# Brand Awareness and Preference for FMCG Products in Rural Market: A Case Study of Baroda District

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## ABSTRACT

**Purpose**: The purpose of this study is to discuss that whether a major portion of the monthly budget of each household is spent on FMCG products. With more than 6, 38,588 villages and more than 72.2% of the population, rural India has become a massive consumer goods market. Further the purpose of this study is to examine the brand awareness in rural area and to study the interest of consumers in branded products of Fast Moving Consumer Goods (FMCG).

**Design/methodology/approach**: The paper draws from a research study comprising qualitative methods as well as case study analyses. The central aspect of the approach to this topic is that it is a bottom-up perspective grounded in understanding rural markets. The theoretical scope of the paper includes brand awareness, FMCG products and consumer preferences in impoverished environment of rural markets.

**Findings:** The authors' key finding is that FMCG has emerged as a major product category in rural consumption. Companies marketing FMCG to rural consumers cannot merely extend their general marketing strategies to rural markets. Instead, they need to devise rural specific strategies. The brand awareness is showing increasing tendency everywhere and Baroda Region of Gujarat State is not an exception to it.

**Research limitations/implications**: This research has implications for theoretical and empirical advancement in the areas of structuring marketing activities in rural areas.

**Practical implications**: This research has implications for several aspects of rural marketing strategy. To examine the validity of this general statement that is being discussed day in and day out by the researcher, market managers, producers, consumers, advertisers, etc.

**Originality/value:** This paper suggests that brand awareness and spending power are inextricably linked in subsistence contexts with important implications for rural marketing. Research Paper on brand awareness in rural area of Fast Moving Consumer Goods in Baroda Region of Gujarat State is taken up.

## 1.0 Introduction

### 1.1 Fast Moving Consumer Goods (FMCG)

Fast Moving Consumer Goods (FMCG) satisfies the elemental and day-to-day household needs other than grocery, ranging from packaged foodstuff, dairy products, cooking oil, bread, butter, cereals, beverages like tea & coffee, pharmaceuticals, confectionery, biscuits, glassware, stationary items, watches, toiletries, detergents, shampoos, skin care products, cosmetics, toothpaste, dish washing liquid, shaving cream, razor, batteries, shoe polish, energy drinks, soft drinks, clothing, furniture and household accessories to electronic goods like cell phones, laptops, computers, digital cameras etc. that are usually categorized as Fast Moving Consumer Electronics or FMCEs.

A major portion of the monthly budget of each household is spent on FMCG products. The introduction of sachets made rural people who are traditionally not accustomed for bulk purchase, to buy branded FMCG products like Rs 1/- shampoo, nut powders, oils, detergents, cleaning powders & liquids, tooth pastes, etc. in rural shops. This changed the pattern of buying from traditional products to branded products. The

Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian economy. This sector touches every aspect of human life. The FMCG producers have realized that there is ample opportunity for them to enter into the rural market. Today we notice this shift towards branded FMCGs in rural areas as a result of Socio Economic & Political changes in the last 5 years. This has made rural areas more viable markets even compared to urban areas. The Socio Economic and Political changes contributed to a great extent for changes in the life styles of countryside people who patronized branded FMCG products. The Government policies to promote education in rural areas enhanced their brand awareness due to the presence of at least one higher education pursuing student in their family or neighbouring family. The different Government policies are also being helpful for rural people contributed in enhancing people's income followed by a change in their lifestyles resulted in patronizing the branded products.

According to the National Council of Applied Economic Research (NCAER) about 70 per cent of Indian population living in villages, India has perhaps the largest potential

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rural market in the world. It has as many as 47,000 haats (congregation markets), compared to 35,000 supermarkets in the US. And of the total FMCGs demand in India, nearly 53 per cent comes from the rural market. At present Indian FMCG sector is worth Rs.1300 billion and expected to be around a whopping value of Rs. 4000 to Rs. 6000 billion by 2020. Henceforth FMCG and its closest companion Retail sector, both are likely to create most of the jobs in India in the coming years primarily in functions like marketing, sales, advertising, supply chain, logistics, human resources, product packaging and development, finance, operations, general management, supervising and so on.

### 1.2 Brand Awareness and Customer Preferences

Brand awareness is the degree of familiarity among consumers about the life and availability of the product. It is measured as ratio of niche market that has former knowledge of brand. Brand awareness includes both brand recognition as well as brand recall. Brand recognition is the ability of customer to recognize prior knowledge of brand when they are asked questions about that brand or when they are shown that specific brand, While brand recall is the potential of customer to recover a brand from his memory when given the product class/category, needs satisfied by that category or buying scenario as a signal. In other words, it refers that consumers should correctly recover brand from the memory when given a clue or he can recall the specific brand when the product category is mentioned. It is generally easier to recognize a brand rather than recall it from the memory.

Consumer preferences are defined as the subjective (individual) tastes, as measured by utility, of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give the consumer. Note that preferences are independent of income and prices. Ability to purchase goods does not determine a consumer's likes or dislikes. This is used primarily to mean an option that has the greatest anticipated value among a number of options. Preference and acceptance can in certain circumstances mean the same thing but it is useful to keep the distinction in mind with preference tending to indicate choices among neutral or more valued options with acceptance indicating a willingness to tolerate the status quo or some less desirable option.

### 2.0 Review of Literature

Marketing scenario in India changed with market liberalization policies after 1990's (Gopalaswamy, 1997). Most of the Indian rural markets are 'Virgin' in nature and they are now opening for most of the packaged goods (Habeeb-Ur-Rahman, 2007) and for a number of product categories (Bijapurkar, Rama 2000). Rural marketers have to differentiate themselves on quality and value for money (Anand & Krishna, 2008). For this purpose, they need to understand the factors that influence the rural purchase of FMCG (Krishnamoorthy, 2008). Various factors influence the purchase decisions of customers (Blackwell and Talarzy, 1977). Available literature mentions that packaging (Pandey, 2005; Venkatesh, 2004), brand name (Narang, 2001; Bishnoi & Bharti, 2007; Sahoo & Panda, 1995), quality (Rashmi & Venu Gopal, 2000; Kumar & Madhavi, 2006), price (Sarangapani & Mamatha, 2008) and promotions (Bhatt & Jaiswal, 1986) influence the rural purchase. Opinion leaders also influence the rural consumption behaviour (Sayulu & Ramana Reddy, 1996). In the process, retailers have emerged as key influencers of rural purchase of FMCG (Ying Zhao, 1994).

The two important measure of brand awareness is brand recognition and recall. (Hoyer and Brown, in 1990,) Kapferer, in 1988 says "top of mind awareness is critical as it captures the 'consideration set' in a given purchase situation. (Laurent, Kapferer and Roussel, 1995) Study on recall of pictorial advertisements as compared to non-pictorial advertisements indicate how much more effective they are rural consumers as compared to urban consumers. (Velayudhan, 2002) In some studies, brand preference has been equated with brand loyalty (e.g., Rundle-Thiele and Mackay 2001). In other studies, it has been evaluated as a precursor to brand loyalty (e.g., Odin et al. 2001). Ben-Akiva et al. (1999) define preferences as "comparative judgments between entities." Additional reasons (other than promotions) why consumers may purchase other brands despite a stated brand preference include a desire to try and learn more about different brands in the category; changing needs or situations; variety seeking; and changes in the available alternatives due to new products or improvements to existing products (Coulter et al. 2003). Alba and Hutchison (1987) propose that experts are more likely to search for new information because (a) expertise increases awareness of the existence of potentially acquirable information and (b) familiarity reduces the cost of information acquisition. Schmidt and Spreng (1996) further postulate that knowledge increases the perceived ability to search and therefore should decrease the perceived costs of search. Greater knowledge has been shown to be positively related to increased involvement with a category (e.g., Raju et al. 1995). Dunn et al. (1978) viewed advertising from its functional perspectives; Morden (1991) is of the opinion that advertising is used to establish a basic awareness of the product. Those views of Etzel et al. (1997) coincide with the simple but all-embracing definitions of Davies (1998) and Arens (1996). Aaker (2000) regarded brand awareness as a remarkably durable and sustainable asset. Yee and Young (2001), aimed to create awareness of high fat content of pies, studied consumer and producer awareness about nutrition labeling on packaging.

Chen (2001) expressed a different thought on brand awareness that it was a necessary asset but not sufficient for building strong brand equity. Beverland (2001) analyzed the level of brand awareness within the New Zealand market for zespri kiwi fruit.

### 3.0 Objective of the Study

The objective of the study is to understand the buying perception of the rural consumer towards FMCG Products. For this, the objectives of the Research study are:

1. To study the perception of the rural consumer towards FMCG products.

2. To examine the brand preference and awareness of rural consumer towards FMCG products.

3. To study the attributes of brand preference.

4. To examine the impact of media on brand awareness & Preferences.

### 4.0 Hypothesis of the Study

The main aim of the study is to test the following hypothesis:

1 There is no significant difference between male and female attitudes towards brand.

2 There is no significant difference among different age groups attitude towards brand.

3 There is no significant difference among different Academic Qualification attitudes towards brand.

4 There is no significant difference among different income group attitudes towards brand.

5 There is no significant difference among male and female attitudes towards brand awareness through Media.

## 5.0 Research Methodology

### 5.1 Population of Study

The study is confined to selected 3 villages i.e. Padra, Vaghodia and Savli of Baroda District, Gujarat State. About 70 percent of population of Baroda District lives in villages. As per Census 2011, Baroda District comprises of 12 Talukas namely Chhota Udaipur, Dabhoi, Jetpur Pavi, Karjan, Kavant, Nasvadi, Padra, Sankheda, Savli, Sinor, Vadodara and Vaghodia having Total Population of 36,41,802. The Chhota Udaipur District has been separated having Chhota Udaipur, Jetpur Pavi and Kavant Talukas. However for the purpose of Study Padra, Vaghodia and Savli of Baroda District, Gujarat State have been selected.

### 5.2 Data Collection

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a structured non disguised questionnaire.

### 5.3 Sampling

The sampling method chosen is Convenience sampling which is a type of non probability sampling. In all 100 respondents are chosen from different age groups classifying them on the basis of literacy with the help of structured & unstructured interviews & discussions with these respondents the information for this survey is gathered.

The information gathered through the questionnaires will be analyzed with the help of SPSS software by using the Tabular Presentation, t-test and Analysis of Variance (ANOVA).

## 6.0 Data Analysis and Interpretation

### The Demographic Profile of Respondents

| Demographic Profile of the Respondents | | | | |
|---|---|---|---|---|
| Sl.No | Variables | Details | No. of Respondents | % |
| 1 | Gender | Male | 50 | 50 |
| | | Female | 50 | 50 |
| 2 | Age | Below 20 | 8 | 8 |
| | | Between 20-30 | 25 | 25 |
| | | Between 30-40 | 40 | 40 |
| | | Above 40 | 27 | 27 |
| 3 | Academic Qualification | Up to School | 34 | 34 |
| | | Up to Graduate | 40 | 40 |
| | | Up to Post Graduation | 22 | 22 |
| | | Professional | 4 | 4 |
| 4 | Monthly Income | 10,000-20,000 | 24 | 24 |
| | | 20,000-30000 | 21 | 21 |
| | | Above 30000 | 22 | 22 |
| | | Dependant Respondent (No Income Group) | 33 | 33 |
| 5 | Types of Products Preferred | Prefer Brand | 25 | 25 |
| | | Prefer Non Brand | 37 | 37 |
| | | Prefer Quality of Product over Brand | 38 | 38 |
| *Source: Primary Data* | | | | |

### 6.2 Brand Awareness in Rural Market

| Brand Awareness in Rural Market | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Shampoo | % | Washing | % | Soap | % | Tea | % | Toothpaste | % |
| Garnier | 64 | Nirma | 78.9 | Lux | 95.8 | Taj Mahal | 78 | Colgate | 97 |
| Chik | 67 | Wheel | 85.3 | Dettol | 82.1 | Tata Tea | 90 | Pepsodent | 91 |
| Vatika | 72 | Surf excel | 70.5 | Lifebuoy | 89.5 | Vagbakari | 50 | Babool | 65 |
| Lux | 73 | Rin | 87.4 | Rexona | 56.8 | Mohanlal | 65 | Cibaca | 61 |
| Pantene | 80 | Arial | 53.7 | Centhol | 65.3 | Brooke bond | 61 | Dabarlal | 67 |
| Sunsilk | 81 | Tide | 75.8 | Dove | 52.6 | Red Label | 62 | Vicco | 46 |
| Clinic plus | 87 | Ghadi | 41.1 | Hamam | 62.1 | Lipton Taza | 44 | Close-Up | 82 |
| Avg | 75 | Avg | 70.3 | Avg | 72.02 | Avg | 64 | Avg | 73 |
| *Source: Primary Data* | | | | | | | | | |

**Interpretation:** It has been concluded from the above table that the average awareness of the respondents in the rural market is 75%, in case of shampoo, in case of washing powder the average awareness of the respondents is 70.3% , in case of soap the average awareness of the respondent is 72.02%, in case of Tea it is 64% and in case of Toothpaste the average awareness is 73%.

### 6.3 Brand Preference in Rural Market

| Ranks | Shampoo | | Washing | | Soap | | Tea | | Toothpaste | % |
|---|---|---|---|---|---|---|---|---|---|---|
| | Category | Weight | Category | Weight | Category | Weight | Category | Weight | Category | Weight |
| 5 | Pantene | 3.4 | Surf excel | 3.4 | Dettol | 3.6 | Tata Tea | 4.06 | Colgate | 4.21 |
| 4 | Vatika | 3.05 | Rin | 3.05 | Lux | 3.59 | Taj | 3.17 | Pepsodent | 3.6 |
| 3 | Lux | 3.02 | Wheel | 3.02 | Lifebuoy | 3.29 | Brooke bond | 3 | Dabarlal | 2.51 |
| 2 | Garnier | 3.01 | Arial | 2.76 | Centhol | 2.65 | Mohanlal | 2.84 | Babool | 2.49 |
| 1 | Chik | 2.53 | Nirma | 2.75 | Rexona | 2.31 | Vagbakari | 2.16 | Cibaca | 2.21 |
| Source: Primary Data | | | | | | | | | | |

**Interpretation :** From the above table we can see that in case of the shampoo category the respondents give 1st rank to pantene, 2nd to Vatika, 3rd to Lux, 4th to Garnier and 5th to Chik.In case of washing powder the respondent's gives 1st , 2nd , 3rd , 4th , 5th rank to Surf, Rin, Wheel, Arial, Nirma respectively. In case of soap the respondents give 1st to Dettol, 2nd to Lux, 3rd to Lifebuoy, 4th to Centhol and 5th to Rexona. In case of Tea the respondents give 1st rank to Tata tea, 2nd to Taj Mahal, 3rd to Brook Bond, 4th to Mohanlal and 5th to Vagbakari tea. In case of category toothpaste the respondents give 1st to Colgate , 2nd to Pepsodent, 3rd to Dabarlal, 4th to Babool and last rank to the Cibaca.

### 6.4. Attributes of Brand Preference in Rural Market

| Factors | Weighted Score | Rank |
|---|---|---|
| Quality | 5.72 | 1 |
| Price | 5.31 | 2 |
| Easy Availability | 4.34 | 3 |
| Family Liking | 4.16 | 4 |
| Advertisement | 3 | 5 |
| Variety | 2.76 | 6 |
| Credit | 2.66 | 7 |

**Interpretation :** From the above table no 8.4 it is inferred that the respondents give 1st rank to Quality, 2nd to Price, 3rd to Easy Availability, 4th to Family Liking, 5th to Advertisement, 6th to Variety & 7th rank to Credit Facility Allowed by the Shop-keeper for brand preference.

**7.0 Interpretation Through Inferential Analysis (T-Test and ANOVA)**

To analyze the impact of brand across demographics, the following hypothesis has been tested through T- test and ANOVA.

**7.1 Gender V/S Brand**

**H0-** There is no significant difference between male and female attitudes towards brand.

**Ha-**There is significant difference between male and female attitudes towards brand.

| T-Test : Test of Significance Between Brand Preference & Gender of The Respondents | | | |
|---|---|---|---|
| Gender | N | Mean | Std. Deviation | Std. Error of Mean |
| Male | 50 | 1.72 | 0.751 | 0.107 |
| Female | 50 | 2.04 | 0.781 | 0.111 |

| Attitude | Levene's Test for Equality of Variances | | t-test for Equality of Means | | |
|---|---|---|---|---|---|
| | F | Significance | T | DF | Sig. 2 Tailed |
| Equal Variance Assumed | 0.328 | 0.568 | 0.208 | 98 | 0.04 |
| Equal Variance not Assumed | | | 0.208 | 97.901 | 0.04 |

**Interpretation:** The above table indicate that Significant value is 0.040 which is less than (P<0.05), hence the null hypothesis is rejected and we may conclude that there is a significant difference between male and female attitude towards brand.

**7.2. Age V/S Brand**

**H0:** There is no significant difference among different age groups attitude towards brand.

**HA:** There is significant difference among different age groups attitude towards brand.

| Test of Significance Between Brand Preference & Different Age of Respondents | | | | | |
|---|---|---|---|---|---|
| Variable | Sum of Squares | DF | Mean Square | F | Sig. |
| Between Groups | 4.883 | 3 | 1.628 | 2.769 | 0.046 |
| Within Groups | 56.247 | 96 | 0.588 | | |
| Total | 61.13 | 99 | | | |

**Interpretation:** The above table indicate that Significant value is 0.046 which is less than (P<0.05), hence the null hypothesis is rejected. There is a significant difference between different age groups attitudes towards brand.

**7.3 Academic Qualifications V/S Brand**

**H0:** There is no significant difference among different Academic Qualifiction attitudes towards brand.

**HA:** There is significant difference among different Academic Qualification attitudes towards brand.

| Test of Significance Between Brand Preference & Academic Qualification of Respondents | | | | | |
|---|---|---|---|---|---|
| Variable | Sum of Squares | DF | Mean Square | F | Sig. |
| Between Groups | 6.626 | 3 | 2.209 | 3.932 | 0.011 |
| Within Groups | 53.934 | 96 | 0.562 | | |
| Total | 60.56 | 99 | | | |

**Interpretation:** The above table indicate that Significant value is 0.011 which is less than (P<0.05), hence the null hypothesis is rejected. Thus, there is a significant difference between different Academic Qualification attitudes towards brand.

**7.4 Monthly Income Vs Brand**

**H0:** There is no significant difference among different income group attitudes towards brand.

**HA:** There is significant difference among different income group attitudes towards brand.

| Test of Significance Between Brand Preference & Monthly Income of Respondents | | | | | |
|---|---|---|---|---|---|
| Variable | Sum of Squares | DF | Mean Square | F | Sig. |
| Between Groups | 1.826 | 3 | 0.609 | 0.995 | 0.399 |
| With in Groups | 58.734 | 96 | 0.612 | | |
| Total | 60.56 | 99 | | | |

**Interpretation:** The above table indicate that Significant value is 0.399 which is greater than (P>0.05), hence the null hypothesis is accepted. There is no significant difference between different income group attitudes towards brand. Thus, we may conclude that only income does not affect the attitude towards brand.

**7.5 Correlation between Media and Brand Preference**

**H0:** There is no significant relation between Media and Brand Preference.

**HA:** There is significant relation between Media and Brand Preference.

| Correlation Analysis Between Brand Preference & Different Media | | | |
|---|---|---|---|
| Brand Preference | | | Role of Media |
| Brand Preference | Pearson | 1 | 0.185 |
| | Sig. 2 Tailed | | 0.406 |
| | N | 100 | 100 |
| Role of Media | Pearson Correlation | 0.185 | 1 |
| | Sig. 2 Tailed | 0.406 | |
| | N | 100 | 100 |

**Interpretation:** The above table indicate that Significant value is 0.046 which is less than (P<0.05), hence the null hypothesis is rejected. There is a positive impact of media on brand preference.

**8.0 Conclusion**

The brand awareness in rural areas particularly in respect of beauty care and health care products is showing an increasing tendency. Most of the people both from illiterate & literate groups prefer branded products with the belief that quality is assured as the manufacturers are reputed companies. For Ex: Colgate Tooth Paste, Head & Shoulder shampoo.

People are not worried about the price of the product. They are showing willingness to spend higher price when they realize that they can afford to spend. Since the usage of branded products of reputed companies will elevate their status as well as stature in that village.

This change in the attitude to spend more on the highly priced branded products (Example: Dove Soap, Garnier Hair Oil) among high income groups in rural areas clearly suggests that there is an ample scope for such products to capture the markets in this areas by increasing the supply of these products. The marketing agencies are advised to conduct health awareness programs by educating the people about the need to use the health care products to arrest tooth decay, hair fall, dry skin, etc. These products can be made more popular and acceptable among the rural people.

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