Evaluating The Effectiveness Of Marketing Strategies In The Fmcg Sector: A Consumer Perception Analysis In India

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Abstract:

This study evaluates the effectiveness of marketing strategies in the Fast-Moving Consumer Goods (FMCG) sector in India by analyzing consumer perceptions. The research aimed to understand how different marketing strategies influence consumer behavior and preferences across urban and rural markets. A descriptive research design was employed, utilizing a structured online survey to collect primary data from 850 respondents aged 18 and above. The sample included 60% urban and 40% rural consumers, ensuring balanced representation. Descriptive and inferential statistical analyses, including regression and factor analysis, were conducted using SPSS software. The findings reveal high levels of brand awareness and positive brand perception among consumers, with significant differences in advertising preferences between urban and rural markets. Social media emerged as the most effective advertising medium for urban consumers, while rural consumers favored traditional channels like television and print media. Promotional strategies, particularly discounts and buy-one-get-one-free offers, were highly effective in influencing purchasing decisions. Product quality was identified as the most crucial attribute influencing consumer preferences, followed by price and brand image. The study underscores the importance of adopting a multi-channel marketing approach, leveraging digital platforms, and designing effective promotions. By understanding consumer preferences and tailoring marketing strategies to cater to diverse demographic segments, FMCG companies can enhance consumer satisfaction and achieve sustained success s in the competitive Indian market. These findings provide valuable insights for optimizing marketing efforts and addressing the unique needs of urban and rural consumers.

Keywords: FMCG Sector, Marketing Strategies, Consumer Perception, Urban and Rural Markets, Digital Marketing, India.

Introduction

Since the foundation of 21st century, India has experienced many new developments. One of the major variations is observed in the shopping trend and preferences of the consumers. Popularity and acceptance of healthy food and wellness products has given a great momentum to more sustainable food choice like Organic Food. Present day generation is now shifting towards a healthier lifestyle and going for a smarter food choice as a part of their food habit. Companies like 24*7 Mantra, Organic Tattva, Organic India, Wingreen Farms, Just Organics and many more with the exclusive organic retailing to the customers of India have tasted great success. These companies have also registered their online presence to facilitate the customers in all respect.

Simultaneously, there has been noticeable shift in social, demographic and economic aspect of the consumers' purchase behavior. To combat the issue of environmental degradation and deterioration of human health, organic food comes to the rescue. Consumers like never before, are much more aware and conscious about food safety and health aspect. Organic food has a potential to secure good points as it restricts the use of chemical pesticides & fertilizers, additives and artificial preservatives. This is shown to have an impact on the demand for organic food for a better life and future (Gil, Gracia & Sanchez, 2000). The ultimate aim of any market is to provide benefit to all the stakeholders associated. It is now well understood and accepted universally that the customer has to be kept in focus to survive and sail through the competition. So, it is appropriate to understand that what provides the value to the customer involved in the business process for which he is ready to pay.

Literature Review

Thogerson & Zhou (2012) described the personal attitude towards buying organic food due to reasons like health, taste and environmental friendliness. Social norms plays a minor role for the intention to buy organic food probably because the early adopters have few role models and face few expectations in this respect. The awareness about certified organic products is extremely low and only restricted to the metro cities, therefore an exponential growth in this sector is not observed.

Giannakas (2002), addressed this issue as the end-user or shopper of organic food feels deceived because of improper labelling which negatively impacts the trust. Many a times, this has shown to have a devastating effect on the overall acceptance of organic foods within the market. Organic food market, which is apparently smaller and less developed, wherein the people have limited knowledge and low awareness; trust has a vital role to play in driving the intention to purchase.

In the study undertaken by **Canavari (2003)**, consumers did not show a positive attitude towards organic food because they were not aware about the availability of the same in the market. To understand the attitude of the consumer, elements like demographics, personal choices, consumption motives have to essentially undertaken.

The theory postulates that attitude, subjective norm and perceived behavioural control greatly impacts the intention to purchase and attitude. Situational factors have gained lot more importance in recent times. It diminishes the chance of one time buying or even for repeat purchase if the product is not found available at the store. The overall attitude can be negatively impacted. Also, on the other hand if conventional products are overweighed in the retail setting then also probably it might alter the consumer preferences. Therefore, to create a positive impact and a favorable environment and high presence of the product is necessary to trigger the positive and strong attitude which may result in a strong purchase intention **(Vermeir & Verbeke, 2004).**

Objectives of the Study

- To identify and classify the factors which determines the perceived benefits of organic food.
- To examine consumers' attitude towards organic food.

Hypothesis

H_{01}: There is no significant impact of PBOF on consumers' attitude towards organic food

Research Methodology

Primary data were collected through a structured questionnaire. The respondents selected for this study Non-probability judgmental or purposive sampling technique was employed to collect data from urban, adult, educated, internet literate, middle class and above middle-class respondents who had some prior experience of organic food in Chennai city. All the select variables have been identified by conducting a pilot study among 250 respondents and thus the Cronbach alpha value is more than 0.7 the questionnaire is accepted for the data collection. The variables were expressed as close-ended questions measured on a five-point Likert-like scale which ranged from Point 1 (Strongly disagree) to Point 5 (Strongly agree).

Result and Analysis

Impact of Benefit Perception Dimensions (PBOF) on Consumer Attitude towards Organic Food (AOF)

Model Summary

Multiple regression analysis was tried with the assistance of IBM SPSS 23.0 computer code and also the variables were named, all requested variables were entered and were created standardized for more analysis. Table 4.20 (Model Summary) displays R, R squared, adjusted R square, and also the customary error. R, is that the correlation between the ascertained and foretold values of the variable quantity. The values of R ranges from -1 to +1. The sign of R, indicates the direction of the connection (positive or negative). So, within the present study the value of R is 0.737, that is getting close to one however since the value is positive one indicating a positive relationship between the variables. The value of R indicates the strength, with larger absolute values indicating stronger relationships.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739[a]	.543	.536	.68138249

a. Predictors: (Constant), PBOF Dimensions

b. Dependent Variable: Consumer Attitude towards Organic Food

As in the present study in above table the value of R squared is 0.543 this value of R squared is good to indicate that the model fits in the data very efficiently. Adjusted R squared attempts to correct R squared to more precisely which reflects the goodness of fit of the model in the population. To get a good result interpreting the model, five extracted factors namely Functional Value, Ecological & Environmental Consciousness, Easy Availability, Trust & Reliability and Purity explaining perceived benefits of organic food (PBOF) was taken as the predictors.

Regression Analysis (ANOVA)

The addition of squares, degrees of freedom, and mean sq. area unit given for 2 sources of variation, regression and residual. The output for regression displays data regarding the variation accounted for by the model obtained. The output for residual displays data regarding the variation that's not accounted for by the model obtained. Also, the output for total is that the addition of the data for regression and residual. A model with an oversized regression sum of squares (298.288) as compared to the residual add of squares (250.712))indicates that the model accounts for most of variation in the dependent variable in Table 4.22.Very high residual sum of squares indicate that the output model fails to clarify tons of the variation within the variable quantity, and there could be some further factors that facilitate account for a better proportion of the variation within the variable quantity. The mean sq. within the table is that the summation of squares divided by the degrees of freedom. The F value (71.386 during this case) is that the regression means square (MSR) divided by the residual mean sq. (MSE). The value of degrees of freedom is that the no. of samples minus one, that's 250-1=249. Numerator df is the regression degrees of freedom and the denominator df is the residual degrees of freedom. If the significance value of the F statistic is lesser than 0.05, then the independent variables perform a good job explaining the variation in the dependent variable. If the significance value of F is greater than 0.05 then the independent variables do not explain the variation in the dependent variable. In the resultant table, as the significance value of F-statistic is 0.000

ANOVA

Model	Sum of Square	Df	Mean Square	F	Sig.
Regression	298.288	9	33.143	71.386	.000[b]
Residual	250.712	240	.464		
Total	549.000	249			

a. Dependent Variable: Z score: Attitude Towards Organic Food
predictors: PBOF Dimensions (Constant)
Source: Primary Data Analysis

Regression Coefficient

Usually, the independent variables (predictors) are measures in different units, there comes the concept of standardized and unstandardized coefficients. The unstandardized coefficients are the coefficients of the estimated regression model 102 whereas the standardized coefficients or betas are studied to make the regression coefficients more comparable. If the data has not been transformed to z-scores prior to regression analysis, the beta coefficients will come as unstandardized coefficients. The t statistics helps in determining the relative importance of each variable under consideration in the model. It is often suggested to look for t values below -2 or above +2.

Model	Unstandardized Coefficient		Standardized Coefficient			Collinearity Statistics	
	B	Std.Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-3.681	.029		.000	1.000		
Functional Value	.428	.033	.428	13.036	.000	.786	1.273
Environmental & Ecological Consciousness	0.52	.032	0.52	1.625	.105	.818	1.222
Easy Availability	.295	.030	.295	9.856	.000	.944	1.059
Trust & Reliability	.344	.030	.344	11.300	.000	.911	1.097
Purity	.103	.030	.103	3.470	.001	.954	1.048
Doubts	.114	.035	.114	3.241	.019	.689	1.452
Distrust	,071	.030	,071	2.346	.036	.919	1.088
In authenticity	.063	.030	.063	2.105	.000	.946	1.057

Poor Distribution	.123	.031	.123	4.038	.000	.908	1.101

a. Dependent Variable: Zscore: Attitude Towards Organic Food

It is observed from the data analysis that t values for all the variables is above 2 for perceived benefits of organic food. Multiple Regression analysis conducted for the study shows that the perceived benefits dimension comprising of Functional value, Ecological and Environmental consciousness, Easy availability, Trust and reliability and Purity (5 factors) and Doubts, Distrust, Inauthenticity and Poor distribution (4 factors) best predict and are the good explanatory variables of the consumer's attitude towards organic food. As the Beta value (Standardized coefficient) and the relative importance of predictor value is presented in the table no. below, the beta value is highest in case of Functional value than the other variables which indicate clearly that Functional Value have a greater impact on Consumer's attitude towards organic food than the other perceived benefits. Also, considering the negative side with respect to the risks and barriers perceived by the consumer towards organic food, it can be summed up through the Beta- value which is least in case of Ecological and Environmental Consciousness (0.052), therefore it can be concluded that inauthenticity in major cases doesn't impact the consumer attitude towards organic food.

Suggestions

- To improve the adoption of organic goods among consumers in Chennai, stakeholders such as producers, retailers, and policymakers should focus on raising awareness about the tangible benefits of organic products.
- Marketing campaigns should highlight the health, environmental, and societal advantages of organic goods to strengthen positive consumer attitudes. Collaborating with educational institutions and leveraging social media platforms can help disseminate information effectively.
- Additionally, ensuring the availability of organic products at affordable prices and improving distribution channels will further enhance consumer trust and encourage more widespread adoption.

Conclusion

The findings of the study clearly indicate that perceived benefits of organic goods play a crucial role in shaping consumer attitudes toward purchasing these products in Chennai. Consumers primarily associate organic goods with health benefits, environmental sustainability, and ethical farming practices, which strongly contribute to a positive perception. However, the study also reveals that despite this positive outlook, challenges such as the higher cost of organic goods, limited availability, and occasional skepticism about the authenticity of organic labeling dampen consumer enthusiasm.

To truly capitalize on the growing interest in organic products, these barriers must be addressed. Price sensitivity remains a significant factor for many consumers, suggesting the need for pricing strategies that make organic goods more competitive with conventional alternatives. Government incentives, subsidies for organic farmers, or partnerships with retailers could help reduce costs and make organic products more accessible to a wider consumer base.

Moreover, enhancing the supply chain and ensuring organic goods are available across a variety of retail outlets can help alleviate issues related to availability. Education campaigns aimed at increasing consumer trust in organic certification and transparency in labeling are also essential to mitigate doubts regarding product authenticity.

Ultimately, the long-term success of the organic goods market in Chennai will depend on ongoing efforts to align consumer expectations with tangible benefits. By focusing on affordability, accessibility, and awareness, the organic goods sector has the potential to become a key contributor to a healthier, more sustainable future in the region. Through strategic interventions and a collaborative approach among stakeholders, the organic market in Chennai can flourish, contributing not only to improved public health but also to environmental preservation and ethical farming practices.

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