

# Rural Consumer behaviour and Product Preference towards Select FMCG

I. Aravindan<sup>1</sup> and C. Sadasivam<sup>2</sup>

<sup>1,2</sup>Sri Krishna Arts and Science College

E-mail: <sup>1</sup>arviaravindan006@gmail.com, <sup>2</sup>sada14bco040@gmail.com

---

**Abstract**—Rural market, offers a wide variety of opportunities to the marketers. Marketers have very little idea about rural market base, since they are not aware about the expectations of rural mass. There is also a myth about the rural market and rural consumer regarding their taste and preferences. Rural consumers feel that companies underestimate and ignore them on the grounds that rural people tend to be more orthodox are resistant to changes. The Indian rural Fast Moving Consumer Goods market (FMCG) which is expected to swell more than ten times to reach \$100 billion mark by 2025 [1] such a dramatic growth is expected in future, company which are in the business of FMCG will have to devise a strategy to the needs of segment. The attitudinal changes among the rural consumers with respect to FMCG have to be understood by the marketers. The present study in this regard will go a long way in understanding the attitude, awareness, affluence, buying patterns, choice determinants etc., in gaining success in rural markets by the tailoring the marketing strategies specific to the rural market. The study is based on primary data which were collected from rural consumers. 125 respondents from Thondamuttur a rural area located at the foothills of Western Ghats of Coimbatore district were interviewed with a structured questionnaire. Three FMCG product categories were taken from personal care, oral care and health drink. The data were statistically analyzed using Chi Square test, ANOVA F test and T test. The study revealed that by creating value for the rural consumers. The organization can create wealth and profit. A distinctive product, pricing and promotion strategy would enable company to harvest success in rural market.

## 1. INTRODUCTION

According to the third annual edition of Accenture Research, “Masters of Rural Markets: From Touch points to Trust points - Winning over India's Aspiring Rural Consumers,” rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets. The report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India's rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers

are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices [2].

The FMCG market in Indian rural segment is performing phenomenally; this is due to competition and lack of loyalty which is prevalent in urban market. At present the urban market accounts for 66% of the total FMCG consumed while the rural accounts for remaining 34%, however the rural Indian market accounts for almost half the major FMCG categories like personal care, fabric care and health drinks [3]. When such opportunity is readily available the marketers should tap the prospectus, there has been many research carried out in this area, still the vastness of this area demands more in the same line. The present study has been taken up in this view; the marketers can use the outcome to strengthen their market base in the rural background.

## 2. REVIEW OF LITERATURE

The various opinions and thoughts in the same line of research expressed by authors in journals, books, and magazines have been considered to identify the track to proceed with the present topic. The review of various such literatures has helped in identifying the research gap and the variables that could be considered for the study.

An elaborate study explained in a lucid way with regards to perspectives of marketing management and its key concepts like product concept, selling concept, and marketing concept gives an insight into the happenings of rural economy and rural marketing [4]. Fast moving consumer goods market has emerged as one of the most attractive rural markets in India an effective FMCG marketing strategy in a rural setup essentially includes product variants, product categories, price points, sizes and widespread distribution network [5]. 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 [6].

## Research Gap

Though the currently available literature on influencing factors seemingly appears to be adequate, still a lot of research needs to be done in specific geographic rural markets [7]. It is opined by the expert in rural marketing Mr. R.V. Rajan, Founder and Chairman, Anugrah Madison, lot of study still needs to be conducted as understanding of rural consumers, even after two decades, remains partial and superficial. The literature review conducted for the present study also shows that very less research is done on rural consumer behavior with respect to product preference and consumption of FMCG particularly with reference to rural areas of Coimbatore district.

## Objective of the study

The primary objective of the study is to know the opportunities and challenges in rural markets by identifying the relationship between the demographic factors and the consumption motive of FMCG considered for the study this objective is supported by understanding the product preference towards the select FMCG and to know the brand loyalty of the rural consumers.

## 3. METHODOLOGY

The research is mainly based on the primary data, which is collected using a structured questionnaire, for the convenience of the respondents the questions were asked in local vernacular, the data were gathered from the people of Thondamuthur village; the sample size was fixed as 125. The collected data were analyzed using SPSS software. The secondary source of data was gathered from internet.

## 4. ANALYSIS AND INTERPRETATION OF DATA

### Demographic profile of the respondents

From the data gathered through the questionnaire the demographic profile of the respondents could be summarized as under:

20.2% of the respondents were of the age group of 25 and below, 29.4% were between the age group of 26 to 35, 25.2% were between the age group of 36 to 45, 15.6% were in the age group of 46 to 55, while 9.6% of respondents were above 55 years. Thus it could be inferred that the sample comprises of respondents from all age group.

Of the total sample 58.6% were male respondents while 41.4% were female.

29.2% of the sample respondents had no formal education, 59.4% had education upto school level, 9.4% were graduates and only 2% of them were post graduates. It is therefore inferred that majority of sample respondents had education only upto school level. The educational back ground has an influential role in consumption pattern, their brand preference, affordability.

Daily wagers constituted a major chunk of the sample with 26.2% followed by farmers with almost equal number 22.4%, 19.4% of the respondents were employees while 17.2% were self-employed, 7.6% were homemakers and 7.2% were students.

Almost half the sample size (47.2%) had a monthly income ranging between Rs.3,000-Rs.5,000 per month. 22.2% had a monthly income less than Rs. 2,000. 24.6% of the sample population has a monthly income between Rs. 5001 - Rs. 10,000. Only 6.2% of the sample respondents had a monthly income exceeding Rs. 10,000. The affordability to purchase goods largely depends on the income level of the people in that area.

### Rural consumers buying behaviour pattern

Rural consumers are more brand conscious, the study has identified that out the total respondents 95.4% insist on the brand when they purchase the goods, 2.4% go with the shopper's advice while only 2.2% purchase based on suggestions given by friends and relatives.

The rural consumers are hard core brand loyalist almost 86% of the respondents purchase the same brand every time, 13.8% change brands.

Its women in the family who decide on the purchase of the FMCG, almost 47.4% have registered their view in this regard. 27% of the respondents were of the opinion that it's the head of the family who decides on purchase of FMCG, 19.3% expressed that it is the entire family which decides on purchase of FMCG, 4% of the sample said that the earning member of the family decides with regards to purchase of FMCG, 2.3% of the sample respondents said it is based on the children interest the FMCG are purchased.

The rural people tend to buy the commodities which are available in their area; there is no exemption for FMCG too. As many as 77.3% of the respondents said that they purchase from the nearby groceries, only 22.7% said that they purchase it from near town departmental stores.

The purchase pattern of FMCG is based on the income regularity, since most of the rural people don't have a regular income jobs their consumption pattern is also intermittent, 68.7% said that they buy goods on monthly basis, while 27.2% said that they buy on weekly basis, 2.3% of the respondents buy of daily basis and remaining 1.8% tend to buy on fortnightly basis.

A vast majority of rural consumers are buying FMCG on cash basis (93.4%), while 4.4% buy on cash and credit basis, 2.2% of the respondents buy for credit.

Television as a source of advertising is crucial especially for rural markets 96.7% of the respondents said that they were highly motivated with the television advertising for buying FMCG, 22.4% said that newspaper as a source of advertisement kindled them to buy FMCG. 11.1% were

motivated by radio advertisement and 0.6% was moved by posters and cinema advertisements.

A majority of rural population is not influenced by the celebrity endorsement almost 92.6% of them were of the opinion that they are not influenced by the celebrity endorsing products, only 7.4% were influenced by the celebrity endorsement.

In tooth paste category about 42% of the respondents are aware of more than three brands, 33% are aware of three brands, while 22% are aware of only two brands and remaining 2.9% were aware of only the brand they are using. Tooth powder is still popular among rural mass, 35% are using tooth powder, Gopal toothpowder tops the list with 44.8% using it followed by Colgate 33.3%, and The Pyoria brand is still preferred by 14.9% of the respondents, while few local brands are used by 6.9% of the respondents.

61.5% of the respondents were aware of more than three brands of toilet soap, 24.2% are aware of three brands of toilet soap, 11.4% are aware of two brands of toilet soap and the same 2.9% of the respondents who were aware of the only brand of toothpaste they used were also aware of the only brand of toilet soap they use.

Hamam is the most popular brand among the rural population with 40% of them using the brand, followed by Lifeboy with 34.3% using it, and the Chandrika brand is being used by 17.6% of the sample population.

The consumption of health drink has not gained any significant importance, most of them still feel they are good with Coffee/Tea they drink, it is felt that the health drink is meant for sick people and prominent brand among the health drink for this purpose is Horlicks with 70.9% of them preferring it, 19% preferred Boost while 5.1% preferred Complan and the remaining 5.1% preferred other brands.

#### Association among the variables

Chi-square test has been applied to test the significance of relationship between personal factors and consumption pattern of FMCG and the following is the outcome of the test which shows the relationship among personal factors and consumption pattern (see Table 1.).

**Table 1: Relationship among personal factors and consumption pattern.**

Variables	Significance
Age	No Significance
Gender	No Significance
Size of family	No Significance
Educational Qualification	Significant relationship
Occupation	Significant relationship
Monthly Income	Significant relationship
Annual Savings	Significant relationship

The significance of relationship between personal factors and level of awareness of brands in tooth paste/powder was tested and the following is the outcome of the test (see Table 2.).

**Table 2: Relationship among personal factors and level of awareness of brands in tooth paste/powder.**

Variables	Significance
Age	No Significance
Gender	No Significance
Size of family	Significant relationship
Educational Qualification	Significant relationship
Occupation	Significant relationship
Monthly Income	Significant relationship
Annual Savings	Significant relationship

The significance of relationship between personal factors and level of awareness of brands in toilet soap was tested and the following is the outcome of the test (see Table 3.).

**Table 3: Relationship among personal factors and level of awareness of brands in toilet soap.**

	Significance
Age	Significant relationship
Gender	No Significance
Size of family	Significant relationship
Educational Qualification	Significant relationship
Occupation	Significant relationship
Monthly Income	Significant relationship
Annual Savings	Significant relationship

The significance of relationship between personal factors and level of awareness of health drink brands was tested and the following is the outcome of the test (see Table 4.).

**Table 4: Relationship among personal factors and level of awareness of health drink brands.**

Variables	Significance
Age	Significant relationship
Gender	Significant relationship
Size of family	Significant relationship
Educational Qualification	Significant relationship
Occupation	Significant relationship
Monthly Income	Significant relationship
Annual Savings	Significant relationship

The significance of relationship between personal factors and importance given to discounts/promotions was tested and the following is the outcome of the test (see Table 5.).

**Table 5: Relationship among personal factors and importance given to discounts/promotions.**

Variables	Significance
Age	No Significance
Gender	No Significance
Size of family	Significant relationship

Educational Qualification	Significant relationship
Occupation	No Significance
Monthly Income	No Significance
Annual Savings	Significant relationship

### Dispersion among the variables

ANOVA has been used to test the significance of association among selected personal variables and consumption of FMCG (see Table 6.).

**Table 6: Association among personal factors and consumption of FMCG.**

Variables	Consumption of		
	Tooth paste/ powder	Toilet soap	Health drinks
Age	NS	NS	NS
Size of family	S	NS	S
Educational Qualification	NS	NS	NS
Occupation	S	NS	NS
No. of earning members	NS	NS	NS
Monthly Income	NS	NS	NS
Annual Savings	S	S	NS
Awareness of brands	NS	NS	S

### Probability of relationship among the variables

t- Test is used to identify significance of difference between the mean of the two small samples. In this study t-test has been applied to find out the significant differences in the specific personal factors and consumption of FMCG (see Table 7.).

**Table 7: Association among personal factors and consumption of FMCG.**

Variables	Average rating for		
	Tooth paste/ powder	Toilet soap	Health drinks
Gender	NS	NS	NS
Years of usage	NS	NS	S
Same brand usage	S	NS	S

## 5. FINDINGS AND SUGGESTIONS

Rural Market is still a unexplored opportunity, the knowledge about the rural consumers are based on the myth and long said ideology about the rural consumers behavior, their product and brand attribute preference, affluence, loyalty level etc. Most of the marketers see rural market as dump yard, if the marketers change their attitude towards the rural consumers from promotions strategies to pricing strategies they could benefit from the huge market opportunity.

The first step towards this goal is to segment the market. Different product categories have different rural markets to cater and these can be segmented using different criteria of

segmentation, a good marketer should first select market and then select the village and identify the market needs. Through the study the demographic profile of the respondents of one particular village has been identified if this can be taken at large scale then the marketers can easily succeed in their venture.

The second point to be considered, the ability of marketers to take the produce to the consumers, not all the segment of the population will be attracted by the similar mode of advertising, the advertising should be done based on the interest of local population and more importance should be given to the language, while in India one can find the same language being spoken in different slang in within a state.

The third point, the pricing strategy it's a myth that rural consumers will not spend more for the consumer goods but, while travelling across most of the villages one can see people using toothpaste even when they have option to use neem stick, they use branded soap when they have option to use locally manufactured soap. This is a clear evident that rural people are ready to spend extra if they really get the value for what they spend i.e., they expect value for money.

The fourth point to be considered, most of the marketers complain on the following issues usually associated with the rural markets:

- Lack of adequate transport facilities
- Vast distance between villages
- No proper roads
- Lack of proper retail outlets
- Lack of mass media infrastructure

It was also believed that villagers would come to nearby towns and buy the products that they want. What has been found that if we have to serve the rural consumer we will have to our products to their place through the channels he uses.

In order to augment the above said difficulties the marketers should identify the villages with 2000 and plus population and thereby they can reach breakeven without much difficulty, the markets can use the co-operative store, PDS for easy distribution of the goods.

The findings of our study also support the points which have been noted above. The rural market is very large when compared to urban market and it is highly challenging market. The rural consumer prefer those goods which has the qualities of longevity, easy to use, cheap since the income level when compared to urban population is less they will not prefer to shell out as much as a urban consumer. It is agreeable that the profit margin is much less when compared with the urban market but this is rightly compensated with the volume of sales that happen in the rural base.

The companies must act with a sense of responsibility i.e., they must cater the needs of the deprived when they do so they create wealth and profit for the organization. A unique product, pricing, promotion and place strategy will enable companies to earn better. Any business model which includes the lower strata of the population and ensure their CSR values will be able to make good profits by harvesting and not by extracting.

## REFERENCES

- [1] N. W. Paper, Emerging Consumer Demand: Rise of the small town Indian, The Nielsen, 2012.
- [2] A. N. report, "Indian Rural Market," IBEF, 2016.
- [3] Equitymaster, 18 November 2014. [Online]. Available: <https://www.equitymaster.com/research-it/sector-info/consprds/Consumer-Products-Sector-Analysis-Report.asp>. [Accessed 27 December 2015].
- [4] K. C. & R. Lalitha, Consumer Behaviour & Selecting and Attracting Markets, Rural Marketing - Text & Cases, Second ed., Pondicherry, Pondicherry: Pearson Education India, 2011.
- [5] S. a. M. C. Kumar, "Rural Marketing for FMCG," Indian Journal of Marketing, vol. 36, no. 4, pp. 19-38, 2006.
- [6] S. a. P. J. Sahoo, "The Rural Market and Rural Marketing in India: Challenges and Strategies," Indian Journal of Commerce, vol. 18, p. 185, 1995.
- [7] M. Jha, "Understanding Rural Buyer Behaviour," IIMB Management Review, vol. 15, no. 3, pp. 89-92, 2003.