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**A COMPARATIVE RESEARCH UPON  
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BUYERS TOWARDS BRANDED FMCG GOODS**

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# A Comparative Research upon Perspective and Behavior of Non-Urban Buyers towards Branded FMCG Goods

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**Abstract – Rural market of India has a large potential still untapped. So it would be very vital to know about the customer behavior in such a segment of the market as it would be of great help to the marketers to understand the consumer pattern in that niche. This study will also help to determine the brand loyalty of the rural customer towards the various FMCG brands and thus accordingly companies can build their strategy. The study would also reveal about the problems faced by the rural customers with regard to branded FMCG products which would again be very much crucial to know.**

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## INTRODUCTION

The study of consumer buying behavior deals with the attitudes and perception of consumers. It is of great use to marketers because this may influence how a product is best positioned or how we can encourage increased consumption. The knowledge of consumer behavior helps the marketer to understand how consumers think, feel and select from alternatives like products and brands. Most of the factors like cultural, social, personal and psychological are uncontrollable and beyond the hands of marketers, but they have to be considered while trying to understand the complexities of behavior.

The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income.

The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area.

Rural marketing is defined as the process of developing, pricing, promoting, distributing, rural-specific goods and services leading to exchange between urban and rural markets which satisfies consumer demand and also achieves organizational objectives Rural marketing amounts to dealing with various inputs, projects and services meant for the rural market. In this sense it is different from agricultural marketing which means marketing of rural

products/output to the urban consumer or institutional market (Dogra, 2008).

The domain of rural marketing is significantly different from the way marketing is planned and implemented in urban areas. All the FMCG companies viz. HUL, P&G, Pepsi, Coca Cola, Britannia, Colgate Palmolive, Samsung etc. are connecting their marketing activities in rural markets because of socioeconomic changes. Rural consumer has become enough aware about his needs and up gradation of his standard of living. Information Technology, Government Policies, corporate strategies and satellite communications are the factors responsible for development of Rural Marketing (Iyengar, 2007).

Rural marketing has become the latest mantra of most corporate. Companies like Hindustan Lever, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, Coca Cola, L.G., Philips, Cavin Kare are all eyeing rural markets to capture the large Indian market. Coming to the frame work of Rural Marketing, Rural Marketing broadly involves reaching the rural customer, understanding their needs and wants, supply of goods and services to meet their requirements, carrying out after sales service that leads to customer satisfaction and repeat purchase/sales.

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India, as also in several other countries, like China, is still in evolving shape, and the sector poses a variety of challenges, including understanding the dynamics of the rural

markets and strategies to supply and satisfy the rural consumers (Panda, 2008).

The Indian growth story is now spreading itself to India's hinterlands. Rural India, which accounts for more than 70 per cent of the country's one billion population (according to the Census of India 2001), is not just witnessing an increase in its income but also in consumption and production. The Union Budget for 2010-11 has hiked the allocation under the National Rural Employment Guarantee Act (NREGA) to US\$ 8.71 billion in 2010-11, giving a boost to the rural economy.

A recent survey by the National Council of Applied Economic Research reveals there are 33 million households in rural India with a monthly income of Rs 1,000 or more. Interestingly, there are only 25 million urban households in this bracket. Monthly rural expenditure averages at approximately Rs 175 per person on consumer goods, but as much as 25 per cent of them spend Rs 215 and more each month. This is not much less than the urban per capita average monthly consumer expenditure of approximately Rs 266.

Retailers are increasingly eyeing hinterlands to give a boost to their revenue and sales. They are not only exploring new markets, but are even ready to alter their businesses and products to suit the rural population of India. Identifying the 700 million-people-strong rural India as a 'huge opportunity', global beverages major Coca-Cola has decided to alter its business to suit the preferences of people residing in rural areas. The company would work on packaging, pricing, accessibility and availability of the products to achieve the stated target.

Higher disposable income in the hands of rural households along with massive advertisements by the market players, would take rural FMCG market from current (US\$ 17.37 billion) to a market size of over (US\$ 21 billion) by 2012, according to a study by a leading industry body. This entails a compounded annual growth rate (CAGR) of 10 per cent in totality for rural and semi-urban areas.

FMCG players like HUL and ITC have already established their foothold in hinterlands. A recent study has revealed that lesser developed eastern states such as Bihar, Orissa, Chhattisgarh and Assam are leading rural sales in India. The analysis has strengthened the fact that rural markets are driving consumption of FMCG products. In these eastern states, the rural FMCG sales to the total, accounts for more than 50 per cent, whereas states like Punjab contribute 40 per cent.

Rural India buys small packs, as they are perceived as value for money. There is brand stickiness, where a consumer buys a brand out of habit and not really by choice. Brands rarely fight for market share; they just have to be visible in the right place. Even expensive

brands, such as Close-Up, Marie biscuits and Clinic shampoo are doing well because of deep distribution, many brands are doing well without much advertising support — Ghadi, a big detergent brand in North India, is an example.

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for products like colour TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent. The rural market is zooming ahead at around 25 per cent annually.

Rural markets face the critical issues of Distribution, Understanding the rural consumer, Communication and Poor infrastructure. The marketer has to strengthen the distribution and pricing strategies. The rural consumer expects value for money and owing to has unsteady and meager status of weekly income; increasing the household income and improving distribution are the viable strategies that have to be adapted to tap the immense potential of the market.

## **INDIAN FMCG SECTOR**

The Indian Economy is surging ahead by leaps and bounds, keeping pace with rapid urbanization, increased literacy levels, and rising per capita income. The big firms are growing bigger and small-time companies are catching up as well.

The companies mentioned here are the leaders in their respective sectors. The personal care category has the largest number of brands, i.e., 21, inclusive of Lux, Lifebuoy, Fair and Lovely, Vicks, and Ponds. There are 11 HUL brands in the 21, aggregating Rs. 3,799 crore or 54% of the personal care category.

Cigarettes account for 17% of the top 100 FMCG sales, and just below the personal care category. ITC alone accounts for 60% volume market share and 70% by value of all filter cigarettes in India.

The foods category in FMCG is gaining popularity with a swing of launches by HUL, ITC, Godrej, and others. This category has 18 major brands, aggregating Rs. 4,637 crore. Nestle and Amul slug it out in the powders segment. The food category has also seen innovations like softies in ice creams, chapattis by HUL, ready to eat rice by HUL and pizzas by both GCMMF and Godrej Pillsbury. This category seems to have faster development than the stagnating personal care category. Amul, India's largest foods company, has a good presence in the food category with its ice-creams, curd, milk, butter, cheese, and so on. Britannia also ranks in the top 100 FMCG brands, dominates the biscuits category and has launched a series of products at various prices.

In the household care category (like mosquito repellents), Godrej and Reckitt are two players. Goodknight from Godrej, is worth above Rs 217 crore, followed by Reckitt's Mortein at Rs 149 crore. In the shampoo category, HUL's Clinic and Sunsilk make it to the top 100, although P&G's Head and Shoulders and Pantene are also trying hard to be positioned on top. Clinic is nearly double the size of Sunsilk.

Fast Moving Consumer Goods Companies have been expanding rapidly in the Indian market and are set to grow to the next level as India's middle class grows bigger and bigger and the existing middle class becomes richer.

India's Fast Moving Consumer Goods Stocks form a great defensive investment class. They not only have "defensive" characteristics but also growth as well. India's FMCG sector is expected to grow by more than 100% in the next 5-6 years as more and more consumers move from unorganized part of the industry to the organized industry. Though competition has been fierce in India's Non-Discretionary Consumer Goods Industry with the P&G and Unilever Price War in the Detergent Segment, the Industry has seen its share of winners with Nestle, Colgate being multiage's in the last 10 years giving huge returns to investors. These stocks trade at high multiples justified with their very high returns, strong brands and low investment requirements.

## **LITERATURE REVIEW**

Kannan (2001) studied the rural marketing prospects in selected areas of Tamil Nadu with a view to examine the potential of selected products in the areas under consideration. 100 respondents were selected in this survey and multistage random sampling was used. He concluded that the rural markets are coming up in a big way and growing twice as fast as the urban, witnessing a rise in sales of typical urban kitchen gadgets such as refrigerators, mixergrinders and pressure cookers. For successful marketing in rural areas, an integration of traditional and modern methods of selling is required. To communicate effectively with the prospective rural consumers and to ensure effective distribution and prompt delivery, organizations must understand the specific requirements and needs of the villagers and then plan their strategy to convert the prospective consumers into active consumers.

Kaptan (2004) studied the rural marketing for HDPE pipes in rural areas of Maharashtra with a view to examine the dealer's awareness and perception towards their respective HDPE pipes and to identify the major competitors and their market share in the agricultural segment.

Timmer and Peter (2006) concluded that in the rice-based food system in Asia, greater investment in rural human capital, more efficient rural financial markets, and opening of the world rice market to free trade would ensure a more prosperous future for the farmers and greater food security for the consumers.

Jain (2009), in his article titled, "Issues related to rural marketing" has remarked that rural marketing must find its own distinct perspective before theory construction can begin in the field. After reviewing the literature on marketing and economic development, it is proposed that development of rural people should be the perspective of rural marketing.

Aggarwal (2013) found out that an efficient marketing system leads to the optimization of resource use and output management. A well designed system of marketing can effectively distribute the available stocks of modern inputs and thereby sustain a faster rate of growth in agricultural production. An efficient marketing system ensures higher level of income to the farmers by reducing the number of market middleman, regulating marketing services, providing better prices for the products by having competitive conditions for marketing.

## **METHODOLOGY**

Research is an academic activity and as such the term should be used in technical sense. Research comprises defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data; making deduction and reaching conclusion; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

Research design is a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision. It is a statement of the essential elements of a study, those that provide the basic guidelines for the details of the project. The present study is empirical and descriptive in nature where efforts have been made to understand the characteristics and products preferred by rural consumers and know the factors considered while purchasing and judging the satisfaction of the rural consumers.

## **CONCLUSION**

The study conducted on the awareness and consumption pattern of rural consumers towards home and personal care products. This study on the one hand has broken many old beliefs regarding rural market whereas it upheld many others. Contrary to the belief that only rich and well educated consumers utilize the top national brands but even low income level consumers were found to be absorbing such

brands. Similarly the consumers have been found well exposed to the different media primarily to the television and newspapers. The younger rural consumers have been found more variety seeking in comparison to their old aged counterparts. Once satisfied, they become loyal to the brand. The rural consumer can be convinced on the utilitarian value of the product. The pricing for rural consumers has to be value for money. The ethnic route can also be adopted like: identify certain values and belief in cultural context and also some cultural traits can also be identified. In nutshell, the study can be concluded by saying that though rural market is full of complexities yet accessible if tapped through well-conceived and properly designed marketing programmes which is a bigger challenge but equally rewarding.

Indian rural market is very vast and there is huge scope for hair oil industry. It was observed that rural customers are very loyal and they buy out of habit. Many of them use the product because their grandparents use it. Thus once the company has won the faith of the customer they will buy it out of habit. The rural markets dominate Indian marketing scene and need special attention for the expansion of marketing activities and also for providing better life and welfare to the rural people. Given the development, which has taken place in the rural areas under the five- year plans and other special programmes, today the rural market offers a vast untapped potential. Rural market has its own set of challenges. Therefore organizations need to unlearn and then relearn marketing strategies and tactics that will enable harnessing the rural potential.

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