

# INFLUENCE OF FEW VARIABLES ON CONSUMER BUYING BEHAVIOUR

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## ABSTRACT

*The field of consumer behaviour is very vast. Consumer make numerous decisions everyday; sometimes even when they are not consciously aware of how and why they have made a choice. In FMCG, cosmetics & toiletries only taken up for the study. The respondents are chosen by convenience sampling. In AMOS 20, CFA and Path Model used in this study. From the findings, the researcher concluded that Prestige Sensitivity (PS), Price Quality Schema (PQS), Local Retailer Shop Loyalty (LRSL), Value Consciousness (VC), Price consciousness (PC), Coupon Proneness (CP), Sales Proneness (SP) are factors for buying behaviour of consumer and these factors highly influenced on consumer buying behaviour.*

**Key words:** FMCG, Consumer Buying Behaviour, Cosmetics & Toiletries

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## INTRODUCTION

Marketing of any products depends on how consumers behave whenever they have an explicit or implicit need for any product or service. The study of consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. (**Schiffman & Kanuk, 1997**). The field of consumer behaviour thus is very vast. Consumer make numerous decisions everyday; sometimes even when they are not consciously aware of how and why they have made a choice. The consumer as a decision maker is viewed in different ways by different groups of researchers. The consumer behaviour models try to incorporate the process of purchase decision making as well as the influences on the buyer behaviour. There are a number of models developed in order to understand the consumer behaviour in a better way out of which the three important models which explain consumer decision making are the Howard-Sheth model of buying behaviour, the Nicosia model and the Engel-Blackwell-Miniard (EBM) model. The Howard-Sheth model of buying behaviour attempts to explain the complaints of the consumer decision making process in case of incomplete information. This model

describes what happens in between receiving a stimulus (input) and the action called behavior (output) (**Howard and Sheth, Pp32 1969**). The Nicosia model explains the consumers' buying behaviour from the marketers' perspective. However, it fails to explain in detail the firm's & consumer's attributes and doesn't take into account that the consumer might already be having a predisposition with respect to a particular brand. (**Nicosia 1966**). The Engel-Blackwell-Miniard model assumes that the consumer approach is that of problem-solving. This model treats an individual as being equivalent to a system with output that responds to input. This indeed is a comprehensive model that recognizes the existence of intervening variables in between initial inputs and final output. It takes into account an individual's psychological make-up as well as environmental influences. This model has been revised later on many times and is considered as a contemporary model. It however, lacks clarity regarding the influence of individual and environmental variables on consumer decision making and also it's difficult to ascertain the accuracy and predictive value of this model (**Engel, J.F. Blackwell, R.D., and Miniard, P.W. 1990**). Many of the objectives against traditional consumer decision making models and consumer behaviour models refer to the fact that consumers do not necessarily embark upon extensive, active, cognitive laden realistic and goal directed decision making behaviour when purchasing complex, high-risk consumer products(**Lofman, 1991. 729**). However, in real life situation, every market segment for each product has its own purchase motivation.

## REVIEW OF LITERATURE

**Aggarwal (2014)** suggested that Consumer buying behaviour research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs.

**Byun and Sternquist(2010)** tried to link price mavenism as an outcome variable arising from both positive as well as negative perception of price. This was carried out in Shanghai and China. The study found that prestige sensitivity, price consciousness and value consciousness shaped price mavenism among the Chinese.

**Carmen P. Cabanero(2006)** compared the level of purchase involvement among goods and services and wanted to test whether the purchase involvement is higher in services when compared to goods. Results demonstrate that purchase involvement is higher with services than with goods.

**Watchravesringkan et al (2008)** conducted a study to examine the measurement in variance of consumers' price perception scales cross culturally by drawing 958 samples from four East Asian countries. It revealed that consumers from these East Asian countries (China, South Korea, Taiwan and Thailand) do differ significantly to some extent, in terms of how they perceive price cues related to price-quality schema, prestige sensitivity, value consciousness, sale proneness and price mavenism in market place.

**Kotler (2005&2012)** Consumer buying behavior is how individuals, groups and organizations to select, purchase, use and disposal of products, services, ideas or experience to meet the consumers' demand.

### Scope of the study

This study is intended to find out the influences of price, promotion and local retailer loyalty on the consumer buying behaviour of Fast Moving Consumer Goods. The study would have far reaching implication as it will help in designing marketing strategies to appropriately market the goods.

### Statement of problem

In case of fast moving customer goods, not too many attributes are used to make decisions. Often price is the main factor. Usually decisions are made in the store. Consumers do not actively search for information and visit different stores and the liking for the brand usually comes only after a trial. The possibilities to identify purchase consciousness that influence the household purchase decision in FMCG.

### **Limitations of the study**

- The study concentrated only on the application of Cosmetics and Toiletries in FMCG.
- The outcome of the study will be applicable only to these area and respondents. So the results cannot be generalized.
- The information provided by the respondents is purely based on their perception only.

### **Objective of the study**

- To identify the most important factors affecting the customers' decision to buy a FMCG product in the various subcategories of FMCG.
- To explain the household buying behaviour by finding out the influence of price perception, loyalty to local retailers across various product categories in FMCG.

## **METHODOLOGY**

### **Area of study**

The area of the study will be Trichy Corporation. The city of Trichy has people from various parts of Tamilnadu working and residing here. Hence Trichy can be considered as Representative of Tamilnadu. Most companies prefer to launch their products in Trichy also when they decide to launch in Tamilnadu.

### **Period of the study**

This study covers a period of two months from April to May 2016.

### **Sample size**

The product categories selected for study in Cosmetics and Toiletries products under FMCG. These kinds of product are mainly used in households and hence the sample constitute only households with two or more members. Singles, widows and Widowers are excluded in this study.

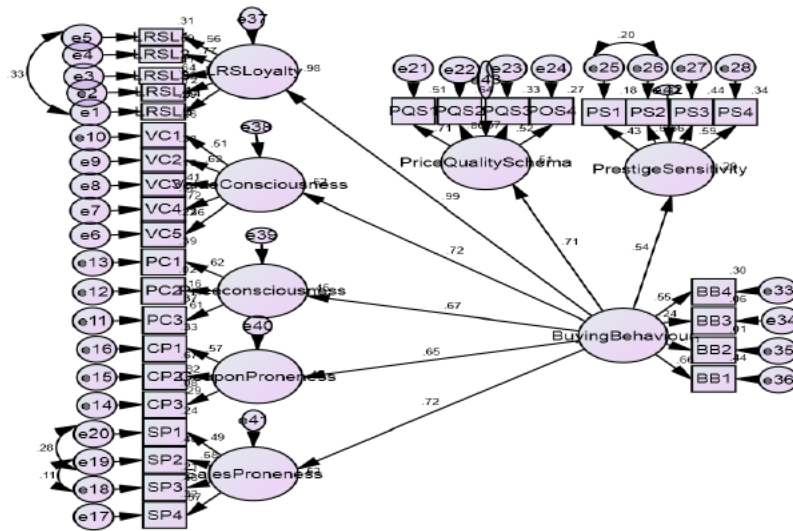
### **Sampling technique**

The method of sampling that will be adopted will be convenience sampling since the population is quite large. Care will be taken to ensure that households belonging to different income categories will be included in the study. Based on this, 300 questionnaires will be distributed.

### **Statistical Tools**

Primary data were collected, tabulated. A pilot study was carried out to revise the questionnaires and for item analysis. The validity and reliability of the questionnaires were measured. The internal consistencies of scale were assessed through computing Cronbach's Alpha. The components of factor relating to organizational commitment show the reliability value ranging from 0.8 to 0.9. Implication from these values indicates that all of the items used for each component in the questionnaire have a high and consistent reliability values. In AMOS 20, Confirmatory Factor Analysis and Path Model were used in this study.

**FINDINGS**



**Figure** Path Model for few variables influence on Buying Behaviour

**Table 1** Reported values of model fit for the Measurement Model

Absolute fit measures								Incremental fit measures		Parsimony fit measures
	$\chi^2$	Df	$\chi^2/df$	GFI	RMSEA	RMR	NFI	CFI	AGFI	
Criteria			<5	$\geq 0.90$	< 0.08	<0.05	$\geq 0.90$	$\geq 0.90$	$\geq 0.90$	
Obtained	1076.206	432	2.491	0.941	0.050	0.046	0.900	0.954	0.916	

Note:  $\chi^2$ : Chi-square; Df: degree of freedom; GFI: Goodness of fit index; RMSEA: Root mean square error of approximation; NFI: Normated fit index; CFI: Comparative fit index; AGFI: Adjusted goodness of fit index; RMR: Root Mean Square. Source: Primary data

**Table 2** Parameter estimates for the Measurement Model

Regression Weights		Standardize d Loadings	Standar d Error	t-value	P-value	CR	AVE	
LRS L5	<---	LRS Loyalty	.831	-	<sup>a</sup>	-	.88	.62
LRS L4	<---	LRS Loyalty	.864	.134	8.551	***		
LRS L3	<---	LRS Loyalty	.761	.117	7.682	***		
LRS L2	<---	LRS Loyalty	.821	.134	9.576	***		
LRS L1	<---	LRS Loyalty	.626	.106	9.847	***		
VC5	<---	Value Consciousness	.867	-	<sup>a</sup>	-	.92	.72
VC4	<---	Value Consciousness	.882	.218	6.837	***		
VC3	<---	Value Consciousness	.790	.245	5.032	***		
VC2	<---	Value Consciousness	.797	.210	6.458	***		
VC1	<---	Value Consciousness	.899	.239	5.786	***		
PC3	<---	Price consciousness	.916	-	<sup>a</sup>	-	.90	.77
PC2	<---	Price consciousness	.880	.197	2.253	***		
PC1	<---	Price consciousness	.834	.141	6.734	***		
CP3	<---	Coupon Proneness	.907	-	<sup>a</sup>	-	.92	.80

Influence of Few Variables on Consumer Buying Behaviour

Regression Weights			Standardize d Loadings	Standar d Error	t-value	P-value	CR	AVE
CP2	<---	Coupon Proneness	.894	.606	4.831	***		
CP1	<---	Coupon Proneness	.876	.505	4.615	***		
SP4	<---	Sales Proneness	.865	-	<sup>a</sup>	-	.89	.68
SP3	<---	Sales Proneness	.827	.114	6.365	***		
SP2	<---	Sales Proneness	.814	.116	8.613	***		
SP1	<---	Sales Proneness	.799	.112	7.033	***		
PQS1	<---	Price Quality Schema	.878	-	<sup>a</sup>	-		
PQS2	<---	Price Quality Schema	.850	.100	11.939	***	.90	.70
PQS3	<---	Price Quality Schema	.830	.079	9.172	***		
PQS4	<---	Price Quality Schema	.795	.085	8.628	***		
PS1	<---	Prestige Sensitivity	.875	-	<sup>a</sup>	-		
PS2	<---	Prestige Sensitivity	.841	.204	6.539	***	.89	.67
PS3	<---	Prestige Sensitivity	.788	.260	5.754	***		
PS4	<---	Prestige Sensitivity	.773	.232	5.535	***		
BB4	<---	Buying Behaviour	.910	-	<sup>a</sup>	-		
BB3	<---	Buying Behaviour	.861	.075	8.441	***	.91	.74
BB2	<---	Buying Behaviour	.847	.088	9.004	***		
BB1	<---	Buying Behaviour	.816	.105	10.203	***		

<sup>a</sup> Indicates a parameter fixed at 1.0 in the measurement model. Note: Estimate = regression weight; S.E = standard error; C.R = composite reliability; AVE= average variance extracted. Source: Primary data

**Table 3** Results of Path Model

Regression Weights			Standardized Loadings	Standard Error	t-value	P
Prestige Sensitivity	<---	Buying Behaviour	.713	.118	7.419	***
Price Quality Schema	<---	Buying Behaviour	.540	.109	4.605	***
LRS Loyalty	<---	Buying Behaviour	.989	.149	7.316	***
Value Consciousness	<---	Buying Behaviour	.719	.086	5.735	***
Price consciousness	<---	Buying Behaviour	.672	.099	5.991	***
Coupon Proneness	<---	Buying Behaviour	.652	.079	3.811	***
Sales Proneness	<---	Buying Behaviour	.722	.128	6.120	***

Note: \*\*\* indicates P < .001

Source: Primary data

**Name of items are given below**

Items	Name
LRSL5	I shop locally to support the local merchants and business district.
LRSL4	I shop locally because the convenience outweighs the other advantages of shopping outside the community.
LRSL3	I shop at local stores because it is important to help my community.
LRSL2	I shop outside my local retail area before.
LRSL1	I will pay slightly more for the product if I can buy it locally.
VC5	I always check prices at the store to be sure I get the best value for the money I spend
VC4	When I shop I usually compare the “price per grams” information for brands I normally buy.
VC3	I generally shop around for low prices on products, but they still must meet certain quality requirements before I will buy them.
VC2	When I buy products, I like to be sure that I am getting my money’s worth.
VC1	When shopping, I compare the prices of different brands to be sure I get the best value for the money.
PC3	The time it takes to find low price is usually not worth the effort.
PC2	I would never shop at more than one store to find low prices.
PC1	The money saved by finding lower prices is usually not worth the time and effort
CP3	Beyond the money I save, redeeming coupons gives me a sense of joy.
CP2	I enjoy clipping coupons out of the newspaper.
CP1	Redeeming coupons makes me feel good.
SP4	Compared to most people, I am more likely to buy brands that are on sale.
SP3	I am more likely to buy brands that are on sale.
SP2	I have favorite brands, but most of the times I buy the brands that’s on sale.
SP1	When I buy a brand that’s on sale, I feel that I am getting a good deal.
PQS1	Generally speaking, the higher the price of the product, the higher the quality.
PQS2	The old saying “you get what you pay for” is generally true.
PQS3	The price of a product is a good indicator of its quality.
PQS4	You always have to pay a bit more for the best.
PS1	I enjoy the prestige of buying a high priced product.
PS2	It says something to people when you buy the high priced version of a product
PS3	I think others make judgments about me by the kinds of products and brands I buy.
PS4	Your friends will think you are cheap if you consistently buy the lowest priced version of a product.
BB4	In making your selection of this product, how concerned would you be about the outcome of your choice?
BB3	How important would it be to you to make a right choice of this product?
BB2	Do you think that the various types and brands of this product available in the market are all very alike or are all very different?
BB1	In selecting from many types and brands of this product available in the market, I would care a great deal as to which one I buy

Source: author.

## ANALYSIS AND DISCUSSION OF RESULTS

The measurement model was evaluated by using the maximum likelihood (ML) estimation techniques provided by the AMOS 20.0. Table No.1 & 2 provides summarized results of the CFA. Results of the respective measurement model (Table No.1) indicated the absolute fit measures GFI and RMSEA were 0.941 and 0.050, respectively, the incremental fit measures NFI and CFI were 0.954 and 0.900, respectively and the parsimony fit measure AGFI was 0.916. All these measures surpassed the minimum recommended values. Furthermore and more importantly, the Composite Reliability and Average Variance Extracted in respect of all the items included in the model exceeded 0.5. In addition to these indices, the ratio of  $\chi^2/df$  was 2.491, which was within the acceptable threshold level (i.e.,  $1.0 < \chi^2/df < 5.0$ ). Thus, fit statistics confirmed that the measurement model showed adequate fit with the data, indicating no further modification in the model was required. Hence, the unidimensionality of the model is established (Byrne, 2010; Hair et al., 2013). An investigation of the solution presented in Table no.3 demonstrates that: all parameter estimates exhibit the correct sign and size; standard errors were not excessively small or large; all the (critical ratios) t-values were greater than 1.96 and were significant at the 0.001 level. Hence, all estimates were considered to be both reasonable and statistically significant. According to Hair et al., (2013) the factor loading should exceed 0.5 levels of all individual items. Similarly Fornell and Larcker (1981) suggested composite reliability (CR) value to be over 0.60 of all constructs and average variance extracted (AVE) value to be greater than 0.50 in each dimension. Indicators specified to measure a common underlying factor all had relatively high-standardized loadings on that factor.

## FINDINGS AND CONCLUSION

This study was effort to unravel the consciousness, attitude and awareness about price of consumer buying behaviour. Based on the findings of confirmatory factor analysis, Prestige Sensitivity (PS), Price Quality Schema (PQS), Local Retailer Shop Loyalty (LRSL), Value Consciousness (VC), Price consciousness (PC), Coupon Proneness (CP), Sales Proneness (SP) are factors for buying behaviour of consumer. Based on path model results, the above confirmed factors are influencing significantly. From the table no.3, the local retailer shop loyalty is highly significant for consumer buying behaviour ( $\beta=0.989$ , t value=7.316 and  $P<.000$ ) and it shows the factor priority LRSL is a first place and continued from that SP ( $\beta=.722$ , t value=6.120 and  $P<.000$ ) in second place, VC ( $\beta=.719$ , t value=5.735 and  $P<.000$ ) third place, PS ( $\beta=.713$ , t value=7.419 and  $P<.000$ ) fourth place and the PQS getting last place ( $\beta=.540$ , t value=4.605 and  $P<.000$ ). Therefore, the researcher concluded from the study, Prestige Sensitivity(PS), Price Quality Schema(PQS), Local Retailer Shop Loyalty(LRSL), Value Consciousness(VC), Price consciousness(PC), Coupon Proneness(CP), Sales Proneness(SP) are factors for buying behaviour of consumer and these factors highly influenced on consumer buying behaviour.

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