

Identification of Factors Influencing Purchase of FMCG by Rural Consumers in Bhopal District, Madhya Pradesh, India

Satyendra Singh Rathor¹, B.D. Pandey²

¹Research Scholar-Management, Barkatullah University, Bhopal (M.P.) India.

²Professor, Sadhu Vaswani Autonomus College, Bhopal (M.P.) India.

ABSTRACT

India's rural areas now account for more than 573 villages and more than 70% of the country's population, making it a sizable consumer products market, who not only buy fast moving goods in a village market, but also mostly from urban outlets. FMCG has become a significant product segment for rural consumers. Companies that promote FMCG to consumers in rural areas cannot simply expand their general marketing tactics for rural consumers. Instead, they must develop solutions specifically for rural areas. They must comprehend critical difficulties with rural consumer behavior and, more precisely, issues connected to various geographical areas of the nation during this procedure. Understanding the elements that influence, Bhopal district rural FMCG purchases is the main goal of this essay. An empirical study was done in Bhopal district in Madhya Pradesh, to determine the main affecting factors. 24 important variables were grouped into five categories using analysis of variance with their correlation (influencing factors). The most important factor affecting the trust factor has revealed as the influence of retailer recommendations.

Keywords: Rural buying, purchase influencing factors

I INTRODUCTION

Since 1950, there has been a focus on rural development, which has helped India become an appealing rural market. The country's rural marketing environment was impacted by more knowledge and rising income levels (Velayudhan, 2002). Media penetration, rural residents' increased aspirations, and the packaging revolution are further variables that have led to the rise of rural markets (Bijapurkar, Rama, 2000; Kotler et al., 2009). According to Kashyap, Pradeep, and Raut, Siddharth (2007), one of India's most alluring rural marketplaces is the fast-moving consumer goods (FMCG) industry. In a rural setting, an effective FMCG marketing strategy primarily consists of a wide-ranging distribution network, price points, product categories, and product variants (Kumar & Madhavi, 2006). There are opportunities to advertise contemporary goods and services in rural India, contradicting the common perception that these marketplaces are exclusively viable for agri-inputs (Khosla, Ashok, 2000). In India, the rural FMCG market grew by 15% in 2011

(Nielsen Report, 2012). With 720–790 million consumers, the Indian rural consumer market expanded by 25% in 2008 and would reach US\$ 425 billion in 2010–11. (Quarterly Report, CII-Technopak, 2009).

On what qualifies as "rural," many experts and organizations have differing opinions. According to Collins Cobuild Dictionary (2001), "rural" refers to a location that is removed from towns and cities. According to Dogra and Ghuman (2008), services, institutional markets, and consumer markets all make up a rural market. In order to increase the level of living, Velayudhan (2002) defines rural marketing as all those efforts that appraise, encourage, and transform the purchasing power of rural consumers into a real demand for certain goods. According to George & Mueller (1955), the flow of goods and services from rural to urban areas and vice versa is a two-way marketing process. Any marketing activity when the majority of participants are from rural areas is considered rural marketing (Kotler, et al., 2009).

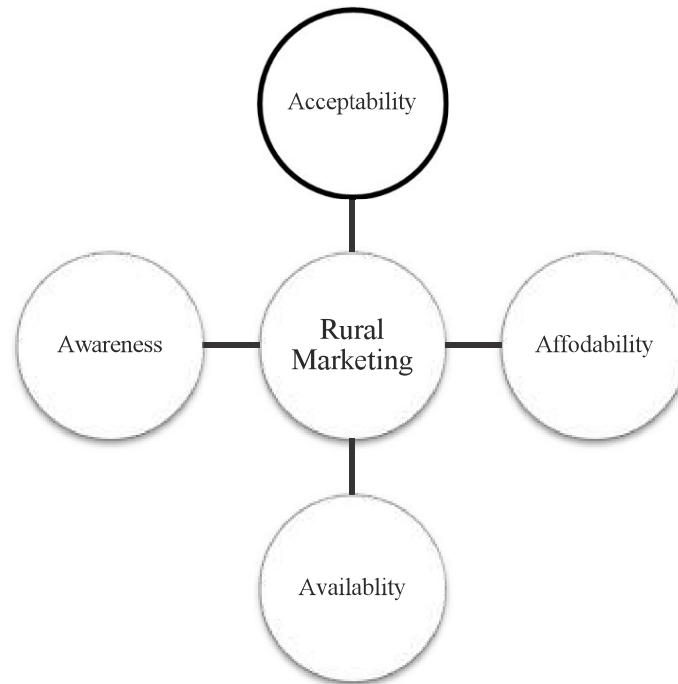


Fig. 1.1. Rural marketing Mix: Source: Pearson Education, New Delhi, 13 e,p. 12; Rural Marketing – 4 A's Structure - Source: Kotler et al. (2009).

The Rural Buyer-Seller (Producer) Matrix, which depicts the extent of rural marketing, was provided by Vaswani et al. in 2005. (Figure 1.1). The products created by rural residents in rural areas and eaten by rural residents are displayed on Shelf-I. Examples include hand-woven woolen, cotton, and silk fabrics, vegetables, fruits, and pottery. Products created and sold by urban residents to rural areas are found on Shelf II and include autos, bicycles, farm equipment, fertilizers, etc. Vegetables, agro-based goods, cottage industry products, and other items created in rural areas but used in urban areas make up Shelf III. Shelf-IV is not covered under the definition of rural marketing.

II LITERATURE REVIEW

After the 1990s, market liberalization measures in India transformed the marketing landscape (Gopaldaswamy, 1997). The majority of Indian rural markets are "Virgin" in nature, and they are now opening for the majority of packaged goods and for a number of product categories (Habeb-Ur-Rahman, 2007). (Bijapurkar, Rama 2000). Rural marketers must set themselves out with quality and value (Anand & Krishna, 2008). They must comprehend the variables that affect the purchasing of FMCG in rural areas in order to achieve this goal (Krishnamoorthy, 2008).

Customers' purchase decisions are influenced by a variety of factors (Blackwell and Talarzy, 1977). According to the literature that is currently available, factors that affect rural purchases include 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). The consumption habits of rural people are also influenced by opinion leaders (Sayulu and Ramana Reddy, 1996). Retailers have become important factors in rural FMCG purchases as a result of this trend (Ying Zhao, 1994).

Although the currently existing study on influencing factors seems to be sufficient, much more work needs to be done in particular geographic rural markets because rural consumer behaviour varies in different product categories and geographic markets (Jha, Mithileswar, 2003; Bijoor, Harish 2004). (Sinha, 2008).

A renowned expert, named, Rajan, R.V. on rural marketing in India, expressed the view that much more study is still necessary because, even after 20 years, knowledge of rural consumers is still scant and superficial. Although research has been done on a variety of topics, including challenges in rural markets (Khatri, 2002), advertising issues in rural marketing (Balakrishnan, 2007), the value of creativity in message generation and message execution when communicating with rural markets (Bansal & Easwaran, 2004), and general issues relating to rural markets (Bijapurkar, Rama, 2000), there is still a great deal of room for further research.

The literature evaluation conducted for the current study reveals that there has been relatively little research on rural consumer behavior with regard to the factors impacting rural Indian consumers' purchases and consumption of FMCG, either generally or with reference to Bhopal, Madhya Pradesh, India. Therefore, a survey regarding the FMCG buying habits of rural customers in Bhopal, Madhya Pradesh region of Central India has been decided to be conducted. The study has been based on the 5 factors (including 24 variables) as found in different literature.

III OBJECTIVE & RESEARCH METHODOLOGY

(a) Objective of the study

- (i) To explore the factors influencing purchase of FMCG in Bhopal district

(b) Research Methodology

- (i) **Population of Madhya Pradesh:** Of the total population of Madhya Pradesh state, around 72.37 percent live in the villages of rural areas. In actual numbers, males and females were 27,149,388 and 25,408,016 respectively. Total population of rural areas of Madhya Pradesh state was 52,557,404(source: census 2011)

Current population (2021) of M.P.: 87,558,507 (indiaonlinepages.com)

Table 1.1. District wise population in select cities of M.P:

SN	District	Population(2011)	Male	Female
1	Bhopal	2,368,145	1,239,378	1,128,767
2	Indore	3,272,335	1,700,483	1,571,852
3	Jabalpur	2,460,714	1,278,448	1,182,266
4	Gwalior	2,030,543	1,090,647	939,896
Source: indiaonlinepages.com				

By distributing a well-structured questionnaire with a 5-point scale, primary data has been collected.

- (c) **Sample Size determination:** Based on the census population of Madhya Pradesh, sample size has been determined by using Krejcie Morgan Table at 5% confidence.

SN	District	Population(2011)	Male (M.1)	Sample	Female (F.2)	Sample
1	Bhopal	2,368,145	1,239,378	4759	1,128,767	4334
Final sample (20% of each)			1819	952		867

Table 1.2. Variables influencing the rural purchase of FMCG

S N	Variables	S N	Variables	S N	Variables	S N	Variables	S N	Variables
	Promotion Factor		Lifestyle Factor		Trust Factor		Value Factor		Product Factor
1	Shelf display	7	Brand awareness	1 2	Friend's recommendation	1 7	Intended benefits	2 1	Size
2	Free offers/ sales promotions	8	Packaging	1 3	Brand loyalty	1 8	Low price	2 2	More features
3	Product education & demonstrations	9	Dignity	1 4	Government promotions	1 9	Need based	2 3	Quality
4	Brand endorsements	1 0	Brand visibility	1 5	Availability	2 0	Affordability	2 4	Long lasting
5	Promotions	1	Lifestyle	1	Shop Keeper's				

		1		6	recommendation				
6	Relationship marketing								

Source: secondary

IV DATA ANALYSIS

(a) **Data Analysis Tools and Techniques:** I identified two strata: male and female to explore variability between group means is larger than the variability of the observations within the groups. So, I applied F-Test (to compare the population variances), and Z-test (two sample for means, to check whether the associations/findings is statistically significant or not). I used Excel 16 for calculation and analysis.

(b) **Data Analysis and Interpretation:** Objective of this research was to identify the underlying factors influencing the purchase decisions of rural consumers with reference to purchase of FMCG. Twenty four variables influencing the rural purchase of FMCG were identified after a detailed literature review. Table 1.2 presents all the variables.

Table.1.3:
Q.: how these factors influence your purchase behavior for FMCG items?

Q. N	Question To Bhopal rural consumers of FMCG	Strongly Agree (5)		Agree (4)		Neutral (3)		Disagree (2)		Strongly Disagree (1)		Total	
		Male (M.1)	Female (F.2)	M.1	F.2	M.1	F.2	M.1	F.2	M.1	F.2	M.1	F.2
1	Shop Keeper’s recommendation	113	117	120	170	174	133	332	234	213	213	952	867
2	Relationship marketing	83	83	187	178	183	163	285	231	214	212	952	867
3	Friend’s recommendation	242	83	242	178	107	163	217	231	144	212	952	867
4	Long lasting	119	207	328	328	207	113	182	104	116	115	952	867
5	Low price	211	117	433	170	137	133	83	234	88	213	952	867
6	Need based	232	232	345	345	174	90	113	113	88	87	952	867
7	Affordability	233	333	287	211	213	119	119	103	100	101	952	867
8	Brand awareness	117	107	332	218	169	154	121	147	213	241	952	867
9	Promotions	107	87	149	100	253	187	232	278	211	215	952	867
10	Availability	238	187	261	170	174	166	132	192	147	152	952	867
11	Dignity	113	100	120	154	174	140	332	322	213	151	952	867
12	More features offering more benefits	153	102	203	120	120	211	302	220	174	214	952	867
13	Packaging	174	137	260	186	167	109	128	200	223	235	952	867
14	Brand endorsements	103	107	152	218	211	154	264	147	222	241	952	867
15	Product education & demonstrations	103	103	282	223	183	153	174	174	210	214	952	867
16	Quality	174	133	213	213	120	126	312	262	133	133	952	867

17	Govt. promotions	113	87	111	142	183	133	213	293	332	212	952	867
18	Brand loyalty	127	127	260	217	173	121	179	179	213	223	952	867
19	Lifestyle	143	87	166	97	134	244	287	237	222	202	952	867
20	Shelf display	127	122	115	119	174	140	323	273	213	213	952	867
21	Intended benefits	167	87	287	142	168	133	136	293	194	212	952	867
22	Size	213	103	129	142	169	139	117	271	324	212	952	867
23	Brand visibility	125	132	188	178	174	147	252	207	213	203	952	867
24	Free offers/ sales promotions	153	124	127	131	138	141	324	264	210	207	952	867

Source: Field survey

Statistics (column): Interpretation

Mean Score (Male):	2.923144258	Moderate agreement of acceptance	Kurtosis (Male): -	0.441275591	Distribution high peaked than normal
Mean score (Female):	2.560705532		Kurtosis (Female):	2.404309242	
Standard Deviation (Male):	0.331687951	Data are very close to the mean (clustered)	Sample variance (Male):	0.110016897	All values within sample are identical
Standard Deviation (Female):	0.29451764		Sample variance (Female):	0.086740641	
Skewness (Male):	0.672148676	Moderately skewed data			
Skewness (Female):	1.793213464	Highly skewed data			

The samples of each male and female FMCG consumer in rural area, I applied F test and Z-Test:

F-Test Result: rejected the null Z-Test Result: rejected the null

F	1.208089322
P(F<=f) one-tail	0.330690032
F Critical one-tail	2.047770309

z	4.04010748
P(Z<=z) one-tail	2.67134E-05
z Critical one-tail	1.644853627
P(Z<=z) two-tail	5.34267E-05
z Critical two-tail	1.959963985

(c) **Interpretation:** The purchase of FMCG by male and female rural consumers (sample) are not very much affected by the identified 24 variables in five categories.

V CONCLUSION & RECOMMENDATION

Customers in rural areas have faith in local merchants. It is discovered during the field trips that although the shops are aware of the fact that their customers pay attention to them because they are unaware of the Trust Factor. For fairly better results, the businesses must communicate rural retailers about these marketing

techniques. It is advised to pursue the low-price strategy in rural marketing since pricing affects the purchasing of FMCG in rural areas.

Low-cost production is necessary to achieve low prices, but it's also important to carry out other marketing tasks including distribution and advertising in an efficient way. Value for money is achieved for rural clients when the FMCG purchased provides the desired results. Since the survey found that rural consumers also consider quality, performance, reliability, brand, and other important factors in addition to price, it is advised to sell FMCG in a logical manner rather than merely making cheap price appeals.

Rural marketers should develop creative promotional techniques for rural markets that can communicate messages to the villagers compatible with their level of knowledge and comprehension. It is advised to give FMCG with a long shelf life. Moreover, rural consumers connect larger size and/or product hardness with long-lasting features, so it is better to market FMCG along these lines.

Quality is crucial in the context of rural FMCG consumption and purchase because rural clients favor high-quality FMCG, and has been supported by many researchers with an advice, not to compromise on FMCG quality at lower price.

In rural marketing, rural customers' perceptions of packaging are positively influenced, which affects their purchasing decisions. It is advised to devote a lot of time to creating visually appealing packaging while keeping expenses down. Additionally, rural marketers can advertise their low price quality FMCG products using eye-catching packaging.

It is advised that rural marketers construct their plans in accordance with the government's programmes for rural development and incorporate information about such programmes into their marketing messages. This is so because rural residents tend to believe what the government says. Additionally, holding product demonstrations to inform rural customers and provide evidence of the products' functionality is advised.

In rural marketing, celebrity endorsements are effective, hence it is advised to utilize low-cost advertising techniques such as using animated celebrity figures. Maintaining quality, creating and implementing sales promotion campaigns, using retail tactics like shelf display, using CRM strategies like consumption points, etc. are other recommendations.

VI FUTURE SCOPE

Rural research has a promising future, particularly in the FMCG area. Research can be done to suggest that promoting rural entrepreneurship can also be used to sell FMCG products in India's rural areas. Future studies should focus on each FMCG subcategory, such as hair care, child care, household cleaners, and premium product categories including color cosmetics and body deodorants. The similar research may be carried out in other part of India to understand the behavioral trend of rural consumers to strategize in accordance.

BIBLIOGRAPHY AND REFERENCES

- [1] Anand, Sandeep and Krishna, Rajnish (2008), "Rural brand preference determinants in India", In Conference on Marketing to Rural Consumers – Understanding and tapping the rural market potential, IIMK, pp. 1-5.
- [2] Bhatt, Rajeshwari G. and Jaiswal, M. C. (1986), "A study of an advertising impact and consumer reaction", Indian Journal of Marketing, Vol.18, pp. 9-16.
- [3] Bijoor, Harish (2005), "Creating brand strategies for rural India", Deccan Herald, July, 4.
- [4] Bijapurkar, Rama (2000), "The Marketing in India, The Economic Times, September 18, pp. 6.
- [5] Bishnoi, V.K. and Bharti (2007), "Awareness and consumption pattern of rural consumers towards home and personal care products", In Conference on Marketing to Rural Consumers, IIM K, pp. 93-106.
- [6] Jha, Mithileshwar (2003), "Understanding rural buyer behavior", IIMB Management Review, Vol.15 No. 3, pp. 89-92.
- [7] Krishnamoorthy, R (2008), Introduction to Rural Marketing, Himalaya Publishing House, Mumbai
- [8] Krishnamurthy, Jagadeesh (2009), "The challenges and opportunities of marketing in rural India, Events Faqs Newsletter (EF), December, pp.14-18.
- [9] Kumar, S.A. and Madhavi, C. (2006), "Rural marketing for FMCG, Indian Journal of Marketing, Vol.36 No. 4, pp. 19-38.
- [10] Kumar, Sanjeev and Bishnoi, V.K. (2007), "Influence of marketers' efforts on rural consumers and their mindset: a case study of Haryana", The ICFAI Journal of Brand Management, Vol. 4 No. 4, pp. 28-50.
- [11] Kashyap, Pradeep and Raut, Siddharth (2007), "The Rural Marketing Book, Biztantra
- [12] Khatri, M (2002), "Challenges in rural marketing, Strategic Marketing, July-Aug, 2002.
- [13] Kothari, C.R. (2004), Research Methodology Methods and Techniques, 2e, New Age, International (P) Ltd., New Delhi, pp. 152-232

- [14] Kotler, P., Keller, K. L., Koshy, A. and Jha, Mithileshwar (2009), *Marketing Management A South Asian Perspective*. 13 ed., Pearson Education, New Delhi
- [15] Mitra R. and Pingah, V. (2000), "Consumer aspirations in marginalized communities: a case study in Indian villages", *Consumption Markets and Culture*, Vol. 4 No. 2, pp. 125-144.
- [16] Md. Abbas Ali¹, Venkat Ram Raj Thumiki² and Naseer Khan¹ (2012) "Factors Influencing Purchase of FMCG by Rural Consumers in South India: An Empirical Study", *International Journal of Business Research and Development*, ISSN 1929-0977 | Vol. 1 No. 1, pp. 48-57
- [17] Narang, R. (2001), "Reaching out to the rural markets of Uttar Pradesh", *Indian Management Studies Journal*, Vol. 5, pp. 87-103.
- [18] Pandey, D.P. (2005), "Education in rural marketing". *University News*, vol. 43, pp. 7-8.
- [19] Sinha, M. (2008), "Walk their walk and talk their talk: the mantra of success in the hinterland", *The ICFAI University Journal of Marketing Management*, Vol. 7 No. 4, pp. 7-23.
- [20] Ramana Rao, P.V. (1997), "Rural market problems and perspective", *Indian Journal of Marketing*, Vol. 27, pp. 17-19.
- [21] Sahoo, S.K. and Panda, J.P. (1995), "The rural market and rural marketing in India: challenges and strategies", *Indian Journal of Commerce*, Vol.18, pp. 185.
- [22] Sarangapani, A. and Mamatha, T. (2008), "Rural consumer: post purchase behavior and consumer behavior", *The ICFAI Journal of Management Research*, Vol.7 No. 9, pp. 37-67.
- [23] Sayulu, K. and Ramana Reddy, V.V. (1996), "Socio-economic influences on rural consumer behavior – an empirical study", *Management Researches*, Vol. 3, pp. 41-51.
- [24] Venkatesh, G. (2004), "Technology, Innovation and rural development", *IIMB Management Review*, Vol.16 No. 4, pp. 23-30
- [25] Zhao, Y. (1994), *Price dispersion and retailer behavior*, Doctoral dissertation, University of California, Berkeley.