

A Study on Product and Pricing Strategies Of FMCG Companies in India

Navneet Singh

School of Business

Galgotias University, Greater Noida

Abstract— One of the sectors with dynamic and quick pace in India is the Fast Moving Goods (FMCG) sector, where the price and product innovation are factors in shaping the purchase behaviour of consumers. The objectives of this study is to understand the Product and Pricing strategy followed by the FMCG companies and its effect on Consumer's Preference, Satisfaction and Purchase decision. Various points are explored such as product quality, packaging, branding, product differentiation, pricing policies, promotional offers and value for money. Using a structured questionnaire, the data were picked up and analyzed by descriptive statistical approaches. From the results, it is found that the main factors determining the choice are product quality, brand image and desirable product and the competitive pricing and discount policies were observed to be influential in consumer's purchasing decision in addition to promotion activities. A second positive finding from the study is that there are positive relationships between effectual product, pricing strategies, customer satisfaction and brand loyalty. The study findings suggest that the concept of custom based product development along with value pricing is crucial for the competitiveness of the Indian FMCG industry to sustain its growth.

Keywords— FMCG Industry, Product Strategy, Pricing Strategy, Consumer Behaviour, Product Quality, Brand Loyalty, Packaging, Promotional Pricing, Customer Satisfaction, India

I. INTRODUCTION

A. Background and Technical Context

Fast Moving Goods (FMCG) is an important sector of the economy in India since it contributes significantly to welfare of the consumers, employment generation and economic growth. They are products that consumers frequently purchase such as packaged food, drinks, personal care items and household cleaning items and that are known as FMCG products. The Indian FMCG sector has seen significant growth, however, influenced by various factors, including a growing urban population, rising incomes, the changing lifestyle of Indians, the emergence of organized retail and the swift adoption of Digital commerce platforms. In this competitive environment, companies constantly try to distinguish themselves, to solidify their market shares, through their well-coherent and effective marketing programmes. Product and Price are two important factors in marketing that affect consumers preferences and quantity of products purchased. Product strategy covers various features of product quality, package, brand, innovation and product varieties, while pricing strategy covers positioning of the products in terms of affordability and perceived value. In today's climate gaining knowledge of these strategies is essential for sustainable growth and competitiveness.

B. Statement of the Problem

There are several competitive brands and changing consumer preferences in Indian FMCG market. All of the time everyone is faced with many product choices offering a range of benefits for varying cost. Thus, FMCG companies need to think about product strategies and pricing strategies which will be best for attracting the customers and repurchasing. If the

customer does not pay proper attention to the product features and price also when these do not satisfy in a manner, this can also lead to a decrease in customer satisfaction and brand loyalty. Therefore, the importance of the study of 'Product Strategy' and 'Price Strategies' becomes crucial to know the impact that it creates on different kind of behaviours of the consumers and have a say in the success of the organisation in the FMCG sector in India.

C. OBJECTIVES OF THE STUDY

The present aim and objective of the study is to analyze product and price strategy of an FMCG Company in India. It tries to explore the effect of product quality/packaging/branding on consumer preferences, consumer perception on pricing strategies, impact of discount/promotional pricing on purchase decision and Relationship between product strategies and the pricing strategies to consumer satisfaction and brand loyalty.

D. Research Questions

Based on forewent the research question of the study is: How do product strategies affect purchasing decisions of consumers in FMCG? How does pricing strategy influence on customer behaviour? Why is product quality, packaging and branding important with regard to purchase? To what extent does Promotional pricing and Discounts have an effect on consumer preference? What is the role of product and pricing strategies in achieving customer satisfaction and brand loyalty?

E. Value of the Study

This study helps us to understand the perception of the consumers with respect to product and pricing strategies in FMCG industry. The results will be helpful to marketing managers in devising customer oriented marketing strategies which would help in enhancing the competitiveness, customer satisfaction and profitability. The study will also be very useful for the consumers studies researchers, academicians and students interested in consumer behaviour and marketing management to understand the present day marketing practice of FMCG.

F. Scope and Limitations

This study has been limited to the product and pricing strategy from the consumers viewpoint of the FMCG companies available in India. The study concentrates on aspects like product quality, branding, packaging, price policies, and promotional strategies. Results are based on the responses received from the pre-selected sample and not a reflection on all the country's FMCG consumers. Time frame of the study is a concern also, there is some dependence on the self reported response too, and limited resources.

II. LITERATURE REVIEW

This is a very dynamic, broadly accessible and competitive sector, termed the 'Fast Moving Consumer Goods' (FMCG) sector, that has sparked the interest of researchers, academics and marketers. Over the years, two important factors that affect

consumers' purchase behaviour and the organizations' performance have been identified: product value and pricing strategies. Product strategy has been well accepted as one of the basics of marketing and has a direct impact on the product's image in the minds of consumers as far as its quality, reliability, functionality and value. Regular studies have shown that why the consumers are inclined towards purchasing products that portray an attractive package, concepts, product attributes and powerful brand image all of which are of better quality. It is an age where the marketlands are saturated and many brand deals with identical products, product differentiation has turn into an important weapon for organization to gain that competitive benefit. Packaging is much more than a barrier; it is a vital market tool that can increase a product's shelf appeal, its sellability and be the "right first impression" itself. Branding has also been proven to be a significant contributing factor to customer trust and loyalty, where customers deem trusted brands as always trustworthy, consistent and less risky when buying. Meanwhile, it is also found that price can also wield an effect on consumers through the price as it is related to the monetary sacrifice as well as value of the product. Probably one of the most important factors to consider for product success is price paid, as consumers are conscious of this. Organisations employ various price strategies such as competitive pricing, value based pricing, premium pricing and promotions pricing to motivate buyers and for market performance. Consumers in India, which is a price-sensitive country, are highly sensitive to discounts, special promotions, cash back offers, deals etc. as the research has proven and these effects can be very deep in the mindset of the consumers. Moreover, literature on consumer behaviour determines that the consumer is currently in an "information rich" environment and a broad range of information is available to him through the Internet, social networks and electronic business platforms – an environment that affords the consumer unprecedented choices when it comes to comparing products and prices. This has come to change the dynamics of competition for FMCG businesses and has sparked endless diversification and pricing model changes. Another integral aspect which the literature highlights is the importance of customer satisfaction and brand loyalty, as outcomes of product and pricing strategies. They satisfy consumers' expectations, in terms of quality of products and equitable prices policies, thus improving customer relationship and customer recurrence. Besides, changing lifestyle, urbanisation, increasing employment income and technological advancements have changed the consumer aspirations and the FMCG companies are looking for the same – innovation, convenience, sustainability and value creation. These studies make it clear that for a product to be successful, to have a loyal customer base and to achieve sustainable growth in the Indian FMCG market the use of pertinent product development, strong branding, attractive packaging, reasonable pricing, and customer-focused promotional activities is important.

III. RESEARCH METHODOLOGY

Research methodology is a systematic process of collecting, analyzing and interpreting data to attain the objectives of a research project. As mentioned in the introduction of the study, General purpose of the study was to know about the consumer perceptions, consumer preferences and consumer purchase towards the product as well as pricing strategy adopted by the FMCG companies which is descriptive study. Descriptive research was deemed suitable because it would enable detailed information to be gathered about the market without altering any variables, and provide an insight into consumer attitudes.

In the data collection it adopted quantitative approach, in order to gain measurable data which in the data collection can be structured and objective. Both primary and secondary sources were consulted in obtaining data so as to have a wide data base on the research problem. Primary data was collected from the end consumer through a structured questionnaire which included concepts of product quality, packaging, consumer satisfaction level, purchasing behavior, promotion and price. Secondary data gathered from books, journals, research articles, industry reports, companies publication and online databases on the topics of FMCG marketing and consumer behaviour. The study was focused on target population such as the consumers on regular basis purchasing FMCG products. 60 respondents answered the questions. Convenience sampling technique was used due to accessibility, time constriction and the readiness of the respondents to participate in the study. The questionnaire presented binary type factual questions and attitudinal questions. The demographic information was gathered through categories such as gender, age, educational qualification, occupation and their monthly income, opinion based questions explored information on awareness about FMCG products, factors influencing product preference, influence of product quality, influence of packaging, Brand loyalty, responsiveness towards promotional offers and perception towards pricing strategy for the products were gathered. For data analysis, collected data were carefully organized, classified and coded. Then the answers were reduced and displayed statistically with suitable graphics and statistical methods like statistical frequency tables and percent analysis. These analytical methods helped the researcher to be conscious of the pattern, the trend and the relationship between different variables relating to consumer behavior in FMCG market.

The methodological work was done in order to assure that the results are reliable, consistent and come along with the objective of the analysis. Questionnaire was carefully structured prior to data collection to ensure that it is easy to understand, simple and clear to respond to and facilitate the respondents to give correct and unbiased answers. Ethical concerns were also taken into account in the research process. The respondents to this survey gave their responses voluntarily with a clarification that the information they provide would only be utilized for academic purposes. Confidentiality and anonymity of the respondents were also set aside to enable them to participate expeditiously and to give good reactions as respondents in the research. A systematic tabulation and analysis of the responses were done after data collection to assess the perceptions of consumers on the product and pricing strategies adopted by the FMCG companies. The most employed mode of interpreting consumers' opinions in this type of analyses is the percentage analysis, which is the most effective and simplest way of knowing the dominant trend in the sample. The findings were displayed in a table and graph in order to make it easily understood and interpretation can be made more effective. The methodology also allowed to study the relationship among product quality, packaging, brand, pricing policy, promotional activity, satisfaction and consumer behavior. The study throws some light on consumer behaviour in FMCG but has some limitations. There were only a few respondents, 60 in total, which may not be representative of the total population of all FMCG consumers in India. In terms of generalizability of results may again be a problem of convenience sampling. Furthermore, self-reporting information was used in this study which could be influenced by self-perceptions and biases. Even with such constraints, the methodology adopted proves to be a systematic and structured

way to grasp the impact product and price strategies have on consumers' behaviour in Indian FMCG market. Its finding through this methodology is making significant contribution in achieving this objective of research and is providing meaningful recommendation to the marketers, managers, researchers and policymakers who are looking for enhancing the effectiveness of the marketing and consumer satisfaction in FMCGs.

IV. RESULTS AND DISCUSSION

The chapter primarily lays emphasis on the analysis and interpretation of the data collected from respondents (N=60) pertaining to their perception about the product and pricing strategies adopted by FMCG companies in India. The responses were collected, systematically classified, tabulated and percentage analysis was done. The results offer insightful data on consumers awareness, buying habits, preference for specific products and pricing perceptions. The results are presented in numerical tables and suggested graphical representations are also used to enhance interpretation and understanding. Particular attention is paid to the contribution of various tools and techniques of marketing such as customer satisfaction, product image, packaging, pricing and promotion on the customer's choice. The analysis aids in assessing how effective are the product and pricing strategies in influencing consumer behaviour in FMCG.

Table 4.1. Gender-wise Classification of Respondents

	Number of Respondents	Percentage
Male	34	56.67%
Female	24	40.00%
Other	2	3.33%
Total	60	100%

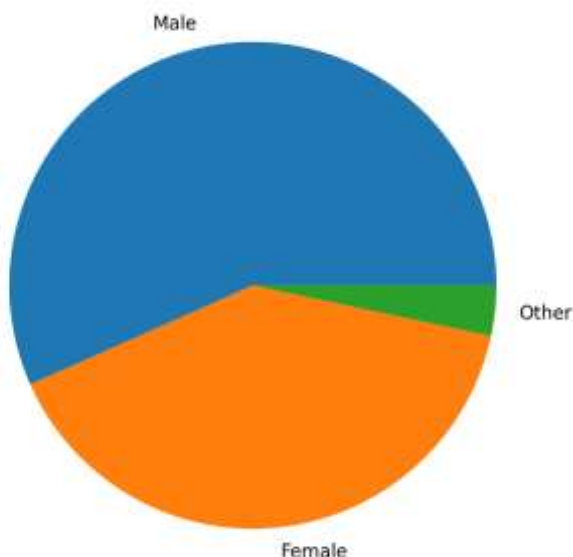


Fig. 4.1. Gender-wise Classification of Respondents (Pie Chart)

Interpretation:

Table depicts the genderwise distribution of Respondents under the study. There were 60 respondents including male respondent of 34 (56.67 percent) and the female respondent is 24 (40 percent). There were 6 respondents (3.33 percent) in the other category. The results indicate that majority of the sample population was male. There was indeed extensive female participation as well, as both were active in FMCG purchases and consumption. FMCG products are the ones that consumers would buy irrespective of gender which adds to the validity of findings from male and female respondents. The distribution is also revealing that the purchase of FMCG products is not only dependent on one gender group, it's dependent on the whole group of consumers.

Table 4.2. Age-wise Classification of Respondents

	Number of Respondents	Percentage
Below 20 Years	8	13.33%
21–30 Years	24	40.00%
31–40 Years	16	26.67%
41–50 Years	8	13.33%
Above 50 Years	4	6.67%
Total	60	100%

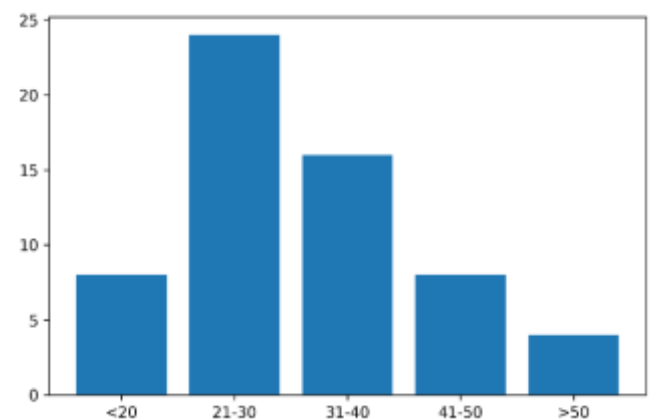


Fig. 4.2. Age-wise Classification of Respondents (Bar Graph)

Interpretation:

The table shows that age group of 21-30 years represented the highest group with 40% of the sample population. 26.67 per cent were in the age group of 31-40 years, 13.33 per cent were in the age group less than 20 years and 13.33 per cent were in the age group 41-50 years. The age category of consumers above 50 years is the lowest with 6.67 percent. The findings indicate that younger population group is the main consumer of FMCG products. At this age, they are primarily brand motivated, on digital marketing, social media and advertising. Their purchasing patterns play a major role on the demand of trend and goods by consumers. So if there was some success story from those young shoppers it means there will still be some innovative product, packaging and more customer-led pricing strategies for FMCG brands targeting the young.

Table 4.3. Factors Influencing Product Preference

	Number of Respondents	Percentage
Product Quality	21	35.00%
Brand Name	15	25.00%
Price	12	20.00%
Packaging	7	11.67%
Availability	5	8.33%
Total	60	100%



Fig. 4.3. Factors Influencing Product Preference (Pie Chart)

Interpretation:

From the analysis result, it can be concluded that the highest influence on consumer preferences is product quality which is 35%. Brand name was the second most important factor with 25 percent, with price following with 20 percent. Packaging and availability gave 11.67 per cent and 8.33 per cent respectively. From the results, it is evident that the product attributes of product performance and product quality were rated by consumers as being more important than the others. When customers are satisfied they believe that they have received a good deal, that the company or product is reliable and that the product is of high quality. It is also believed that developed brands are more reliable when it comes to purchasing and hence buying is done because of the reputation of the brand. While price is still key, the findings indicate that customers are willing to make quality considerations for FMCGs products. In a business environment like FMCG market where a lot of players are competing, it's extremely important to be the one who can beat the competition, thus having an edge and the right positioning.

Table 4.4. Impact of Discounts and Promotional Pricing

	Number of Respondents	Percentage
Strongly Agree	18	30.00%
Agree	25	41.67%
Neutral	8	13.33%
Disagree	6	10.00%

Strongly Disagree	3	5.00%
Total	60	100%

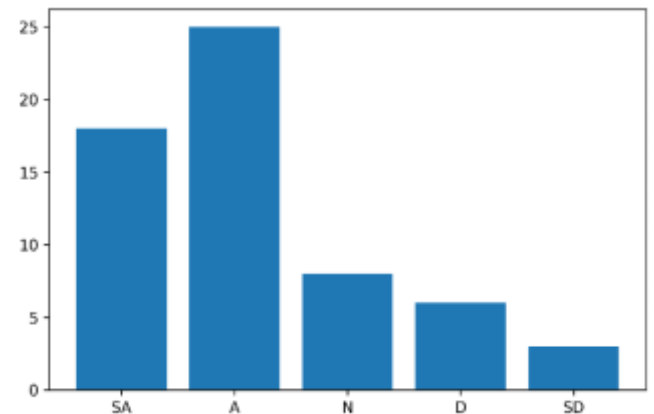


Fig. 4.4. Impact of Discounts and Promotional Pricing (Likert Scale Bar Graph)

Interpretation:

What the table shows is that discounts and promotional pricing, to a considerably large degree, impacts a customer's decision to buy. Most of the respondents (71.57 percent) agreed or strongly agreed that promotional offerings affected their choice. But 15 per cent disagreed and 13.33 per cent were neutral. The findings show that one of the best utilised marketing elements used by the FMCG companies is promotions. The consumer benefit of discount offers, cashback schemes, packages and special offers tops the list in order to maximise the value for money. Activities in these promotions create positive perception and increase trial, repeat customer and brand switching. The results indicate that the price is still a significant issue in case of FMCG market. The business, therefore, will be able to improve its performance in the markets with appropriate promotional activities that are likely to attract the customers to ensure that it remains profitable.

There are a few key outcomes for the FMCG consumer behaviour. Of all the factors mentioned above, 'product quality' emerged as the most salient determinant in buying decision and it means value and efficacy of the product to the consumers. Consumer preferences and trust were also found to be influenced regarding the brand reputation. The demographic analysis revealed that the young segment (21-30 years) is very large and is a critical target group for FMCG companies. Results also emphasize how price and promotions strategies can affect a customer's behavior. The consumers had a high preference for price promotion and were price sensitive. The conclusion is that with a high quality product, strong brand, competitive price and several marketing promotion companies can be able to improve customer satisfaction and thus customer brand loyalty toward sustainable market growth of FMCG products.

V. CONCLUSION AND FUTURE WORK

In the title "A Study on Product and Pricing Strategies of FMCG Companies in India", the present study focused on effect of product and pricing strategies on consumers purchasing behaviour, satisfaction and brand loyalty among the FMCG Companies of India. From the findings it can be seen that the product quality an all important factor affecting the

purchase decision effectiveness of the study results reveal that consumers have given much consideration to the reliability of their product, its performance and the overall value associated with the product whilst purchasing FMCG products. Furthermore, the study highlighted the significance of the brand reputation and packaging, both impact consumer preference and add to their brand trust, recognisability, and quality perceptions of the product. The effect of pricing strategy on consumer behaviour was also observed and many of the respondents thought that promotion, discounts and competitive pricing positively affects their buying behaviour. The results show that today's consumers are super conscious on value and they do not hesitate in analysing product and price attribute prior to purchase an item. This study confirms that high product quality, in combination with brand, the qualities of the packaging, and the prices offered by oriented customer services, make a very great difference in customer satisfaction, and repeat purchases. Moreover, the results accentuate that for the companies, it is imperative that they constantly innovate and update their product variations and pricing techniques to meet with the evolving requirements of the customers and the new players entering FMCG industry. The study concludes that, it is really important to sensibly balance the Product differentiation and Value based pricing to get sustainable success in FMCG industry. It can aid to enhance the competitiveness of the market, customer bond and hence Customer Loyalty and profits. The study could be expanded in other parts of India with a bigger and mixed population. Future areas of research can be conducted on varying product classes of FMCG, rural/urban comparisons and contrasts, effect of digital marketing activities, buying behaviours of online consumers, understanding how and why product and price decisions are made when it comes to sustainable products and issues. Comparing market analysis based on company and market analysis based on consumer behaviour among various FMCG companies might also give a better understanding about the changing dynamics and influence in the market which could be beneficial in future market planning.

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