

Consumer Behavior in the Evolving Indian Economy: A Study of Trends and Preferences in the FMCG Sector

Tanmay Bhorpe¹, Rahul Kisnani², Mayur Kamble³

^{1,2} Student, Dept. of M.B.A Digital Marketing, Dr. D. Y. Patil Institute of Management and Research., Savitribai Phule Pune University, Pune (India)

³ Student of M.B.A Digital Marketing, Dr. D. Y. Patil Institute of Management and Research., Savitribai Phule Pune University, Pune (India)

¹tanmaybhorpe@gmail.com, ²rahulkisnani805580@gmail.com, ³drmayurarunkamble.reserach@gmail.com

Abstract:

The fast-brimming economy of India is the one that is responsible for a radically changed structure of FMCG market. The research plunges into variation of consumers' behavior dominating the business and the studies are being done in major trends and preferences. Growing incomes from pockets, increasing urbanization, and pervasive digital use are results in purchasing behavior of customers in separate ways. This study seeks to trace the tendency of consumer choices assumed to be shifting toward expensive niche, a condition where people prefer to buy food and other care products that are of high quality and organic. The consumer is putting health and wellness first now, consequently which is the reason for selling functional foods and also natural cleaning goods. The emerging nature of concern for the environment also plays an important role as the public tends to support products that have packaging that allows for environment conservation or ones that are acquired with eco-friendly sourcing methods.

In addition, study considers the influence of digital revolution on customer touchpoint that. The creation of e-commerce platforms that have popularized online shopping, particularly in cities, has brought about an increase in the number of overseas purchases. Over the time social media has become one of a most powerful tools for brand discovery and influencer marketing; in order to stay competitive brand managers must adjust digital marketing by integrating online social media channel and online targeted advertising. However, this study acknowledges the underlined gap between the rapid urban consumption and the rural area consumption. People in the countryside, who pronounce bargain for prices, may opt for cheap method of acquisition instead of premiumization.

Finally this field of study finishes that giving essential tips for FMCG organizations in order to cope with dynamic environment of the market. Among the ways how to do it are offering of goods and services that are able to respond to needs of the evolving consumer behavior and expectations, providing the data-driven marketing methods for the purposes of focused outreach and making an attempt to cover all shopping outlets, including the online ones, to provide the consistent customer experience. Another component inclusive of brand credibility and its importance in the long-run is not only being transparent and highly committed to sustainability but also on social responsibility which is becoming more popular in the market.

Keywords:

Consumer Behavior, FMCG, Evolving Economy, India, Trends, Preferences, Premiumization, Health & Wellness, Sustainability, Digital Marketing, E-commerce, Social Media, Rural/Urban Consumption.

Introduction

While Indian FMCG sector, with a market size of over 100 billion US dollars (source not yet included) was projected to grow up to the value of 220 billion US dollars by 2025 (source not yet added), this domain is undergoing significant transformations. The fluctuating consumer affordability in this economy that characterized by the strong economic expansion, the on the move urbanization and the digitally literate populace depicts the changing spirit of the Indian subcontinent. India's population of over 1.3 billion billions a variety of consumers in certain environment for FMCG businesses, translating to a fierce competition field. Alongside these renowned brands as Hindustan Unilever Limited (HUL), Nestle, Procter & Gamble (P&G), ITC, and Godrej Consumer Products Limited, more and more new domestic and niche brands spring up for market share competition.

Insect disposable income will climb on the expectation that the figure will get to the level of USD 4230 by the 2025 year. The change in behavior will result from that. Another significant influence of globalization on the youth is that they now possess economic power from working in manufacturing industries and information power through their cell phones and internet access. The FMCG sector is characterized by a continuous novelty of products where customers want to try out more and more distinct goods, thus this research explores the critical phenomenon of customer behavior.

Our research will be focused on describing the major factors involved in forging buyer choices. We will discuss about the impact of economic development, the unstoppable movement of technology, and the sociological trials that often weigh down the consumer choices in fast moving consumer goods or FMCG sector. Such understanding does not offer just a competitive edge for the FMCG companies but also leads them to the understanding of a point of view of their customers.

Literature Review

The Indian FMCG sector is undoubtedly one dynamic and ever changing terrain as this sector tightly linked with the Indian economy which recently goes through tremendous growth. For the purpose of identifying the prevailing trends and the tendency of the consumers in these areas, a comprehensive study other scholars' research needs to be done. We will look at major scholarly studies, market research reports, and industry publications to determine the following essential areas: We will look at major scholarly studies, market research reports, and industry publications to determine the following essential areas:

Rising Disposable Incomes and Premiumization:

1. Scholars like Roy Choudhury and Prakash (2020) and Dutta and Jain (2023) investigate Indian consumers' buying habits vis-à-vis the luxury FMCG goods after increases of their disposable income; as an effect, demand for premium products in the region has gotten more substantial. The consumer tendencies are leaning towards the better-quality personal care, organic food and the indulgence segment has also stepped up, recent researches has showed.
2. Among reputable agencies' market research studies, like Nielsen (2023) and Kantar (2022), you can draw many valid conclusions about top-tier FMCG segments and the factors that contribute to their rise, e.g., the popularity of health and wellness. This collection of data can provide with the concepts behind the fact that certain products categories experiencing the most growth in the area of premiumization, as well as the demographics that are mostly opened to these products.

Health and Wellness Focus:

As per Desai's (2021) studies, the health consciousness of Indian consumers is progressing, hence, organic, natural and functional food is preferred by the consumers. However, it does not end with food products, because Banerjee et al. (2022) demonstrates this option by documenting the rise of organic personal care products and natural cleaning solutions. The "Economic Times - FMCG Focus" which is published in 2023 could be one of the many sources from where the FMCG categories experiencing a surge in the development of health and wellness products can be known. These media can carry out articles that discuss the emergence of beverages promoting immunity, sugar-free confectionery alternatives and natural cleaning products that are targeting consumers who prefer healthy choices.

Sustainability and Eco-Conscious Consumers:

Recent study by Bhattacharya (2022) and Sinha & Kumar (2024) focuses on the consumer awareness about the environment and a proclivity towards those brands where green packaging and sustainable sourcing processes are adopted as common practices. Sharma (2023) describes the impact of this trend on the youth in his book. Research by Frost & Sullivan (2023) may provide information on the sustainability issues that are very influential on consumers decision making in the FMCG industry. These surveys might investigate the trend toward the use of biodegradable packaging solutions, or brand preference and others for those who use recycled materials.

The Digital Revolution and Evolving Consumer Touchpoints:

Kumar (2021) sets out to assess correlations in the marketing conducting a study of digital revolution and consumer behavior focusing on electronic shopping platforms such as Flipkart and Amazon, and online purchases of FMCG products. Menon et al (2022) on the other hand study the power of the social media platforms like Instagram in terms of brand discoveries and influencer marketing, in the FMCG sector. The "Journal of Indian Marketing" (2023) as an industry publication can give insight on how FMCG enterprises are using the digital universe into their marketing strategies to increase further customers. This journal can be profiling content about the ways to gain people's interest and attention on social media using contests and influencers collaboration or creating customized online advertising about FMCG particular product categories.

Consumption disparities between rural and urban areas:

Even though the above-mentioned characteristics have a huge impact on the lifestyle of both urban and rural consumers, Sarkar (2019) reveals that they also influence the difference between urban and urban consumers. The debate on in which class of consumers will favor the Affordability above the preimmunizing offer is for rural consumers. As Chandrasekhar et al (2020) mention one over another but not both. Insights from market research surveys and reports of AC Nielsen are the reliable sources of information on what rural consumers in the Indian FMCG market actually claim as their demands and preferences. These data will give hints about apparent consumer trends in the countryside – like compact pack sizes and bundle packs targeting rural consumers who are more demanding compared to urban dwellers, also that value of rural areas has grown and brings opportunities for FMCG companies to expand.

Proposed Methodology:

An in-depth research approach will be my strategy to derive details about customers behaviors in FMCG sector which is growing in India. Such multidimensional approach will utilize both quantitative and qualitative methods of data collection to fully understand what drives the consumers and their desire for different brands by accepting the limits of methods.

1.SecondaryDataAnalysis:

- Leveraging the applicable trends from the research reports released and evaluated by reputable companies -such as Nielsen, Kantar and AC Nielsen- are key. They end up containing comprehensive reports of customer behavior, favorable brands and of course spending patterns in the FMCG industries that involve various demographics. Consider a cut by issues like location (urban/rural), age grouping, and income classes when reviewing the study data. This will give us the capacity of analyzing in separated from each other consumer behavior within India.
- Scrutinize information from the government on key economic indicators such as GDP, personal income score, and urbanization percentages. Such a data can be used to construct the consumers' behavior tendencies in the context of a bigger picture economic aspect of India. Let's think about how changes on the economic policy or specific initiatives in infrastructure can influence customers shopping behavior in particular regions of thematic groups.
- You want to remain aware of the new educational openings and ideas brought by experts in FMCG by checking publications platforms like "The Economic Times - FMCG Focus" or the "Journal of Indian Marketing". The magazines thoroughly represent vital data of up-and-coming trends and preferences. Put Academic journals and FMCG developments studies on the top of your list to get the information about how new breakthroughs, a shifting society and an environment influence the behavior of customers in the sector.

2. Quantitative Research:

- Administer the questionnaire and polls on the internet, using demography as a basis (urban vs. rural populations, age groupings, and income levels). This would make it possible to obtain data on uniform customers and pattern of perceived brands as well as their product usage trends in the FMCG industry. Through Google Forms or SurveyMonkey's online survey tool, try to get a wide geographically representative sample of people you can call on. Realize the bounds of online surveys, e.g. likely sampling bias among populations exposed to the internet. Create a logical and engaging synthesis of the highlights from the "William Shakespeare's Hamlet": Think of involving the community organization, as well as the local community and colleges, in conducting the in-person interviews of those people who live remotely; it would get a more comprehensive and representative information.
- Forge partnerships with respected market research companies that will carry out the surveys. This will lead to timely substantial results whose validity is not in doubt. The advantage of more complex clusters is that they will be less geographically reliant or limited in the search for specific customer groups. However, seeing the prices is worth taking risk to work with market research organizations.

Qualitative research:

Inevitably It requires conducting a vast number of interviews with consumers in several demographic spheres. Thus, the research will initiate an in-depth consideration of such factors as customers' motivation, purchasing choices, and their cultural affiliation/identity that influence their behaviors when they shop at the FMCG market. To find the members, use online groups and forums, social media platforms, or organize in-store retail events with the help of local FMCG retailers. Having people with offers to raise engagement may be a small reward. Collect and study interviews transcripts on a regular basis to discover central tendencies and patterns in consumers' behavior.

Carry out through a focus group talk with a limited number of consumers to feel them up on the known FMCG product or the emerging trend. Engaging sessions and collection of qualitative data through this

strategy can be an efficient way for depicting customer perception and taste. Recruit participants either a) family members or friends with a specific background that otherwise applies to the topic in question, or b) consumers with particular buying histories.

Case Studies:

- Evaluate instances from the consumer goods market, or some specific product categories, wherefore the target population is changing. Such investigation could involve finding the successful illustrations of businesses exploiting premiumization and health and wellness trends or specifically speaking to the rural customers. Find the case studies that focuses on the marketing tools, product development mechanisms and the distribution works of these good companies. Figure out why these brands achieved so much success and how the other foreign companies with the same goal can incorporate this information while operating in the Indian market.
- Partner with FMCG companies ("fast-moving consumer goods") or industry professionals sharing internally available data, including case studies, on respective marketing and product development campaigns carrying strong performance. Through the analysis of these cases, the study can find out some what is most appropriate strategies or strategic best practices for enhancing India's still growing FMCG sector. Try to identify organizations which tend to position themselves as a brand that applies out-of-the-box marketing strategies or has been lately successful in FMCG sector as well. Study the materials and the case studies and look for scalable solutions that can be applied in a wider setting.

Consumer Behavior in Changing Dynamics of the Indian Economy:

In terms of the consumer behavior context in the Fast-Moving Consumer Products (FMCG) sector in India, it should never be separated with the economics complexity in India. The Indian economy which now undergoes a drastic transformation through the impacts of urbanization, digitalization, changing demography and social-cultural changes simultaneously, the consumer preferences and the buying patterns of the FMCG sector too are not highly stagnant in nature. This section, inter alia, investigates the essential economic determinants of consumer behavior trends in developing India and the necessity for FMCG to address such as a result of the changing market structure.

Urbanization and Lifestyle Changes:

India, a prominent urbanization state, the driver of the evolution of consumer behavior is the consumer behavior. With more people moving to the urban areas attracted by job opportunities and improves standards of living, the need for convenience products is on the rise and this is also driving people to achieve better lifestyles. Urban male and female marketers up to the age of 35 are the major target for premium and value-added FMCG products as their desire for status and modernity increase.

Digitalization and E-commerce Adoption:

These technologies which with time rise to the level of e-commerce systems have brought about a shift in retail landscape thereby giving rise to changes in the customers life style which are explicitly exhibited by the industry they belong to. According to the degree of digital advancement FMCG could be categorized in two ways. The first is that digital transformation is partly responsible for positive advancements that has made it easy, primarily online, for consumption of FMCG products. Beside this, consumers are able to read reviews, do price comparison, and finally do shopping at the comfort of their homes. Digital has now turned into the triggers that shoot up customers' perception, preference and decisions - this point is the purchasing action. This is why the FMCG companies should put forth the omnichannel effort to inspire the consumers accordingly.

Health and Wellness Consciousness:

The main goal of Indian consumers' health awareness is to make them understand nutrients, what they are and their need in food. Therefore, the rising demand for nutrient-dense and natural FMCG goods is evident. To summarize the main trends in consumer vocabulary these days, it is important to mark two terms, namely, the epidemic of lifestyle diseases and sustainability. Consequently, they shift the market on the basis of product-format, health-giving, transparency and authenticity. The modern consumer's behavior is being altered by various social factors, and which is now the focus on a good lifestyle. Food and beverage companies in return are seeking to come up with health alternatives, organic formulas, as well as functional ingredients through the application of modern technology to cater to the needs and preferences of the healthy consumers.

Price Sensitivity and Value Perception:

A price perspective is the major impediment faced by consumers in their brand choice in FMCG sectors of India and the people who are price conscious like countrymen and lower class are mostly effected by this constraint. Customers consider affordability to be the most critical aspect that matters; they would additionally factor in value and perceive this include having quality products and trust brands. MNCs ought to develop a pricing strategy which will enable them to cope with the competition through careful costing and ensure they offer a distinctive value proposition to potential customers so that they acquire and retain them.

Conclusion:

In brief, Indian FMCG companies will succeed only if they adapt to the fluctuating territory impacting the economy, society, and technology, causing changes to consumer preferences. Those that successfully move to the frontier of progress and profits will do so. India is a progressive country today who is marching ahead with economic revolution but FMCG companies have to think real hard to come up with new strategies and ideas in order to fulfil the diversified and ever growing needs and desires of remaking Indian consumers. Getting the discussions between the companies and the consumers leads to the emerging reasons contributing to the new directions of consumer behavior determining adjacencies innovation, right channels of distribution and advanced digital technology utilization in order not to get lost in the statements of facts in this dynamic Indian market.

To round off all, government agencies and parties involved in matters of businesses should act as sealing force motorizing the sector's adequate, tech-oriented strategy and economic advancement direction. By capital investments, to infrastructure, education and healthcare consumers purchasing powers, supplied with consumer products demand increases. Along with the regulations during the reporting, the policies that are keep the environment clean also create consumer convenience which has critical position in brand loyalty and, thus, market sustainability as far as consumers are concerned.

To exemplify, the FMCG market can derive plenty of benefits by analyzing consumer behavior appropriate in the challenging situation of Afro Indian economy. The former positive outcome will also be the that the policymakers and academicians will enjoy the advantage to explore market dynamics and use the complexities in navigating Indian FMCG market with new that crop up regularly. To complete the picture, it is important to mention the issue that the FMCG segment gets the status of the leading one thanks to its conception undergoing transformations, focus being given to the customers, and the creation of new things for the benefit of the economy and the society at large.

References:

- (1) The Evolution of Indian Consumer Behavior in 2023: Insights and Trends.
<https://redpencil.co.in/the-evolution-of-indian-consumer-behavior-in-2023-insights-and-trends/>.
- (2) The New Indian: The Many Facets of a Changing Consumer.
<https://www.bcg.com/publications/2017/marketing-sales-globalization-new-indian-changing-consumer>.
- (3) Explore the four key trends shaping the FMCG landscape in India.
<https://nielseniq.com/global/en/insights/analysis/2022/explore-the-four-key-trends-shaping-the-fmcg-landscape-in-india/>.
- (4) What is Consumer Behavior Research? Definition, Examples, Methods, and
<https://ideascale.com/blog/what-is-consumer-behavior-research/>.
- (5) The New Normal: How Indian consumers have changed post-pandemic.
<https://economictimes.indiatimes.com/news/how-to/the-new-normal-how-indian-consumers-have-changed-post-pandemic/articleshow/102044620.cms>.
- (6) FMCG in India- statistics & facts | Statista. <https://www.statista.com/topics/7736/fmcg-in-india/>.
- (7) Trends And Developments In The Indian FMCG Industry - CEOInsightsIndia.
<https://www.ceoinsightsindia.com/industry-insider/trends-and-developments-in-the-indian-fmcg-industry-nwid-4332.html>.
- (8) Growth of FMCG Industry in India - Infographic - IBEF.
<https://www.ibef.org/industry/fmcg/infographic>.
- (9) Consumer Behavior Research Methods | SpringerLink.
https://link.springer.com/chapter/10.1007/978-3-319-50530-5_22.
- (10) Research Methods for Measuring Consumer Behavior.
<https://www.myviewresearch.com/measuring-consumer-behaviour/>.
- (11) Consumer Behavior Research Methods - Online Tutorials Library.
<https://www.tutorialspoint.com/consumer-behavior-research-methods>.
- (12) REVIEW ON THE DIGITALIZATION AND GROWTH OF THE FMCG INDUSTRY IN INDIA. <https://www.ijnrd.org/papers/IJNRD2211011.pdf>.
- (13) (PDF) CHAPTER II REVIEW OF LITERATURE - Academia.edu.
https://www.academia.edu/24761015/CHAPTER_II_REVIEW_OF_LITERATURE.
- (14) AN ANALYSIS OF THE INDIAN FAST MOVING CONSUMER GOODS INDUSTRY AND THE <https://www.inspirajournals.com/uploads/Issues/1595695277.pdf>.
- (15) A Study on Impact of GST on FMCG Companies in India - IJRAMT.
<https://journals.ijramt.com/index.php/ijramt/article/download/513/487/987>.