CHANGING BUYING BEHAVIOR OF INDIAN CUSTOMER

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**INDEX**

|  |  |  |
| --- | --- | --- |
| SR. NO. | PARTICULAR | PAGE NO. |
| 1 | Title | 1 |
| 2 | Abstract | 3 |
| 3 | Introduction | 4 |
| 4 | Review of Literature | 5 |
| 5 | Objectives | 6 |
| 6 | Classification of IFP | 6 |
| 7 | Research Methodology | 6 |
| 8 | Data Analysis | 7 |
| 9 | Conclusion | 11 |

# ABSTRACT

In the recent years, the way Indian consumers are spending their money on various items has changed. The penetration are spending their money on various items has changed. The penetration of internet and social media has increased, as a result the purchasing behavior of Indian consumers has changed dramatically. Urbanization is a constant phenomena in India and is influencing the life style and buying behavior of the consumers. The study is based on the perceptions, buying behavior and satisfaction of the consumers in the Indian market.

Food related lifestyle is being changed a lot due to various reasons. The high rate of industrialization, growth of service sector and better employment opportunities have increased consumers disposable income, developed new lifestyles and awareness and a drastic change can be seen their buying behaviour. The consumers are very fond of convenience food like instant coffee and noodles. They consider food and drinks as fun. Their preferences have changed from home cooked food to ready to serve food. The young consumers are passionate about visiting fast food outlets for fun and change. Besides that processed foods are accepted as alternative to the home cooked food because of the convenience it offers.

# INTRODUCTION

The Indian consumer market has higher disposable income the development of modern urban lifestyles. Increase in consumer awareness has affected buyer’s behaviour in cities, towns and even rural areas.

Rising incomes in the hands of a young population, a growing economy, expansion in the availability of products and services and easy availability of credit all has given rise to new consumer segments and a rising acceptability of debt, whether it is mobile phones, credit cards, apparel or organized retail, people clearly seem to be spending more, particularly on discretionary items. The credit facility from business houses has been increasing at a rapid rate. This shows the terrific cut-throat competition in the ever changing market.

Food habits of Indian consumers are changing due to higher disposable income, increasing number of working women, development of modern lifestyle, rise in nuclear families, shortage of time, high literacy level among women, increase in consumer awareness and demand of convenience goods. Due to establishment of multi-national companies in India, the number of working women is rising, because of which there is no time to prepare food at home. Hence, this created the need for using ready-to-eat-food. The media, particularly electronic and print media, are also playing an important role in creating awareness of the instant food products. Children are becoming consumers at younger age and because the current generation of young consumers is making more decisions than previous generation of children, they are influencing more family decisions concerning food.

# LITERATURE REVIEW

**Puri and Sanghera (1989)** conducted a study to know the consumption pattern of processed products in Chandigarh. Jam was found to be most popular, irrespective of income. Orange squash consumption was maximum in high and middle income families. Pineapple juice consumption increased with a rise in the income.

**Shivkumar (2004)** showed that the consumer, irrespective of income groups, was mainly influenced by the opinions of their family members to purchase. Consumers were also influenced by the dealers’ recommendations, followed by advertisement.

**Ramasamy et. al. (2005)** reported that the buying behaviour is greatly influenced by awareness and attitude towards the product. Commercial advertisements over television was said to be the most important source of information, followed by displays in retail outlets. Consumers build opinion about a brand on the basis of various product features.

**Usha v. (July 2007)** concluded that major factor considered by the consumers while consuming the Dosa/Idli mix (Instant products) were ready availability and time saved by them in preparation. From the study it was also found that in case of Sambar masala retail shop was the major source of information followed by TV/radio advertisements while in case of Dosa/Idli mix Newspaper/magazine was the source for getting information. Housewives were the major decision makers in all the income groups as the housewives set the consumption pattern of food products in the family.

**Renuka hirekenchanagoudar (August 2008)** found that major factors for purchase of biscuits were convenience as snacks followed by liking of the family members and ready availability while in case of chips and fruit juice. Taste was the major influencing factor for ice-cream and it was found that consumers buy ice creams because of satisfaction and influence of friends or relatives.

# OBJECTIVES

* To study the factors affecting changing buying behavior of Indian consumers.
* To find out the awareness of consumers towards branded ready-to-eat and ready-to-cook food products.
* To ascertain the brand preference for Instant Food Products (IFP).
* To analyze the influence of commercialization on the food purchasing behavior.
* To suggest various strategies for developing the instant food market segment in India.

### Classification of Instant Food Product (IFP) for this research:

1. **RTE (Ready-to-Eat)-** Wafer and Readymade food (rice/Parantha/Dal/ Mutter Paneer etc)
2. **RTC (Ready-to-Cook)-** Noodles and Instant food mix (Idlis/dosas mix/ Gulab jamun mix/ Dhokla)

# RESEARCH METHODOLOGY:

The study is based on primary data collected through a sample survey using a questionnaire. Questionnaire was designed with close ended questions consisting of Likert scale, constant sum scale, check list, dichotomous scale and Rank method. Total 200 respondents were selected from Delhi based on a convenience sampling for study representing consumers of various age groups across various income groups as the was to have representation from all. 20 questionnaires were rejected in which 16 were incomplete and 4 were filled with wrong information (evident from cross checking). Thus, for this study we were left with 180 respondents.

## DATA ANALYSIS

### Demographic Profile of Respondents:

The data on age, gender, family type, marital status, number of family members and monthly income of consumers were collected in part ‘A’ of questionnaire to know the background information of respondents. The result has been depicted in the Table below:

### Table 1: Demographic profile of the respondents

|  |  |  |
| --- | --- | --- |
| **Factors** | **Sample size** | **Percentage** |
| **I. Gender** |  |  |
| Male | 72 | 40% |
| Female | 108 | 60% |
| **II. Age** |  |  |
| 15-25 | 48 | 27% |
| 25-35 | 36 | 20% |
| 35-45 | 30 | 17% |
| 45-55 | 24 | 13% |
| 55 and above | 42 | 23% |
| **III. Family type** |  |  |
| Nuclear | 114 | 63% |
| Joint Family | 66 | 37% |
| **IV. Marital Status** |  |  |
| Married | 120 | 67% |
| Unmarried | 60 | 33% |
| **V. Monthly Income** |  |  |
| Less than 15000 | 60 | 33% |
| 15000-30000 | 72 | 40% |
| 30000-45000 | 30 | 17% |
| More than 45000 | 18 | 10% |
| **VI. Family Members** |  |  |
| 2 to 3 | 66 | 37% |
| 4 to 5 | 90 | 50% |
|  |  |  |

1. **Awareness about the Instant Food Products (IFP):** First question asked was to know the awareness regarding IFP. Data shows that all customers are aware about Instant Food Products (IFP).
2. **Purchase decision of Instant food products by Indian consumers:** 63% respondents purchase these products on regular basis while 37% people don’t use these items regularly.

**Reason for not purchasing IFP:** The second question asked was to indicate the reasons for not purchasing IFP. Most of them don’t buy IFP because they are health conscious. Homemade food is still their first preference. Some of them don’t like taste.

5

4.5

4

3.5

3

2.5

2

1.5

1

0.5

0

High Price

Don't like taste Prefer home made food Health conscious

1. **Usage Frequency of various Instant Food Products:** The third question was to find out the monthly usage of IFP.

450

400

350

300

250

200

150

Instant food mix

Noodles

Readymade food Wafers

100

50

0

Daily

Once in a week Twice in a week Whenever neede

1. **Impact of Commercialization on buying behaviour for IFP:** Most of the respondents accepted that there is impact of commercialization on buying behaviour of IFP. Only 24 respondents are not in agreement that huge amount of advertisements and Sales promotions (commercialization) of the products have an impact on the buying behaviour for IFP.

**Response**

**100**

**90**

**80**

**70**

**60**

**50**

**40**

**30**

**20**

**10**

**0**

**Response**

**Strongly Agree Agree Neutal Disagree Strongly**

**Disagree**

1. **Factors influencing the purchase decision:** Since the numbers of working women are increasing, use of ready-to-eat products and ready-to-cook food products has also increased. Increasing number of nuclear families and urbanization has emerged as significant factors for buying the IFP. Impact of western culture and rise in income got the fourth and fifth ranking respectively.

4.5

4

3.5

3

2.5

2

1.5

1

Average Rank

0.5

0

Increasing n0. Increasing no.

of nuclear Of working

families ladies

More More working Rise in income

inclination bachelors

towars staying away

western from home culture

Reasons for purchasing instant food products (IFP) (No of Respondents

|  |  |  |
| --- | --- | --- |
|  | **Agree** | **Disagree** |
| Affordable Price | 24 | 102 |
| Promotional offers | 10 | 36 |
| Easy availability near your residential area | 72 | 66 |
| Instant food products are qualitative & tasty | 18 | 54 |
| Convenient to use | 36 | 78 |
| Influenced by dealer’s recommendation | 6 | 12 |

**Scatter plot of X and Y**

120

100

y = 0.6103x + 41.116

R² = 0.217

80

60

40

20

0

0

10

20

30

40

50

60

70

80

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| SUMMARY OUTPUT |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| *Regression Statistics* |  |  |  |  |  |  |  |
| Multiple R | 0.465883057 |  |  |  |  |  |  |  |
| R Square | 0.217047023 |  |  |  |  |  |  |  |
| Adjusted R Square | 0.021308779 |  |  |  |  |  |  |  |
| Standard Error | 23.92087235 |  |  |  |  |  |  |  |
| Observations | 6 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| ANOVA |  |  |  |  |  |  |  |  |
|  | *df* | *SS* | *MS* | *F* | *Significance F* |  |  |  |
| Regression | 1 | 634.5007974 | 634.5007974 | 1.108863646 | 0.351734679 |  |  |  |
| Residual | 4 | 2288.832536 | 572.208134 |  |  |  |  |  |
| Total | 5 | 2923.333333 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  | *Coefficients* | *Standard Error* | *t Stat* | *P-value* | *Lower 95%* | *Upper 95%* | *Lower 95.0%* | *Upper 95.0%* |
| Intercept | 7.038277512 | 21.88884746 | 0.321546282 | 0.763897686 | -53.73490589 | 67.81146091 | -53.73490589 | 67.81146091 |
| Disagree | 0.355661882 | 0.337752249 | 1.053025947 | 0.351734679 | -0.582088697 | 1.293412461 | -0.582088697 | 1.293412461 |

### CONCLUSION

From the analysis it was found that all respondents were aware about the instant food products. Maximum number of respondents believe that commercialization had impact on their food purchasing behaviour.

The highest ranked factor affecting the purchase decision of IFP was increasing number of working ladies followed by bachelors staying away from home and nuclear families. More number of respondents considered that in case of Instant food mix and readymade food increasing the home made taste of the product will be helpful.