



Marketing Management

Elixir Marketing Mgmt. 68 (2014) 22703-22707

Elixir
ISSN: 2229-712X

A Study on Buying Behavior of Rural Consumers towards FMCG Products with special reference to Indian Rural Consumers

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ARTICLE INFO

Article history:

Received: 1 October 2013;

Received in revised form:

15 March 2014;

Accepted: 26 March 2014;

Keywords

FMCG,
Consumer,
Buying Behavior,
Purchase,
Perception.

ABSTRACT

India is large population country; approximately 12.6 billion live in India. More population of India approximately 70% live in villages. So manufacturer huge focused on rural market. With more type of promotion manufacturer penetrate in this market. They clearly know that more sale generate more revenue. Now buyer /consumer are more conscious about product so they purchase anything very carefully. FMCGs (Fast moving consumer goods) are very short in life like daily uses thing like Beverages, bakery, sugar, detergent soap. FMCG are also called by consumer packaged goods. Although FMCGs product are non-durable goods buyer don't think so much for purchase it. But presence of lot of competitor in this market, Buyer is always aware what he or she going to purchase. Buyer behavior and perception is very much affected on product. The objective of this paper analyze to buyer behavior towards FMCG product in rural markets. The paper also highlights the major FMCG products used by the consumers.

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Introduction

FMCG products have short life time. And they are also non durable goods and also perishable. Which are sold very less margin. Mostly FMCG goods are define short term period like less than one year life. FMCG supplied in the retail marketing as per daily demand of a consumer.

Now consumers are more aware to purchase FMCG product. So they prefer more relative product for them. A very small mistake can effect largely on its demand.

With the presence of population approx 72% in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. 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 Indian FMCG sector with a market size of USD 14.8 billion is the fourth largest sector in the economy. The FMCG market is set to double from USD 14.7 billion in 2008-09 to USD 30 billion in 2012. FMCG sector will witness more than 60% growth in rural and semi-urban India by 2010. Indian consumer goods market is expected to reach USD 400 billion by 2010.

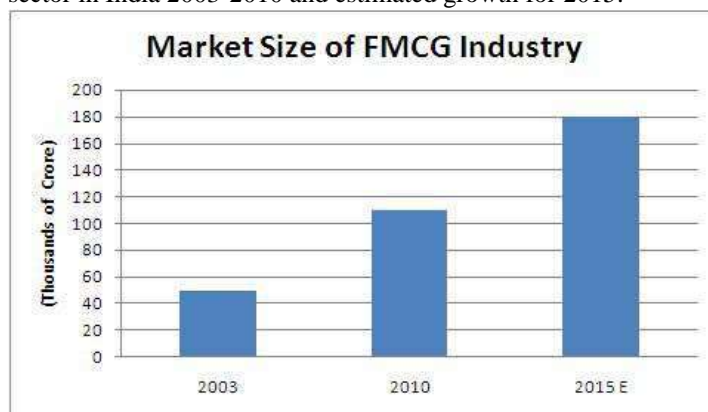
Major Players in this sector include HUL (Hindustan Unilever Ltd.), ITC (Indian Tobacco Company), Nestlé India, GCMF (AMUL), Dabur India, Asian Paints (India), Cadbury India, Britannia Industries, Procter & Gamble (P&G) Hygiene and Health Care, Marico Industries, Nirma, Coca-Cola, Pepsi and others.

FMCG Rural Growth

In a Press Release on January 3rd 2010, The Associated Chambers of Commerce and Industry in India (ASSOCHAM) have forecasted an extremely robust growth in the FMCG sector. The Press Release is detailed below: Fast Moving Consumer Goods (FMCG) will be witnessing more than 50% of growth in its Rural and Semi-Urban Segments by 2012 which in

totality is projected to grow at an CAGR of 10% to carry forward its market size to over Rs.1,06,300 crore from present level of Rs. 87,900 crore, according to an analysis carried out by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

What is consumer behavior- consumer behavior be defined as- The decision process and physical activity, individual engage in when evaluating, acquiring, using and disposing of goods and service. The following figure provides the growth of FMCG sector in India 2003-2010 and estimated growth for 2015.



The above figure clearly indicates that, there is a steady growth in the market size of FMCG sector in India over the last ten years. The market size was around Rs. 50000 cores in 2003, it is around 120000 cores in 2010 and if the same trend continues, it will reach around 180000 cores in 2015.

Consumer Behavior

The term of consumer behavior comprises of two words consumer and behavior, here consumer refer to an individual who is engaged in various purchasing process. And behavior refer to perception and related activity of purchase of an individual.

More than a century ago the pattern of our nation, Mahatma Gandhi, has made a visionary and deep meaningful statement at

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South Africa 1890- "A customer is the most important visitor on our premises." Now we can see many developments and changes taking place around us with all the industries and firms within each industry trying to keep pace with the change and diverse need of the people. Main challenges for marketers to understand diversity of consumer behavior towards product. Today the company image is built and made by its customer. The success of firm will be determined by how affective it has been meeting the diverse consumers needs and wants by treating each customer unique and offering products and service to suit his or her needs.

Need for studying consumer behavior – consumer behavior can be said to be the study of how individuals make decision on how to spend their available resources on various consumption related items. Marketers specially focusing on following.

1. Who buy products and services?
2. How do they buy products and services?
3. Where do they buy them?
4. When do they buy them?
5. Why do they buy them?

FMCG Category and products

1. **Household Care** Fabric wash (laundry soaps and synthetic detergents); household cleaners (dish/utensil cleaners, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish and furniture polish).

2. **Food and Health beverages**; soft drinks; staples/cereals; Beverages bakery products (biscuits, bread, cakes); snack food; chocolates; ice cream; tea; coffee; soft drinks; processed fruits, vegetables; dairy products; bottled water; branded flour; branded rice; branded sugar; juices etc.

3. **Personal Care** Oral care, hair care, skin care, personal wash(soaps); cosmetics and toiletries; deodorants; perfumes; feminine hygiene; paper p

Objectives-

The objectives of this study were the following –

1. To find out the trends and growth of FMCG in India and Rural Markets.
2. To know the motivational factors of rural consumer towards FMCG product
3. To give suggestions to increase the rural market of FMCG products
4. To elaborate the popular tool of marketing and promotion in rural markets of FMGC products
5. To find out that celebrity endorsement have an impact on purchasing decision

Research Methodology-

For making this research realistic and successful, a questionnaire was structured. Through the help of the questionnaire, primary data has been collected. This research also includes secondary data which has been collected by various websites, books, research papers etc. The study is an empirical study.

Sample size- Total 200 rural consumers were interviewed and distributed the questionnaire in March 2013 .Out of 200 respondents around the area of Kota (Rajasthan) researchers got the responses of 125 respondents.

Hypothesis

1. Awareness about the FMCG products in rural market is satisfactory
2. Family, Price and Celebrity endorsements are the prime motivators which influence the buying behavior of rural consumers.
3. Advertising is the most popular tool of marketing of FMCG products in rural India.

4. Celebrity endorsement have positive impact on buying decision.

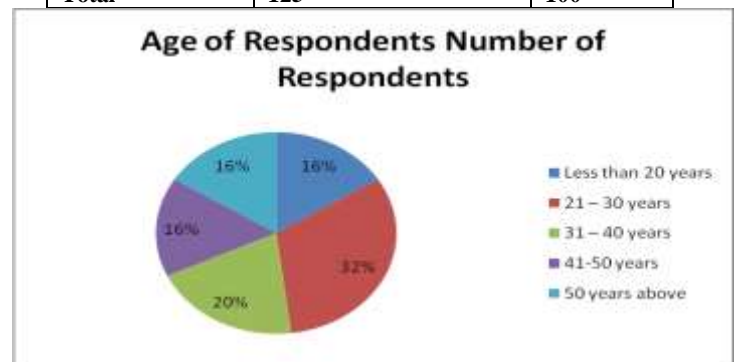
Analysis and interpretation

Through the help of structured questionnaire, the study has been done. Each of the question covers the valid reasons to find out the factors, influences and demand of FMCG products in Rural markets. The analysis of the table is as follows:

Table 1

Age of Respondents

Response	Number of Respondents	Percentage
Less than 20 years	20	16
21 – 30 years	40	32
31 – 40 years	25	20
41-50 years	20	16
50 years above	20	16
Total	125	100

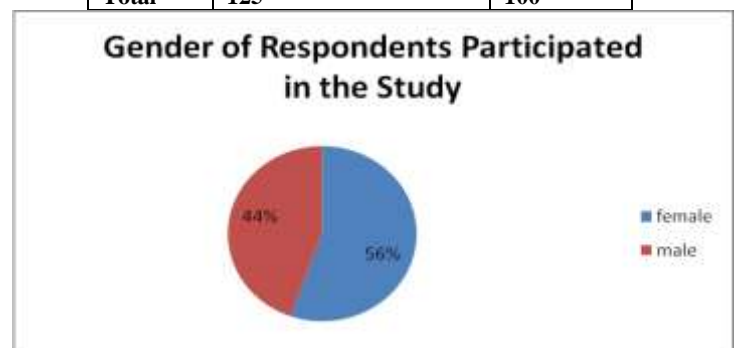


The first question was designed to find out the age of the respondents from who preferred were engaged in this study .The above table and the graph shows that most of the respondents are 21-30 Yrs. of age mainly involved in the research work for concluding the right market strategy and to find out the rural market environment.

Table 2

Gender of Respondents Participated in the Study

Response	Number of Respondents	Percentage
Male	55	44
Female	70	56
Total	125	100



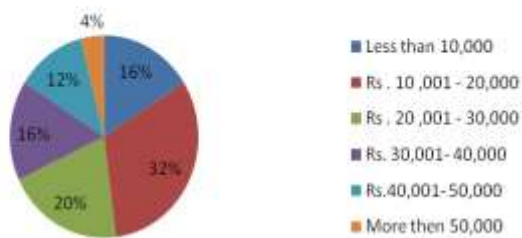
The table and graph 2 reveals that female respondents were higher than the male respondents. So marketers should be minding them.

Table 3

Monthly Income of Respondents

Response	Number of Respondents	Percentage
Less than 10,000	20	16
Rs . 10 ,001 - 20,000	40	32
Rs . 20 ,001 - 30,000	25	20
Rs. 30,001- 40,000	20	16
Rs.40,001- 50,000	15	12
More then 50,000	5	4
Total	125	100

Table 3 Monthly Income of Respondents Number of Respondents



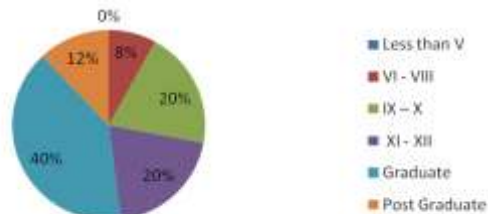
It is analyzed that the monthly income of people who shop is maximum in the between range of Rs . 10001–20000 which indicates that the respondents are willing to make expenditure on the FMCG purchasing of products

Table 4

Education Level of Rural Buyers

Response	Number of Respondents	Percentage
Less than V	0	0
VI – VIII	10	0.8
IX - X	25	20
XI - XII	25	20
Graduate	50	40
Post Graduate	15	12
Total	125	100

Education Level of Buyers Number of Respondents



The said table analyzed the education level of the buyers (respondents) who have been involved in the research. It clearly shows that most of the respondents are having education upto Graduate. So it can be concluded that they are able to understand the language, content, terms and conditions of the product while shopping.

Table 5

Motivational Factors Behind Purchasing

Response	Number of Respondents	Percentage
Family	25	20
Price	25	20
Brand /Company	15	12
Content	2	1.6
Message	10	8
Celebrity Endorsement	30	24
Language	3	2.4
Packing	15	12
Total	125	100

The table and graph 5 reveals that the celebrity endorsement, Family and price are more affecting factor for consumer at purchasing time of product.

Motivational Factors Behind Purchasing Number of Respondents

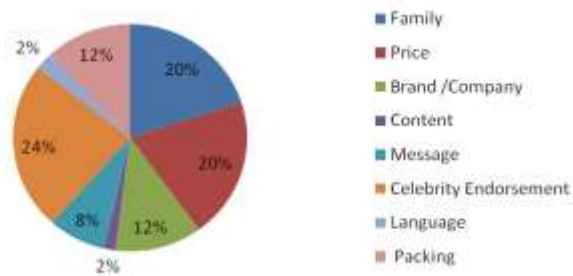


Table 6

Purchasing Duration of Respondents

Response	Number of Respondents	Percentage
Daily	20	16
Weekly	25	20
Every Six Months	12	9.6
Occasionally	18	14.4
Monthly	30	24
Yearly	20	16
Total	125	100

Purchasing Duration of Respondents Number of Respondents

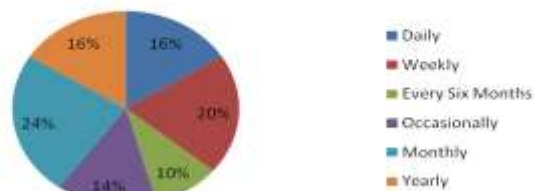


Table and graph 6 show that all time FMCGs product sell is more in monthly period. Because FMCGs products have short life.

Table 7

Popular Media of Marketing and Promotion

Response	Number of Respondents	Percentage
Personal Selling	35	28
Advertisement	50	40
Contest	20	16
Discounts	19	15.2
Tele Marketing	1	0.8
Total	125	100

Popular Media of Marketing and Promotion Number of Respondents

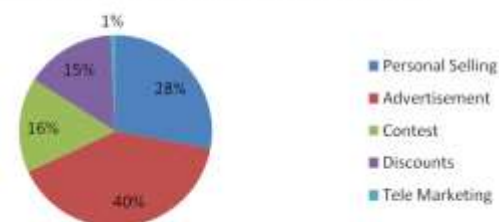
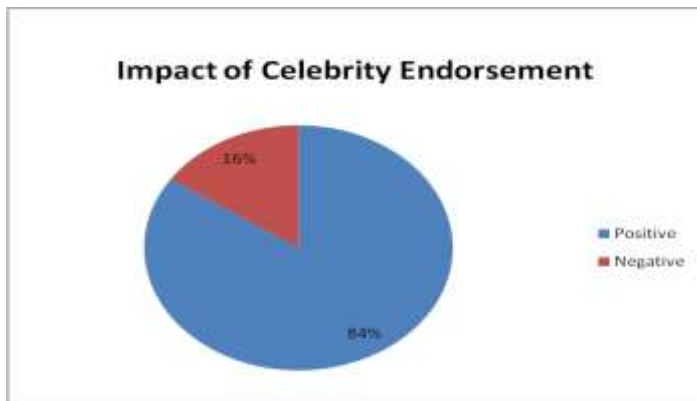


Table 7 analyzed that respondents were more interested to purchase in advertisement and personal selling. Advertisement huge source of knowledge about any know product and exist

product. Customer prefer that thing earlier which he seen more and regularly.

Table 8
Impact of Celebrity Endorsement

Response	Number of Respondents	Percentage
Postive	105	84
Negative	20	16
Total	125	100

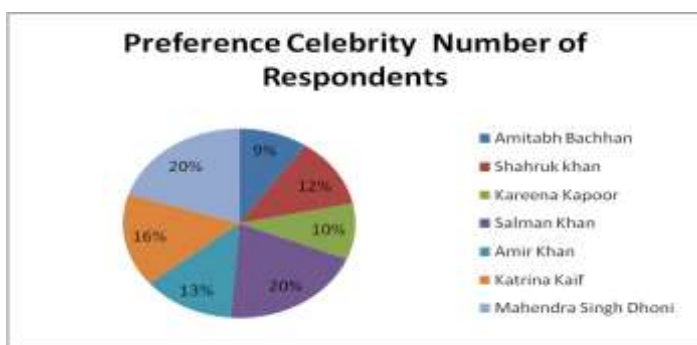


The above table reveals that the number of respondents are higher and positive in regards

Table 9

Preference Celebrity

Name of Celebrities	Number of Respondents	Percentage
Amitabh Bachhan	12	9.6
Shahruk khan	15	12
Kareena Kapoor	12	9.6
Salman Khan	25	20
Amir Khan	16	12.8
Katrina Kaif	20	16
Mahendra Singh Dhoni	25	20
Total	125	100



The last table and graph number 10 shows that most of the respondents Prefer that product which endorsement by Salman khan and Mahendra singh dhoni.

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Questionnaire

Hello Sir/Mam

I, Amit mathur, with the guidance and support of my supervisor I am here to conduct a research survey on the topics "**Rural consumer behavior towards FMCGs product**". Please give your honest opinion and understand that this information collected will be purely confidential and will not be shared for any purpose other than research.

Name -

(Please tick ✓ below)

1. Age -

- 1) Less than 20 Yrs.
- 2) 21- 30 Yrs.
- 3) 31- 40 Yrs.
- 4) 41- 50 Yrs.
- 5) Above 50 Yrs.

2. Gender -

- 1) Male
- 2) Female

3. Income-Group (Monthly) -

- 1) Less than 10,000
- 2) 10,001 - 20,000
- 3) 20,001 - 30,000
- 4) 30,001 - 40,000
- 5) 40,001 - 50,000
- 6) More than 50,000

4. Education Level -

- 1) Less than V
- 2) VI - VIII
- 3) IX - X
- 4) XI - XII
- 5) Graduate
- 6) Post Graduate

5. Which motivational factors affect on you behind purchasing?

- a) Family
- b) Price

- c) Brand /Company †
- d) Content †
- e) Message †
- f) Celebrity Endorsement †
- g) Language †
- h) Packing †

6. Duration of purchasing FMCGs product?

- a) Daily †
- b) Weekly †
- c) Every six month †
- d) Occasionally †
- e) Monthly †
- e) Yearly †

7. What is popular media of marketing and promotion?

- a) Personal Selling †
- b) Advertisement †

- a) Contest †
- a) Discounts †
- a) Tele Marketing †

8. Do you think any impact of celebrity endorsement on consumer behavior?

- a) Positive †
- b) Negative †

9. Which celebrity, you more prefer or follow?

- a) Amitabh Bachhan †
- b) Shahruk khan †
- c) Kareena Kapoor †
- d) Salman Khan †
- e) Amir Khan †
- f) Katrina Kaif †
- g) Mahendra Singh Dhoni †