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CUSTOMERS' PERCEPTION ABOUT FAST MOVING CONSUMER GOODS IN RURAL MARKET

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ABSTRACT

In recent years, rural markets of India have acquired significance, as the overall growth of the Indian economy has resulted into substantial increase in the purchasing power of the rural communities. The study of rural consumer perception in FMCG market helps for marketer to understand consumer preference to survive and succeed in the competitive rural market of FMCG. In this study an effort is taken to in analyzing the perception of rural customer on Fast Moving Consumer Goods. Thus, looking at the challenges and the opportunities, which rural markets offer to the marketers and the manufacturers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and make use of them to their best advantage. From this study FMCG marketers are provided with the marketing strategy on rural marketing with reference to 4p's of marketing say Product, Price, Promotion and Place.

Keywords- Rural Marketing, Fast Moving Consumer Goods, Consumer Behaviour

INTRODUCTION

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. (Bharat (2008)) On account of green revolution; the rural areas are consuming a large quantity of industrial and urban manufactured products. Thrust on rural development since 1950 eventually made India into an attractive rural market. Increased awareness along with rise in income levels influenced the rural marketing environment in the country (Singh, Awadhesh Kumar, Satyaprakash Pandey, (2007)). Other factors that contributed to the growth of rural markets are penetration of media, rising aspiration of rural people and packaging revolution (Richika, R., (2005)). Fast moving consumer goods (henceforth referred to as FMCG) market has emerged as one of the most attractive rural markets in India (Kaur Manpreet (2013)). An effective FMCG marketing strategy in a rural setup essentially includes product variants, product categories, price points, sizes and widespread distribution network (Vaswai, L. K.; Aithal, R.; Pradhan, D., and Sridhar, G., (2005)). The general impression that the rural markets are potential only for

agri-inputs is partly correct as there are opportunities to market modern goods and services in rural areas in India. The rural FMCG market in India has grown 15% in 2011 (Nielsen Report, 2012). The Indian rural consumer market grew 25% in 2008 and would reach US\$ 425 billion in 2010-11 with 720-790 million customers (Quarterly Report, CII-Technopak, 2009). According to FICCI Technopak Report 2009, FMCG industry is projected to grow by 12% and reach a size of US \$ 43 billion by 2013 and US \$ 74 billion by 2018.

The rural market of India is fascinating and challenging at the same time. It offers large scope on account of its sheer size.(Sudhanshu, S., and Sarat, S. K., (2010)) And, it is growing steadily. Even a modest growth pushes up the sales of a product substantially, in view of the huge base. It is attractive from yet another angle. Whereas the urban market is highly competitive, the rural market is relatively quiet. In fact, for certain products, it is totally virgin market (Kotni VV Devi Prasad (2012)). Simultaneously, the market also poses several problems and hurdles. The firms have to encounter them squarely and put in a great deal of effort, if they have to get a sizeable share of the

market. This study focus on analyzing the perception of rural customer on Fast Moving Consumer Goods.

by FMCG company to tap the potentials of the rural market.

OBJECTIVES OF THE STUDY

Primary Objective

- To identify the factors influencing the purchase behavior of Fast Moving Consumer Goods by rural consumers.
- To study consumer preference in brands with reference to fast moving consumer goods companies in rural India.
- To know the rural retailers perception on rural consumer buying behavior.
- To analyze the market strategies which can be successfully adopted

METHODOLOGY

In this research the data is collected from the rural consumers of Fast Moving Consumer Goods & the Rural Retailers. The type of research design used in this research is the Survey Research. The sampling method adopted is the convenience sampling. The sample size is 125 rural consumers, 65 rural retailers in Aruppukottai Taluk. Two different well structured questionnaires are used as the instrument in the data collection. The statistical tools such as Chi-square test, weighted average and Garrett’s ranking were used for analyzing the data and interpreting the results.

RESULTS & DISCUSSION

Factors influencing purchase decision of rural customer towards a FMCG brand

Table 1 shows the various factors which influences a rural customer to buy a FMCG brand

Table- 1
Factors influencing purchase decision of rural customer towards a FMCG brand

Criteria	Very important	Important	Neutral	Unimportant	Very unimportant	Total
Quality of product	23	91	1	10	0	125
Affordable price	22	86	3	9	5	125
Brand loyalty & image	39	81	2	3	0	125
Advertisement	0	4	11	106	4	125
Attractive package	1	94	15	15	0	125
Availability of product	0	86	15	24	0	125
Friends recommendation	5	107	3	8	2	125
Display at shop	1	40	12	71	1	125
Product size	4	112	2	7	0	125
Discount & offers	82	42	1	0	0	125
Shopkeeper recommendations	93	11	11	5	5	125
Celebrity endorsement	0	2	6	93	24	125

Source: Primary Data

Table -2**Ranking Table**

Criteria	Total score	Mean score	Rank
Quality of product	502	4.02	4
Affordable price	486	3.88	6
Brand loyalty & image	531	4.25	3
Advertisement	265	2.12	11
Attractive package	456	3.65	8
Availability of product	437	3.50	9
Friends & relatives recommendation	480	3.84	7
Display at shop	344	2.75	10
Product size	488	3.90	5
Discount & offers	581	4.65	1
Shopkeeper recommendations	557	4.46	2
Celebrity endorsement	236	1.89	12

From table 2 it is understood that the most important factor influencing purchase decision of a brand according to the rural customer is discount & offering, the second factor is Shopkeepers' Recommendation, and third is Brand loyalty and Brand images, and least significant factor are celebrity endorsement and advertisement.

Factors that attract Rural Retailer to sell a particular brand

Table 3 shows the factors that attract the rural retailers to sell a particular brand.

Table-3

Factors that attract Rural Retailer to sell a particular brand

Factors	1	2	3	4	5	Total
Brand that offers discount	22	15	13	15	0	65
Brand that offers good promotion scheme	6	9	18	32	0	65
Brand that offers goods on credit scheme	0	0	1	1	63	65
Brand the offers good marketing support	18	19	20	8	0	65
Brand that provide distribution facility	19	22	13	9	2	65
Garrett Value	76	61	50	40	25	

Table-4**Garrett Ranking Table**

Factors	Total score	Mean score	Rank
Brand that offers discount	3837	59.03	3
Brand that offers good promotion scheme	3185	49	4
Brand that offers goods on credit scheme	1665	25.61	5
Brand the offers good marketing support	3847	59.18	1
Brand that provide distribution facility	3846	59.16	2

Table 4 shows that the factors attracts retailer to sell a particular brand. The most important factor is the brand that offers good marketing support, and second factor is brand that provide distribution facility, and third is brand that offers discount, and fourth is brand that offers good promotion scheme, and last one is Brand that offers goods on credit scheme.

Relationship between Income of Rural Customers and Packet size

Table 5 shows the relationship between the income of rural customers and packet size bought by them

Table- 5
Relationship between Income of Rural Customers and Packet size

Income	Packet size			Total
	Small packets	Medium size packets	Large size packets	
5000-10000	10	9	4	23
10000-15000	74	20	1	95
Above 15000	6	1	0	7
Total	90	30	5	125

Source: Primary data

Null hypothesis

Ho: There is no significant relationship between Income of rural customers and packet size they buy

Table-6
Chi-Square Results

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.707	4	.001
Likelihood Ratio	15.259	4	.004
N of Valid Cases	125		

Table 6 shows that P value of Chi square test is (0.001) less than 0.05. So the null hypothesis is rejected. Hence there is significant relationship between the income of rural customer and packet size they buy.

Relationship between Income of rural consumer and Frequency of purchase

Table 7 shows the Relationship between Income of Rural consumer and Frequency of purchase of FMCG products

Table- 7**Relationship between Income of rural consumer and Frequency of purchase**

Income	Frequency of purchase				Total
	Daily	Weekly	Monthly twice	Monthly	
5000-10000	14	5	2	2	23
10000-15000	80	8	4	3	95
Above 15000	5	2	0	0	7
Total	99	15	6	5	125

Source: Primary data

Null hypothesis

Ho: There is no significant relationship between Income of rural customers and Frequency of purchase.

Table- 8**Chi-Square Results**

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.612	6	.197
Likelihood Ratio	8.173	6	.226
No of Valid Cases	125		

Table 8 shows that P value of Chi square test is (0.197) greater than 0.05. So the null hypothesis is accepted. Hence there is no significant relationship between the income and frequency of purchase.

SUGGESTIONS

The suggestions to the FMCG companies for their Rural Marketing are given with reference to 4Ps of marketing

Product

- The rural customers who earn daily wages buys product on daily basis for daily usages hence the product

size should be small with lesser unit price of Rs.1, Rs.2 and Rs.5.

- Product bundling of related products in personal care can be made and given at a discount price. So that the rural consumer buys all range of personal care products from a single FMCG company.

Price

- As the rural customers are both Quality & Price conscious the FMCG Companies must do cost cutting in all aspects of their production & marketing and try to provide products in the best price.
- In order to motivate the rural retailer to sell more, a discount of 15-20% can be given on the Maximum Retail Price for FMCG Products

Place

- From the study it is understood that the rural customers are not too loyal to the brand they use, they select a brand based on the availability of the product and price of the product. So the FMCG Companies should build a strong distribution network and ensure their product is available always.
- Companies can use their own delivery vans to reach the rural consumers. This takes the products to customers and retail outlets in every corner of selected rural markets and enables the company to establish direct contact with the consumers which helps in sales promotion.

- FMCG Company can ask the urban wholesaler to recommend and sell its products to the rural retailers. In return, company can give them incentives on actual sales made.

Promotion

- The word of mouth would be the best promotion strategy which can be followed in the rural marketing as rural customers are greatly influenced by their peer groups.
- The FMCG Companies can give good marketing support to the retailers in rural areas like providing cold storage facilities for cool drinks; display stands to create an appealing display for products, pamphlets & danglers to enhance brand awareness.
- About 77% of villages receive TV transmission and regional channel is very popular in rural India so TV ad with simple and easily memorable message can be created to target the rural buyers.
- The Advertisement in TV or Radio can be of short time span so wall painting can be an additional media. The retailer can paint his shops wall and name board with the brand names and logo of the

company so illiterate villagers would remember brands by picture and symbols.

- Local media ideas like putting sticker on the hand pumps, walls of the wells, tin palates on trees surrounding the ponds etc. will also be effective for soap companies. The idea is to advertise at the time of consumption.

CONCLUSION

Thus, looking at the challenges and the opportunities, which rural markets offer to the marketers and the manufacturers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and make use of them to their best advantage. A radical change in attitudes of marketers towards the cheerful and budding rural markets is called for, so they can successfully impress on the 750 million rural consumers spread over approximately six hundred thousand villages in rural India

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