Our Heritage

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An Empirical Study on Buying Behaviour of Fmcg Products In Rural Area

Dr.Madhulika Gupta
Associate Professor
Dr.D.Y.Patil Centre for Management and Research, Chikhali, Pune, Maharashtra, India
email address: madhulika_gupta123@yahoo.co.in

Abstract:

There was a time when the FMCG (Fast Moving customers goods) companies ignores rural market, they took no any interest to produced or sell products in rural market in India. It was the initial stage of FMCG companies in India. As per as the time had passed, the strategy and marketing style of FMCG companies had been changed.

The rural market is the one of the best opportunity for the FMCG sector in the India. It is wider and less competitive market for the FMCG. As the income level of the rural consumers increasing, the demand of FMCG is increasing continuously.

Fast moving consumer goods (FMCG) are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, tooth paste, shaving products, shoe polish, packaged food stuff, household accessories, extends to certain electronic goods. These items are meant for daily or frequent consumption & have a high return[4].

A major portion of the monthly budget of each household is reserved for FMCG products. The volume of products circulated in the economy against FMCG products is very high, as the number of products the consumer uses, is comparatively very high. Competition in FMCG sector is very high resulting in high pressure on margin.

FMCG companies maintain intense distribution network. Companies spend a large portion of their budget on maintaining distribution networks. New entrants who wish to bring their products in the national level need to invest huge sums of money on promoting brands.

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Manufacturing can be outsourced. A recent phenomenon in the sector was entry of multinationals and cheaper imports. Also the market is more pressurized with presence of local players in rural areas and state brands.

Key Words: FMCG, Strategy, Competitive Market, Household, Consumption, Multinationals

Overview of FMCG Sector

FMCG goods are popularly known as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return.

Rural – set to rise

Rural areas expected to be the major driver for FMCG, as growth continues to be high in these regions. Rural areas saw a 16 per cent, as against 12 per cent rise in urban areas. Most companies rushed to capitalise on this, as they quickly went about increasing direct distribution and providing better infrastructure. Companies are also working towards creating specific products specially targeted for the rural market[5].

Scope of the FMCG Sector

The Indian FMCG sector has a market size of US $13.1 billion. FMCG sector is expected to grow by over 60% by 2018. That will translate into an annual growth of 10% over a period of 5 years. It has been estimated that FMCG sector will rise from around Rs. 56,500 crores in 2005 to Rs. 92,100 crores in 2018. Hair care, household care, male grooming, female hygiene, & the chocolates & confectionary categories are estimated to be the fastest growing segments, says an HSBC Report. Though the sector witnessed a slower growth in 2002 – 04, it has been to make a fine recovery since then.

As now a day's market is filled with a number of FMCG Companies; Every company want to increase our market share. Due to lot of competition in the urban market and urban market is saturated. Every company want to captured the wide rural market. Because about 70% of our country population live in the rural mark

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OBJECTIVES

- To understand the demand pattern of FMCG products in the rural market.
- To know the amount of household income spent on the consumption of FMCG products.
- To understand the image of the products in the eyes of the consumers.
- Different Strategies adopted by different FMCG companies to increase our rural market share.
- Future growth potential of rural marketing of FMCG Companies in India.

LITERATURE REVIEW

Rural market is one of the best opportunities for the FMCG sector. In some sense we can say that rural market is future of FMCG.

1. Basu Purba (2004), suggested that the lifestyle of rural consumers is changing. Rural Indian market and the marketing strategy have become the latest marketing buzzword for most of the FMCG majors. She added the strategies of different FMCG companies for capturing rural market like Titan's Sonata watches, Coco Cola's 200ml bottle, different strategies of HUL and Marico etc. She takes into consideration the study of National Council for Applied Economic Research (NCAER). According to the NCAER projections, the number of middle and high-income households in rural area is expected to grow from 140 million to 190 million by 2007. In urban India, the same is expected to grow from 65 million to 79 million. Thus, the absolute size of rural India is expected to be double that of urban India[1].

2 Sathyanarayana S, Ramani Gasnesh, suggested that, the rural buyer represents a separate and distinct category. Separate, because of his isolation and remoteness, which call for special distribution strategy and channel management. Distinct because of his specific needs, habits, literacy level, which in most respect are different from those of urban consumers. The rural market calls for extra efforts to ensure timely supplies, user training and the entire gamut of pre-sale services. Rural distribution is considered a nightmare because of the six-lakh odd villages in the country plus low off-take per retailer, high distribution cost because of the geographical spread and low volume of purchase[2].

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3. Aithal, K Rajesh (2004), suggested that rural markets are an important and growing market for most products and services including telecom. The characteristics of the market in terms of low and spread out population and limited purchasing power make it a difficult market to capture. The Bottom of the pyramid marketing strategies and the 4 A's model of Availability, Affordability, Acceptability and Awareness provide us with a means of developing appropriate strategies to tackle the marketing issues for marketing telecom services in rural areas. Successful cases like the Grameen Phone in Bangladesh and Smart Communications Inc in Philippines also provide us with some guidelines to tackling the issue.

As per my concern of the research, it is a detail study of different FMCG products used by rural consumers. It will provide detail information about consumer preferences towards a good number of FMCG products which is too unique and different from those above researches[3].

RESEARCH METHODOLOGY

Data Collection Methods:

Primary data is collected by interviewing the consumers with structured questionnaire method. Sample Size: 50. Sample Unit: Consumers. Sampling Method: Convenience Sampling Method. Tools Used: Percentage Analysis

Secondary data: It is collected with the help of books, news papers, internet, etc. In case of this project most of the focus has been on the secondary and published data. For preparing this project different sites have been referred.

Survey of Consumers:

The total number of consumers selected under Convenience Sampling Method was being 50.

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DATA ANALYSIS

1. Soap Brands

Table 1.1

Reaction of respondents surveyed towards various Soap brands (N=50)

Brands	**Lux**	**Dove**	**Lifebuoy**	**Pears**
Percentage	**25**	**3**	**62**	**10**

Source: - Field Survey

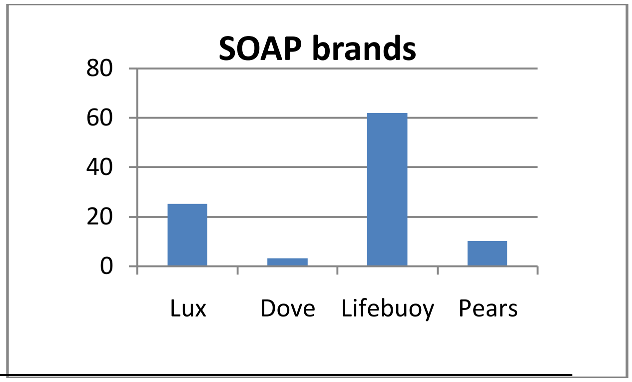

Table No:-1.1 - In the survey, it could easily be concluded that Lifebouy was highly in demand. it covers 62% of the market share. After Lifebouy, the other brands

2. Tea brands

Table No: - 1.2
Preference of respondents surveyed for various Tea Brands (N=50)

Brands	**Society**	**Tata Tea**	**TajMahal**	**Green**
Percentage	**70**	**20**	**10**	**0**

Source: - Field Survey

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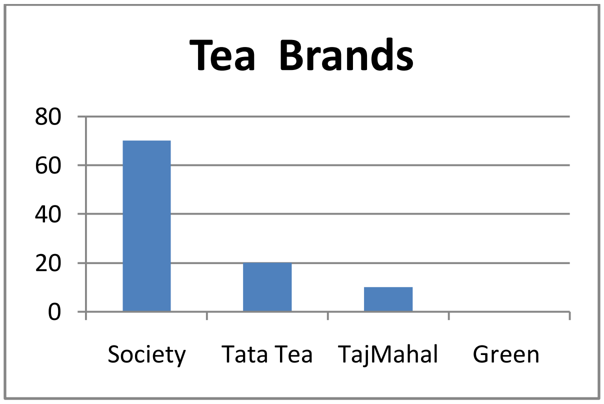

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Table No: - 1.2: In the survey, it could easily be concluded that society TEA, the product has a market share of 70%. This is followed by, TATA Tea with a market share of 20%.

Followed by other brands GREEN has 0% share in the market.

3. Tooth paste

In the initial years, the rural consumers preferred tooth powders, datoons etc. But from the last decade, the preference of consumers towards toothpaste has been changed. A huge number of toothpastes of different companies are sold in rural market.

However, the reaction of people towards various TOOTH PASTES can be tabulated as follows:

Table No.1.3

Preference of respondents surveyed for various Tooth Paste Brand (N=50)

Brands	**Pepsodent**	**Colgate**	**Close-Up**	**Other**
Percentage	**25**	**50**	**20**	**5**

Source: - Field Survey

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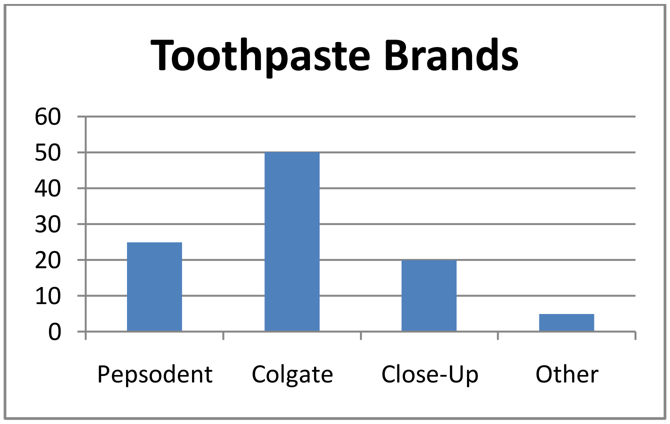

Table No.1.3: In the survey, it could easily be seen that COLGATE, the product of COLGATE PALMOLIVE is the market leader, which covers 50% of the total market. After that, PEPSODENT, the product of HUL is demanded by the customers, which covers 25% of the market share. Followed by CLOSE – UP, the product of HUL is demanded by the customers, which covers 20% of the market share. Which is then followed by others brands (EXCEPT PEPSODENT, COLGATE, CLOSE - UP), which covers 16% of the total market share.

4. Detergent Brand

The reaction of people towards various DETERGENT brands can be tabulated in the following manner:

Table No.1.4
Preference of respondents surveyed for various Detergent Brands (N=50)

Brands	**Rin**	**Surf Excel**	**Surf**	**Other**
Percentage	**35**	**27**	**27**	**11**

Source: - Field Survey

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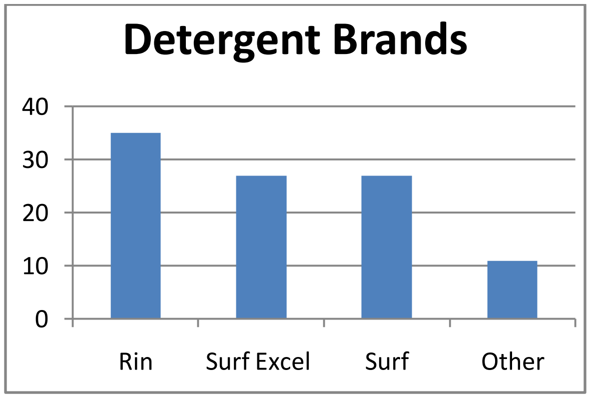

Table No.1.4: In the survey that the researcher conducted, it could be easily concluded that RIN, the product of HUL captures 35% of the total market share. This is followed by SURF, the product of HUL which has a market share of 27%. This is followed by TIDE, the product of PROCTER & GAMBLE which has a market share of 27%. This is finally followed by other brands (EXCEPT SURF, RIN, TIDE) which captures 16% of the market share.

5. Shampoo Brands

The reaction of people towards various SHAMPOO brands can be tabulated in the following manner:

Table No.1.5

Preference of respondents surveyed for various Shampoo Brands

Brands	Clinic plus	Head & Shoulders	Sunsilk	Other
Percentage	**33**	**28**	**25**	**14**

Source: - Field Survey

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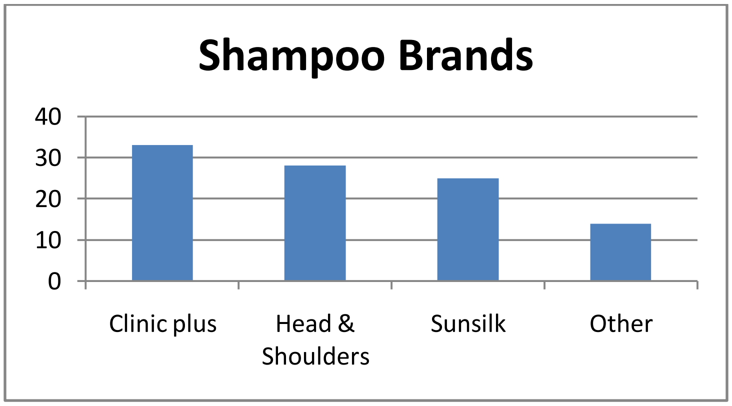

In the survey, that the researcher conducted it can easily be concluded that CLINIC PLUS, the product of HUL, captures the major portion of the market with a market share of 33%. This is followed by HEAD & SHOULDERS, the product of PROCTER & GAMBLE which holds 28% of the market share. This is followed by SUNSILK, the product of HUL which holds 25% of the market share. Finally followed by other brands (EXCEPT CLINIC PLUS, SUNSILK, HEAD& SHOULDERS) with a market share of 14%.

Findings & Suggestion:

1. There is a significant difference in the various age groups of the respondents for the perception of impulse buying behavior of the costumer in FMCG products of the shopping malls, handlooms and marts visited by the respondents.
2. There, is significant difference in the impulse buying behavior for FMCG products amongst the customer classified by the gender coming to shopping mall, handlooms and marts in the city.
3. There, is significant difference in the impulse buying behaviour for FMCG products amongst the customer classified by the age coming to shopping mall, handlooms and marts in the city.
4. There is significant difference in the impulse buying behavior for FMCG products amongst the customer classified by the education coming to shopping mall, handlooms and marts in the city

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5. There is significant difference in the impulse buying behavior for FMCG products amongst the customer classified by the income coming to shopping mall, handlooms and marts in the city.

Limitations /Scope for future work:

The study is limited to PCMC area and therefore showcases the consumer preferences of that particular area only. The subject can also be taken ahead for further research work; the researchers can go for more regions and study the subject with more population in a broader way.

Conclusion:

In this report, it can very easily be concluded that HUL, holds major portion of the FMCG market. It holds major shares in the soap, detergent, shampoo & cream's category. HUL's products are mainly in demand, because they provide these products in different packs. They consider the fact that rural consumers do not have that much money to be spent on these products. So, they prefer buying the small or the medium packs. However, large or family packs are still been bought by few consumers, who are from a well – off families.

In the case of TEA, TATA holds a major share. In the case of COFFEE, NESTLE & NESCAFE holds the major share. Rural consumers favor TATA because it is an old organization & it has gained a lot of BRAND EQUITY which finally creates BRAND LOYALTY. In these products, consumers do get brand loyal, because they do not want to take a risk with their tastes. So they prefer sticking to one brand. These organizations supply their products in various packs (small, medium & large), considering the buying capacity of their consumers.

As in the case of BISCUITS, BRITANNIA holds the major market share. Rural consumers favor BRITANNIA because it is an old organization & it has gained a lot of BRAND EQUITY which finally creates BRAND LOYALTY. In case of BISCUITS, consumers do get brand loyal, because they do not want to take a risk with their tastes. So they prefer sticking to one brand. These organizations supply their products in various packs (small, medium & large), considering the buying capacity of their consumers.

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In the case of TOOTH PASTES, COLGATE PALMOLIVE holds a major market share. Consumers are very concerned about their health, so if any product suits them they prefer sticking to that product. And this product is also available in various packs, so rural consumers can use it according to their buying capacity.

In the case of HAIR OILS, MERICO holds the major market share. MERICO is a much known organization & its product PARACHUTE has reached all the places. So it is a known product, which has created a good amount of goodwill for the organization. Consumers have confidence & trust in their product. Therefore, they prefer buying it.

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