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### A study on factors influencing the rural consumer while purchasing FMCG products

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#### Abstract

First moving consumer goods (FMCG) also known as consumer packaged goods are consumed every day by the average consumer and used up over short period of days, weeks or months and within one year. The items in FMCG include all consumables (other than groceries, pulses) that people buy at regular intervals. Rural consumers' incomes are rising and willing to buy products which improve their lifestyle. With this backdrop the study entitled "A study on factors influencing the rural consumer while purchasing FMCG products" was undertaken to analyze the factors affecting the buying behaviour of rural consumers towards FMCG products and their decision making process, level according to the attributes like price, quality, free offers, packaging, replace facility, quantity, availability, variety, purchase experience with regard to FMCGs. The product chosen for this study are dental care, face powder, detergent powder and soft drink. This study reveals that how a rural consumer make decision to spend their available resources (time, effort, money) on consumption related item, their reactions towards different product features, price and advertisement, in order to ensure strong competitive advantage and their satisfaction level towards different attribute of FMCG products like price, quality, availability quantity etc. The present study concluded that the consumers prefer to buy FMCG brands from haat/mandi. Majority of the consumers stick to particular brand for more time. Advertisement is the most influencing factor while buying any FMCG brand.

**Keywords:** FMCG products, brand, advertisement

#### Introduction

The Fast Moving Consumer Goods (FMCG), also known as Consumer Packaged Goods (CPG), are products that have a quick shelf turnover, relatively low cost and don't require a lot of thought, time and financial investment to purchase. Any product that is used very commonly; sometimes daily and move relatively faster (consumption at least once in a month) at the retailer end can be classified as FMCG. FMCGs include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return. FMCG products get replaced within a year. FMCG sector comprises of three main segments; which include personal care, household care, food and beverages. Personal care comprises of oral care, hair care, toiletries, soaps and cosmetics; household care comprises of fabric wash and household cleaners; and food and beverages include health beverages, soft drinks, cereals, dairy products, bakery products, chocolates etc.

The FMCG industry primarily engages in the production, distribution and marketing operations of CPG. FMCG Supply Chain is the interrelated collection of processes and associated resources. It includes suppliers, manufacturers, logistics service providers, warehouses, distributors, wholesalers and all other entities that lead up to delivery to the final customer.

According to Walter and Paul, "Consumer behaviour is the process whereby individuals decide whether, what, when, where and how and from whom to purchase goods and services". Every person is a consumer in the marketing world. A consumer is a person who does various physical actions and careful to take decisions about the purchase of the product on to calculate the products and the service area. Consumer behaviour is the study of how individuals,

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groups and organizations select, buy and dispose of goods, services, ideas or experiences to satisfy their needs and wants. Consumer behaviour can also be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. Consumer behaviour includes the “what-where-why-when and how” of the purchase and experience process. As success and failure of marketing depends on target consumers, individuals and group reactions expressed in the form of buying patterns one must understand consumer behaviour.

### FMCG status in India

The FMCG sector is a corner stone of the Indian economy. India's FMCG sector has a market size of US\$ 13.1 and is the fourth largest sector in the economy; hence creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages. FMCG market has emerged as one of the most attractive rural markets in India (Kashyap, Pradeep & Raut, Siddharth, 2007). It is currently growing at double digit growth rate and is expected to maintain a high growth rate.

### FMCG in Rural Market

Rural households are purchasing a wide range of FMCG products. A rural market broadly comprises of consumer markets, institutional markets and services (Dogra & Ghuman, 2008). An effective FMCG marketing strategy in a rural setup essentially includes product variants, product categories, price points, sizes and widespread distribution network (Kumar and Madhavi, 2006). FMCG products have tremendous demand in rural area.

The rural market was tempting since it comprised 74 per cent of the country's population. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country, more than 70% of India's population lives in villages and constitutions a big market for industry because there is an increase in the income and awareness level. In comparison to just 5,161 towns in India there are 6, 38,365 villages in India. This in itself is an indicator where the real India resides.

### Review of literature

Qasim (2015) <sup>[5]</sup> revealed that the consumers were to a great extent to remain brand committed. Most of the monthly income was spent on the FMCG products. Advertisement and offers affect mainly for the purchase of FMCG products.

Suranya and Surya (2016) <sup>[6]</sup> in their study identified that the consumers were not aware about the FMCG products. They got information about the product from newspaper/magazines. They come to know about the product from their relatives.

Asha and Joy (2016) <sup>[1]</sup> observed in their study that lasting effect of the product plays an important role in the behaviour of rural consumer. Price plays an important factor for purchasing of FMCG products. Consumers were buying FMCG products for its medicinal value. The consumers were loyal to the brands. Advertisement with celebrities were also an important factor which affects the behaviour of consumers. The teenage rural consumers were found more variety curious in comparison to the old aged consumers.

Painoli (2017) <sup>[3]</sup> concluded that shopkeepers' recommendation was one of the most important variables in building reliability in the mind of the consumers. As for as promotion of the particular brand was concerned, sales promotion schemes associated with the particular brand

influence the buyers decision most.

### Materials and methods

A systematic methodology is an important step to a research because it directly influences the validity of the research findings. Therefore in order to achieve the objective of the present study entitled “A study on rural consumer buying behaviour towards FMCG products”, a detailed plan of work and sequential procedure was adopted. The methodology adopted to conduct the investigation is detailed under following subheads to explain the plan of work and sequential procedure.

- Research design
- Selection of study area
- Sample selection
- Tools used for data collection
- Analysis of data

### Research design

Research design is to provide for the relevance with minimum of efforts, time and money. It is the specification of methods and procedures used for acquiring the information needed for the study. Exploratory research type helps to determine the best research design, data collection method and selection of subject. The objective of Exploratory research is to gather preliminary information that will help to define problems and suggest hypothesis (Kotler and Armstrong, 2006) (Shields and Rangarajan, 2013). This research design was adopted to gain familiarities and to acquire a knowledge on consumer, influencing factors for purchase of FMCG products.

### Selection of study area

Location of study area should be appropriate to achieve the objectives of the research. The locale for this present study was Kujang and Tirtol block of Jagatsinghpur district, in the state of Odisha. The location was selected purposively as per the convenience of the researcher.

### Sample selection

Out of 8 blocks from district, two blocks (Kujang and Tirtol) were selected purposively. Further, from a total of 194 Gram panchayat from the above two blocks Gandakipur and Tirtol Gram panchayat were selected purposively as the researcher could easily reach the respondent. Two villages from each gram panchayat such as Kochilabedi, Malahunka, Dandasahi, Nausira were selected randomly. Data was elicited from the respondents at their residence by observation and interview method.

### Tools used for data collection

The tool selected for collecting the data was an interview schedule cum observation sheet. In the questionnaire, general information regarding respondents age, gender, marital status, education, income, type of family, family size, occupation of respondent were included. Specific information regarding store preference of purchase FMCG products, frequency of purchase, factors influencing of purchase products, buying preference of consumer, source of information, use of FMCG products, on the criteria for were gathered from the respondents.

### Analysis of data

Analysis is the critical examination of assembled and grouped data for studying the characteristics of the objects under study

and determining the patterns of relationship among variables related to it. Different procedures used for analysis were coding, categorization, tabulation and graphs.

**Statistical analysis**

The statistical measures which had been used in research is given below.

**Rank**

Rank was calculated from the values obtained from weighted mean score, highest was given rank 1, second highest was given rank 2 and so on.

**Chi-square test**

Chi-square test is a test of independence, goodness of fit and homogeneity. At times chi-square is used as a test of population variance.

$$X^2 = \sum \left[ \frac{(O-E)^2}{E} \right] \text{ Where } O = \text{Observed frequency, } E = \text{Expected frequency}$$

**Gap percentage**

It is calculated to identify the difference or gap in between the two scores.

$$\text{Gap percentage} = \left[ \frac{\text{Maximum score of likert scale} - \text{obtained score (mean)}}{\text{Maximum score of likert scale}} \right] \times 100$$

**Results and discussion**

The result of the present study entitled “A study on factors influencing rural consumer while purchasing FMCG products” derived through the use of prescribed methodology are presented in this chapter. The results emerged out of the study are reported and discussed under the following heads.

**Table 1:** General information of selected respondents (N=120)

Variables	Categories	Frequency	Percentage
Age	20 – 30	17	14.16
	30 – 40	47	39.16
	40 – 50	46	38.3
	Above 50	10	8.3
Gender	Female	74	62.0
	Male	46	38.0
Education	Primary	2	1.0
	Secondary	33	28.0
	Intermediate	38	32.0
	Graduation and above	47	39.0
Family types	Nuclear	96	80.0
	Joint	24	20.0
Occupation of respondent	Housewife	52	43.0
	Farmer	12	10.0
	Service	36	30.0
	Business	20	10.0
Monthly income of family	10,000 – 20,000	59	49.0
	20,001 – 30,000	53	44.0
	30,001 - 40,000	8	7.0

In the present investigation the general profile studied included age, gender, education, family type, occupation and family income.

The table -1 revealed that 14.16 percent of the sample belonged to the age group of 20 to 30 years, 39.16 percent belonged to 30 to 40 years, 38.3 percent belonged to 40 to 50 years and remaining 8.3 percent were in the age group of above 50 years. According to the study majority of the

respondents 62.0 percent were female and rest 38.0 percent of them were male.

As revealed from the table -1 maximum number of respondents (39.0 percent) were graduate followed by 28 percent were secondary education, 32 percent were intermediate. Very less i.e. 1 percent of the respondents were completed primary school education.

The family type constitutes both nuclear and joint family. The table showed that majority of the respondents (80 percent) belonged to nuclear family and remaining 20 percent belonged to joint family, which showed that joint family system is gradually disintegrating from the society. Out of total sample 43.0 percent were housewives and only 10 percent were farmers and engage in business both. Around 30.0 percent of them were service holders by occupation

The table also showed that 49.0 percent of the sample belonged to the income range Rs 10,000/- to 20,000/- followed by 44.0 percent belonged to income range Rs 20,001/- to 30,000/- and 7.0 percent belonged to the income range 30,001/- to 40,000.

Most of the respondents were educated which may be due to the presence of college and school in the nearby area as well as good transportation facility in that area.

**Product awareness of rural consumers**

Rural consumers are more or less aware about the brands of FMCG products. The following table depicts about the purchase of different brand of the FMCG products like dental care, face powder, detergent powder and soft drinks by the rural consumers.

**Table 2:** Product awareness of rural consumers (N=120)

Sl. No.	Product	Brand name	Frequency (f)	Percentage (%)
1	Dental care	Oral-B	8	6.66
		Colgate	60	50.00
		Pepsodent	28	23.33
		Himalaya	13	10.83
		Any other	10	8.33
		Total	120	100
2	Face powder	Ponds	53	44.16
		Wild stone	25	20.83
		Nivea	10	8.33
		Himalaya	24	20.00
		Any other	8	6.66
		Total	120	100
3	Detergent powder	Surf excel	15	12.5
		Rin	23	19.16
		Tide	8	6.66
		Wheel	64	53.33
		Any other	10	8.33
		Total	120	100
4	Soft drink	Coca cola	64	53.33
		Mountain dew	15	12.5
		Pepsi	10	8.33
		Sprite	23	19.16
		Anyother	8	6.66
		Total	120	100

After analysis the results obtained from the table -2are presented below

- In case of dental care, most respondents i.e. 50.00% prefer to use Colgate tooth paste, is followed by Pepsodent, Himalaya, Oral-B and other brands of FMCG.
- Most of the respondents choose to use Ponds face powder having a portion of 44.16% which is followed by Wild stone, Himalaya, Nivea and any other brand.

- c. For detergent powder, Wheel brand is highly preferred having a percentage of 53.33% of respondents, followed by Rin, Surf excel, Tide and other brand.
- d. In case of soft drink, Coca-Cola is preferred by most of the respondents (64%) which is followed by Sprite,

Mountain Dew, sprite and other brand. The above preference for specific brand by the respondents may be due to the fact that they are practiced to use that brand influence since long and thus have developed a faith on those specific brands.

**Table 3:** Sources of information (N = 120)

Sl. No.	Sources	Frequency	Percentage
1	Television	103	85.83
2	Newspaper, pamphlet	25	20.83
3	Friends and relatives	73	60.83
4	Packet labels	42	35.0

- Multiple response

An information source is a person, thing, or place from which information comes, arises, or it obtained. It is communicated through various mass media including traditional media such as newspapers, magazines, television and outdoor advertising. Related to awareness and knowledge 85.83% respondents

reported (Table -3) that they actively seek out information about FMCG products with the most common source of information being television, newspaper and pamphlet (20.83%), packet labels(35.0%) and friends and relatives (60.83%).

**Table 4:** Factors influencing the consumers while purchasing FMCG products

Factors	Frequency	Percentage	Rank
Readily available	18	15.0	4
Quality	37	30.83	1
Taste	20	16.6	3
Advertisement	13	10.83	5
Brand image	9	7.5	6
Price	23	19.16	2

A consumer’s purchasing decision is influenced by cultural, social, personal and psychological factors. Consumer perception on brand choice based on some factors or reasons. Few of them are taken for analysis and those are quality, readily availability, taste, brand image, price and advertisement.

It was inferred from table - 4 that one third (30.83%) respondents considered the quality items was very important

and ranked one. Price was also seen as a very important factor and ranked two 19.16% respondents agreed on this. Similarly to price, 16.6% respondents opined taste as an influencing factor while purchase of branded products which was ranked as three. Ready availability, advertisement, brand image were also the influencing factors while purchasing the branded product as perceived by the respondents.

**Table 5:** Factor affecting buying decision when company launches promotional schemes

Sl. No.	Factors	Frequency	Percentage
1	Money back offer	76	63.3
2	Combo pack	20	16.6
3	Lucky coupon	2	1.6
4	Bumper prize	16	13.3
5	Any other	6	5.0

In marketing, promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue. Various attributes influence the consumers in making choice and buying the branded food products for use as reflected in

table -5. Respondents were highly influenced by money back offer while lucky coupon influence less. Around 16.6 percent respondent were influenced by combo pack followed by 13.3 percent were influenced by bumper prize.

**Table 6:** Factors influencing purchase of FMCG products in relation to their education level

Factors Education	Readily available	Quality	Taste	Advertisement	Brand image	Price	Total	$\chi^2$ value
Primary	0(0)	2(1.7)	0(0)	0(0)	0(0)	0(0)	2(1.7)	25.302*
Secondary	5(4.2)	4(3.3)	6(5.0)	6(5.0)	1(0.8)	11(9.2)	33(27.5)	
Intermediate	8(6.7)	8(6.7)	7(5.8)	4(3.3)	4(3.3)	7(5.8)	38(31.7)	
Graduation and above	5(4.2)	23(19.2)	7(5.8)	3(2.5)	4(3.3)	5(4.2)	47(39.2)	
Total	18(15.0)	37(30.08)	20(16.7)	13(10.8)	9(7.5)	23(19.2)	120(100.0)	

Table -6 shows that calculated  $\chi^2$  value is less than table  $\chi^2$  value (cal.  $\chi^2 = 25.302 >$  tab.  $\chi^2 = 24.996$ ). This implies that level of education had statistical significant on factors influencing purchase of branded food products. So factors influencing purchase of branded food products was dependent

on education.  
 Note: \*Indicates significant  
 Numbers in parenthesis indicates percentages

## Conclusion

The following conclusions can be drawn on the basis of above analysis and discussions:

- Rural consumer purchase brands mostly on the parameters of price, quality and safety. These parameters patronage a particular product, builds long term association with brand.
- The consumers prefer to buy products from village market because of the brand availability and comparatively less cost of brands for them.
- Sometimes consumer's emotional product motive towards a particular brand influence the decision to purchase a particular brand.
- With time all most all the villagers are having TV in their homes and they watch TV in their free time, so the most prominent source of information for buying FMCG products is television.
- Advertisement plays major role for brand preference among rural consumers.

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