RESEARCH PAPER

RURAL MARKETING & ITS IMPACT ON FMCG PRODUCTS
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HOW TO CITE THIS ARTICLE:

ABSTRACT: Rural marketing is very wide in itself. In general the rural marketing may be defined as the process of marketing the product in the rural areas. It includes the implementation of various marketing strategies and policies in rural market with the intention to convert the needs and wants of rural people into demand. Through this paper the author wants to know about the rural market and their impact on the FMCG products. This paper will critically examine the current status of the Indian rural marketing. It analyzed the problems prevail in the rural marketing. An analysis of the consumer and shopkeeper has also been done with the help of questionnaire though which the opinion of the shopkeeper and consumer are taken to get the practical insight.

KEYWORDS: Rural, FMCG and 4A approach.

INTRODUCTION: Rural marketing is a very wide term. It is process of identifying the needs and wants of customer and accordingly designing the 4Ps to meet the specific requirement of the rural customers. As we know that 70% of India's population is living in the rural area and there is huge scope which is still untapped by the marketer. It brings my curiosity to find out the challenges and prospects available in the rural market. I have chosen FMCG products, because FMCG products are those products which are used by every individual in their day to day life. FMCG products are sold quickly at a lower price. FMCG products have a short life, because the product deteriorates very fast or the demand or frequency of use of these kinds of products is high as compared to the durable products. In this paper the author tried to know the challenges faced by the companies in the case of FMCG products.

OBJECTIVES:
1. To identify the major problems in tapping the rural market.
2. To identify the potential of FMCG product in India.
3. To analyze the consumer behavior in the rural areas.

LITERATURE REVIEW: R. Sivanesan (2014) in his research found that with the increase in purchasing power and disposable income. Improvement in the road systems linking the villages has led to a systematic product distribution system. Earlier, there was a "trickle down "of the stocks observed to the buyers in the interior villages. These days, companies use delivery cum promotion vans that travel 8-10 hats/markets daily as a part of direct contact with villagers. Singh Priyanka (2013) in her finding stated that in rural marketing, the vast spectrum of courses to be followed require special care and attention with respect to the product, its quality, packaging, brand, pricing, advertisement, personal selling and channel of distribution. Verma and Munjal (2003) identified the major factors in making a brand choice decision namely quality, price, availability, packaging and advertisement. The brand loyalty is a function of behavioral and cognitive patterns of a customer. The age and demographic variables affect significantly the behavior and cognitive patterns of the customers while other demographic characteristics such as gender and marital status are not significantly associated with these behavior and cognitive patterns of the consumers. Singh A.K. (2014) in his finding stated that, in
order to capture the rural market, the FMCG companies need to manage their channel distribution efficiently and to address their grievance immediately. The successful distribution channel leads to the customer satisfaction which in turn leads to the company's success. Jain and Rathod (2005) found that customers were not happy with product quality and variety available in the rural market. Promotional offers also never reached rural consumers and retailers were found selling promotional items separately. Proper marketing strategies are needed to prevent product imitation. Shinde Rajesh (2007) analyzed that the rural India has more than 70% population in 6.27 lakh villages, which is a huge market for FMCG products. All the income groups purchase the FMCG product but their brands differ from each other.

The place of purchase, which the rural consumer prefers, is the weekly market, which is a good channel of distribution of FMCG. Tripathi Aditya Prakash (2008) in his research noticed that the Indian rural market has a tremendous potential that is yet to be tapped. A small increase in rural income results in an exponential increase in buying power. Joghee Shanmugan & Pillai Pradeep Kumar (2013) in their study found that the variables Gender, Educational Qualification, Occupation, Annual Income, Family size and Frequency of purchase are having positive correlation with impact on buying of selected respondents towards FMCG products and the variable mode of purchase is having negative correlation with impact on buying FMCG products. Rana Lyti (2012) in her finding with regards to premium FMCG brands found that only a few consumers are form this market as per as rural consumers are concerned. She suggests that the companies should decide their target market for premium brands and approach them. Youth can be a great help in this direction. Kumar Pawan and Dangi Neha (2013) in their studies concluded that brand awareness among consumers in rural areas is increasing for FMCG.

Rural consumer’s demand branded products mainly because of increase in disposable income and literacy level. They also prefer branded products with belief that quality is assured as the manufacturers are from the reputed companies. Madhavi and Kumar Arul (2006). In their study pointed out that most of the rural consumers are influenced by quality of the product. So the FMCG Companies should strictly adhere to the quality standards. Price is the second factor that influences the purchase of the product in most cases and hence the product should be reasonably priced. Jain and Rathod (2005) found that customers were not happy with product quality and variety available in the rural market. Promotional offers also never reached rural consumers and retailers were found selling promotional items separately. Proper marketing strategies are needed to prevent product imitation. Verma and Munjal (2003) identified the major factors in making a brand choice decision namely quality, price, availability, packaging and advertisement. The brand loyalty is a function of behavioural and cognitive patterns of a customer.

The age and demographic variables affect significantly the behaviour and cognitive patterns of the customers while other demographic characteristics such as gender and marital status are not significantly associated with these behaviour and cognitive patterns of the consumers. Shinde Rajesh (2007) analyzed that the rural India has more than 70% population in 6.27 lakh villages, which is a huge market for FMCG products. All the income groups purchase the FMCG product but their brands differ from each other. The place of purchase, which the rural consumer prefers, is the weekly market, which is a good channel of distribution of FMCG. Narayan Krishnamurthy (1999). In his article he has pointed out that semiotics primarily works best for products that have low – involvement at the time of purchase, and had very frequent usage. Fast moving consumer goods (FMCG) such as soaps,
shampoo, type’s goods and tea were the one that fit the bill best. The shelf – life of FMCG products was short enough for most to remember those products by their symbols, colors and names, or a combination of those elements. The visual appeal attracts the customer due to low literacy rate in rural area. Khan Safia and Khan Yasmeen (2012) in their finding stated, looking at the challenges and the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

**Theoretical Background:** FMCG products are those products which are used by every individual in their day to day life. FMCG products are sold quickly at a lower price.

**FMCG PRODUCT CATEGORIES:**

**There are mainly 4 Product Categories in FMCG:**

1. Household care.
2. Personal care.
3. Foods.

1. **Household Care:** The household category of products includes:
   a) Fabric wash - Laundry soaps and Synthetic detergents
   b) Household cleaners - Dish/utensil cleaners, floor cleaners, Toilet cleaners, Air fresheners, Insecticides and Mosquito repellants, Metal polish and Furniture polish

2. **Personal Care:** The personal category of products include:
   a) Oral Care - Toothpaste.
   b) Skin Care - Creams, Lotions, Gellies.
   c) Hair Care - Hair Oil, Shampoos.
   d) Personal Wash – Soaps.
   e) Cosmetic & Toiletries.
   f) Talcums.
   g) Deodorants.
   h) Perfumes.
   i) Paper Products - (tissues, diapers, sanitary).
   j) Shoe care.

3. **Food:** This include:
   a) Confectionary.
   b) Staples/Cereals.
   c) Bakery products - Biscuits, bread, cakes.
   d) Snack food.
   e) Chocolates.
   f) Ice cream.
   g) Processed fruits.
   h) Vegetables.
   i) Meat.
4. Beverages: This includes:
   a) Tea.
   b) Coffee.
   c) Juices.
   d) Bottled water.
   e) Health beverages.
   f) Soft drinks.

Consumer Behavior: Consumer behavior is the study which deals with the study of consumer buying behavior primarily to find out the answers of the following questions:

1. How consumers buy?
2. What consumers buy?
3. When consumers buy?
4. Where consumers buy?
5. Why consumers buy?
6. How often consumers buy?

The important factors which affects the consumer behavior are; cultural factors, social factors, personal factors and psychological factors. The marketers are always keen to know the above mention factors, because these factors play important roles in shaping the consumers decision.

Consumer Decision Making Process: The consumer decision making process start with need recognition and finally ends with purchase of the goods and services.

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STEPS INVOLVED IN CONSUMER DECISION MAKING PROCESS:

Step 1: Problem Recognitions: In this stage the consumers recognizes the problem in the form of need, which is unfulfilled and consumers want to satisfy the recognized needs and wants from the various alternative available in the market.

Step 2: Searching of Alternative: In this stage the consumers search the various alternatives available in the market which will satisfy their needs and wants, and these needs vary from individual to individual. Now in this stage they will use all means which will provide them, the stimuli for further decision making like; advertisement in Newspaper, advertisement in TV commercial, friends, relatives and reference group.

Stage 3: Evaluation of the alternatives: Once the consumer finds all possible alternatives available in the market they evaluate all the possible alternatives available in front of them on the basis of the following criteria like: price, quality, availability, after sales service and competitive advantage etc. Based on this they will select that product which will come up to the required expectation of the consumers on above mention variables.
Step 4: Purchase Decision: Once the evaluation process had done by the customer then they will decide what they will purchase and from where.

Step 5: Post Purchase Behavior: Once the customer's experience the product then they will evaluates the actual performance of the product with the expectations they are having in their mind. This experience will stored in the memory of the consumers and it will help the consumers as a reference source in the memory for future decision making process. (If they repeat the purchase behavior on the same category of product or services)

Note: Another case of decision making process occurs when consumers experiences the product of particular category and they wants to repeat the purchase behavior; in this case they will not follow all the above steps and will directly choose the product based on their previous experience (if they are satisfied with the existing product). In case they are not satisfied they will start the whole process of decision making process as stated above from problem recognition

Challenges of rural marketing mix (4A'S of Rural Marketing):

1. **Availability:** Availability is one of the biggest challenges in front of the company's manufacturing FMCG products. India's 7, 00,000 villages are spread over 3.2 million sq km; 700 million Indians may live in rural areas, finding them is not easy. They are highly dispersed. Due to poor infrastructure it becomes challenge for the companies to regularly to far reach villages.

2. **Affordability:** The per capita income of rural consumers is still half of the urban incomes. FMCG product is low margin products are it become one of the challenge for the company's manufacturing FMCG products. With low disposable incomes, products need to be affordable to the rural consumer, most of who are on daily wages.

   One of the solutions to overcome this problem is launch of smaller unit pack (Sachet).

   Most of the shampoos are in sachet pack:
   1. Fair and lovely was launch in small pack.
   2. Coco cola launch Rs 5 per bottle for rural customers.

3. **Acceptability:** It has been observed that a product for urban market may or may necessarily suit the requirement of rural customers. The rural environment must be borne in terms of their living condition and how they would perceive and use the product or service.

   **Example:** Coca-Cola provided low-cost ice boxes in the rural areas due to the lack of electricity and refrigerators. It also provided a tin box for new outlets and thermocol box for seasonal outlets

4. **Awareness:** Building awareness is another challenge in rural marketing. A large part of rural India is inaccessible to conventional advertising media. The media penetration in rural areas is only about 57%. Low level of literacy is also one of the challenges in communicating

**RESEARCH METHODOLOGY:** Methodology is the science of dealing with the principles and procedure in the research study. The data used in this research was taken from both secondary as well as primary research. The primary research was carried out with the help of questionnaire. Two types of the questionnaire were formed one for shopkeeper and one for consumers.
Sampling Design:
1.1 Sample Size: (100) Shop owner: 30 and customers: 70.
1.2. Method of Sampling the Data: Random sampling.
1.3. Data Collection.
   (a) Primary Data: Through Questionnaire.
   (b) Secondary Data: Through various published sources like data from internet, books
       magazine economic times and data published in various journals.
1.4. Place of Research: The research was conducted from respondents of the nearby villages suited
       in Haridwar district
1.5. Data Representation: The data was represented in the form of Pie chart and tables

DATA ANALYSIS AND INTERPRETATION:
(A) Responses from Shopkeeper:
1. 63% of the shopkeeper says that consumers take their advice while purchasing the FMCG
   products. Interpretation: This implies that shopkeeper should be well trained about the
   characteristics of the products their FAB. The profit margin for the shopkeeper in rural area should
   be more as compared to urban retail outlets.
2. 80 % of the rural consumers say that the rural consumers demand different FMCG products which
   meet their specific requirements Interpretation: The Company should craft product that meet the
   specific needs and wants of the customers.
3. 90% of the shopkeeper says that the rural customers not only want low priced products but also
   a good quality FMCG product. Interpretation: This implies that the producers of FMCG products
   should produce low volume pack FMCG products which is affordable by the rural consumers and
   there should be any compromises in the quality of the products.
4. % of the shopkeeper says that the majority of the customer visits his shop not more than 4 to 6
   times in a month. Interpretation: This implies a need for the different marketing strategies and
   planning initiative required to sell the products among the rural customers.
5. 80% of the shopkeeper agrees that the sale of FMCG product is rising in the rural area.
   Interpretation: This implies that the disposal income of the customer in Rural India is increasing.
6. 56 % of the shopkeeper says that there is poor distribution approach of selling the products by the
   distributors in rural areas as compared to the urban areas Interpretation: The Company should
   monitor this type of the problem and timely distribution of products must be ensure by the
   respective distributors.
7. 50% of the shopkeeper accept that rural customers easily convenience to buy local product due to
   low price and the shopkeeper also takes extra effort in convincing the customers due to high
   margin as compared to the MNC companies.

(B) Responses from Consumers:
1. 80 % of the customers agree that they visit the shops 4 to 6 times in a month.
   Interpretation: This implies that the rural customers visit the market very often and thus FMCG
   products should be packed in small packs. This means that the different marketing plan is required
   to target the rural customers.
2. 40% of the customers say that they still prefer to buy local brand due to low price. **Interpretation:** This implies that the purchasing power of the customers in rural area is low as compared to the urban customers.

3. 95% of the customers agree to buy low priced products, but they want to compromise in the quality of the FMCG products. **Interpretations:** Company should launch low pack size FMCG product with good quality.

4. 70% of the customers in rural market agree that they take the advice of the shopkeeper while purchasing the FMCG products from the shop. **Interpretation:** The shopkeeper should be trained well.

5. 78% of the rural population is Brand loyal. And the percentage of brand loyalty is higher as compared to the urban population. **Interpretation:** The company through their promotion campaign should try to give the reasons to stick to their products and continuous improvement must be done.

**Scope of the Study:** The survey was conducted only in selected villages near by Haridwar district in Uttarakhand. In this the sample was randomly collected from the selected villages and the shopkeeper selling the FMCG products were chosen. The report will be useful for the companies producing FMCG products. It helps the company in understanding the needs and wants of the customers and designing the products as per the requirement of the rural customers. The report also highlighted the huge potential of rural market in India.

**LIMITATIONS:** The study was conducted in the selected villages nearby Haridwar district and the result may vary in other part of the country. The information collected is based on the responses of the respondent and accurate disclosure will be totally dependent on the respondents itself. Language was limitation during investigation, for this first I have to explain the entire questionnaire in Hindi and then recorded the information and due to which it took a lot of time to record the required information. Due to which I have to restrict my sample size 100.

**CONCLUSION:** After my finding I have come into conclusion that there are many challenges in the rural market, but the future of the rural marketing is bright. The future is very promising to those companies who understand the needs and wants of rural customers and shopkeeper effectively and accordingly implementing their marketing strategies. The shopkeeper play a very important role in the promotion and distribution of FMCG products in rural areas and after my analysis I have come into conclusion that proper training should be provided to the shopkeeper’s which will help in building the brand value in the mind of the customer.

**REFERENCES:**


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Date of Submission: 17/07/2015.
Date of Peer Review: 18/07/2015.
Date of Acceptance: 20/07/2015.
Date of Publishing: 22/07/2015.