **Objectives**

- To understand about Fast Moving Consumer Goods(FMCG)
- To analyse the role of advertisement in purchase decision of Fast Moving Consumer

### **Goods (FMCG)**

We know the major portion of monthly budget of each household is reserved for FMCG products. The volume of the money circulated in the economy due to FMCG products is very high, as the numbers of consumers for such products are very high. The term FMCG refers to those retail goods that are generally replaced or fully used up over a short period of days, weeks or months and within a year. The FMCG have a short life, either as a result of high consumer demand or because of a product deteriorates rapidly. Some FMCG s such as meat, fruits and vegetables dairy products and baked

goods are highly perishable. Other goods such as alcohol, toiletries, packaged foods are not so. Aerated drinks and cleaning products have high turnover rates. In FMCG sector the major influencing factors in making a purchase decision were quality, price, availability, packaging etc. Rising family income levels permit buyers to exercise more choice in selection of these products. The cost perception however the age and the demographic also have their effect on behavioral and cognitive patterns of the consumer. Urban consumers preferred branded products. The consumer market has become highly competitive with a new brand in almost every day. Irrespective of the kind of product you are looking for, consumer durables like refrigerator, air conditioners, washing machines, the number of brands available is truly amazing with their new features. Obviously, the prime concern of every marketer is to promote their brand better than their competitors. Their comes the role of advertising which showcases the products uniqueness. However simply informing a consumer that a brand exists is not enough. Advertising should be targeted towards the prospective audience in such a way that it informs a positive impact on the consumer and in the process creates brand recognition. Examples of FMCG generally include a wide range of frequently purchased products such as toiletries soap, cosmetics both cleaning products shaving products and detergents as well as other non durable such as glassware, bulbs, batteries, paper products and plastic goods.

FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper and chocolate bars etc. A subset of FMCG is Fast Moving Consumer Electronics which include innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS system and laptops. These are replaced more frequently than other electronic products. In India companies like ITC, HLL, Colgate, Cadbury and nestle have been a dominant force in the FMCG sector well supported by relatively less competition and high entry barriers. These companies were therefore able to charge a premium for their products. In this context the margins were also on the higher side. With a gradual opening up of the economy over the last decade, FMCG companies have been forced to fight for the market share. in the process margins have been compromised, more so in the last six years FMCG sector witnessed decline in demand.

### **Products and Categories**

Personal care oral care hair care skin care personal wash cosmetics and toiletries deodorants perfumes feminine hygiene paper product, Household care fabric wash including laundry soaps synthetic detergents household cleaners such as dish was floor cleaners air fresheners insecticides mosquito repellents metal polish furniture polish-food and health beverages branded flour branded sugar cane bakery products such as bread and biscuits etc milk and dairy products beverages such as tea coffee juices bottle d water etc snack food chocolates etc.

#### Top 10 companies in India

- Hindustan uni Lever ltd
- ITC (Indian Tobacco Company)
- Nestle India
- GCMMF(FMCG)
- Dabur India
- Asian Paints India
- Cadbury India

- Britannia Industries
- Procter & Gamble Hygiene And Health Care
- Marico Industries

The factors which customer focuses while purchasing FMCG products are

- Price
- Availability
- Brand name
- Quantity
- Quality
- Packaging
- Advertisement
- Reference

### **FMCG Brands**

FMCG brands are demonstrating strong signs that they are embracing online. The research showed that the percentage of overall media budgets devoted to online rose from 5.6% in 2005 to 9.8% in 2008 a massive 75 % growth rate. Internet advertising expenditure will boost by both the higher and lower spenders of the sector over the next two years, with the higher spenders stating that 64% of this extra spend has come from the other media budgets and 57% of respondents claiming the spend has been influenced mainly by tv advertising.

### **Characteristics of FMCGS**

From the consumer's perspective:

- Frequent Purchase
- Low Involment
- Low Price

From the marketers angle:

- High Volumes
- Low Contribution Margins
- Extensive Distribution Networks
- High Stock Turn Over

Advertising plan for one product may be different from other. it is typically done with signs, brochures, commercials, direct mailings, email. Messages or personal contact. The real role of advertisement in consumers is it tells

the consumers what is available in the market and how he/she may spend her money and also it gives the freedom to accept or reject as he/she wishes.

### **Merits of Advertising**

- Advertising And Manufacturers
  - It stabilizes the sales volume
  - It explores new market and maintains the existing one
  - It controls product prices
  - It increases the turnover
- To Consumers
  - A driving force for making decisions
  - Better quality product at less rate

Advertising is a business and it encompasses four major kinds of enterprises

- Advertisers
- Advertising Agency
- Advertising Media
- Special Service Groups.

### **Importance of Advertisement**

Advertising is a marketing tool that is becoming inevitable to boost the sales of the products. It is crucial to a company's success as it is becoming more and more important to be backed by a creative and unique campaign. It helps in building a good relationship between customers and the company. Purchasing a product is very difficult task. A customer may come across with various factors before buying a product. Which include factors that may directly or indirectly influence the buying behavior. The price quality brand image and retailers influence are the direct factors and advertisements, opinion of friends, relatives and previous experience are the indirect factors which influences the buying behavior. The benefits of advertisement are as follows:

- Meeting competition
- Steady demand
- Higher sales volume
- Introducing of new products in market
- Economies of scale
- Goodwill
- Employee morale

### Role of Advertisement in Purchase Decision

Advertising has become a marketing force which helps mass selling and distribution of products. Once the consumer is aware of the product and then repetitive advertising may result in the action of buying the product. Consumers buying behavior is influenced by many factors like quality price of the product brand image of the product and retailers influence are the factors which are directly influencing the buying behavior of the consumers. Advertisement has become a business in itself. it is also the object of much criticism some justified some not. it has been claimed that much advertising is false, deceptive and misleading and that it conceals information which should be revealed and omits limitation. Advertisements help them to make effective purchase decision by influencing their buying behavior. Fast moving consumer goods are products that are sold quickly at a relatively referred to as a consumer packaged goods. The most things in the list are toilet soaps, detergents shaving products shoe polish packaged foodstuff and household accessories. the term even extends to certain electronic goods. These items are meant for daily or frequently consumption. Hence it is really needed to analyse the effectiveness of advertisement and buying behavior. and also analyse the attitude of people towards advertisement. From the study conducted we can understand that quality, price and brand are the factors influencing purchasing behavior of customers. Among these quality is the major factor considered by the respondents. Customers agree that advertisements have a pivotal role in purchase decision of the FMCGs. The advertisements provide full information about the product. Most of the respondents agree that discounts and demonstration are the effective sales promotion methods than giving complements and conducting an exhibition. While purchasing a new product the advertisement influence their buying decision. Majority of the customers partially rely on advertisement of FMCG.

### CONCLUSIONS

Advertisement plays a vital role in the purchase decision of FMCG. We came to know that there are factors which have direct and indirect influence on the buying behavior. Advertisement helps in the easy purchase of the product as it gives full information about the product. While purchasing a product quality is the major factor the customers look in to the discount is the most effective sales promotion technique said by the customers. So it is revealed that there exist a relationship between the purchase decision of the customers and advertisement.

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