

FMCG in Rural Market: An Exploratory Study in Odisha

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Abstract: The study “FMCG in Rural Market: An Exploratory Study in Odisha” was conducted in Odisha with a sample size of 275 rural consumers aiming to find demographic character of rural consumer, their preference for different brands of FMCG products, effective media to reach rural consumers, availability of product with cost factor, influencing sources of information and satisfaction of the users. Irrespective of age, education, occupation, income, family composition the rural people are found to be good users of FMCG products of various brands. The products like Lifebuoy Soap, Surf Excel Detergent, Colgate Toothpaste and Clinic Plus Shampoo are more preferred by the sample consumers. The purchase of these items are mostly on monthly basis and purchase decisions are influenced by TV, Newspaper, internet and sales persons. There is little gap in making preferred brand available in rural markets but needs attention. To attract consumers the attributes like, price, quality, utility, brand loyalty, discount and product size play important role which can aid to boost the business of these FMCG products.

Keywords: Sources of Information, Satisfaction, Quality Consciousness, Rural Consumer

1. Introduction

Odisha with geographical area of 15507 square km. (4.87% of India) with population of 4,19,74,000 (2011 Census) consists of 30 districts, 58 sub divisions, 314 blocks and 47,677 villages has only urbanization up to 16.7%. In other words, about 83.3% population are rural in nature. The people of the state heavily depend on farming as means of livelihood. Odisha's economy has shown a striking performance in 2016-17 with a growth being 10.4%. The crops, mining, trade, transport and social sectors are in move. The increased agricultural production (98 lakh MT food grain) with cropped area of 39.63 lakh hectare is a clear indication of positive move along with progressive industrial development; improved health care and decline in infant mortality rate, improved rural housing, roads, skill development are other important indicators of change.

The income level of the people has increased as evidenced by increased purchasing power, change in consumption pattern and standard of living. The rural sector development has resulted in better marketing behaviour of rural people. Rural market is the life line of rural people. The development of rural markets in shape, size, and dimension and consumer relationship is good indicator of development in rural area.

The present study was designed to ascertain change in rural markets in the back ground of increased income level, better educational facility, more of social mobility and outside interaction of rural people.

2. Review of Literature

Suresh and Sathyanarayana (2012) made an in-depth study about effectiveness of media in reaching rural consumers. According to their findings among all media available in rural areas, the consumers prefer TV and radio because of

visual and audio quality that influence them greatly. The use of mass media is also conditioned between two major factors like availability of electricity and literacy level of consumers. The marketers carefully have to select the media that reach and influence the rural consumers for better performance in business.

The findings of Kausik and Dev (2013) reveals that about 60% of his sample preferred TV over News Paper, radio and other modes of communication. Again, the remarkable finding is that those who preferred TV as good medium of communication at young age had comparatively more preference for radio at advanced age. So far as preference for channel was concerned, more than 50% of the sample preferred channels like Star Plus, and DD National over Zee media. In addition, his study also revealed that more than 80% of the sample disliked advertisement during programs of different kind.

Jayadatta and Abhinaya (2016) viewed rural marketing as core aspect of rural development. In their paper ‘Recent Trends, Challenging future Marketing Strategies of Rural Marketing’ concluded that macro level strategies should include the factors of availability, affordability and accessibility of FMCG products. To bring radical change in behaviour of rural consumers it is necessary to bring change in traditional outlook of rural people. This is the challenge to reach 230 million rural consumers spread over the country.

Dr. Kumar and Mrs. Chaudhary (2017) made investigation on factors affecting buying decision of rural consumers. Their study identified the six factors i.e., culture, product packaging, price, family size, age and advertising that influence rural consumers while making purchase decisions. They revealed that these factors affect rural consumer according to their age and income level. Further with increase in age and income level these factors influence their buying decisions differently. The importance of all factors in buying behaviour of rural

consumer cannot be overlooked. The effect of price and quality on buying behaviour of rural consumer also changes significantly with increase in age and income. Advertisement and brand of products also have significant bearing on consumers with income level. Friends and family members' recommendations had significantly more impact on buying decisions of lower income consumers than that of high-income consumers. Packaging was found to have more impact on buying decision of lower income consumers than that of high-income consumers at a significant level.

Aminur Rahaman and Mamunur Rashid (2018) studied factors accountable for brand preference of FMCG product. The study considered facial cream as an important FMCG product for the purpose. The study was conducted with a sample of 100 consumers. The analysis revealed that decision regarding purchase of facial cream of different brands depended on factors like price, perceived quality, age and income of the consumers, and goods of foreign origin. The results also indicated scope for research on FMCG products in rural market.

Sambrani and Jayadatta (2019) concluded that rural marketing provides greater opportunity to reach 70% of our population in rural areas. The factors like purchasing power, changing consumption pattern, access to information technology, improved infrastructures and government initiatives are key elements for development of rural marketing system.

Nayak and Parija (2020) studied usages of different FMCG products over time with respect to frequency of purchase. The purchase was observed to be frequently, weekly, monthly and early and as and when required without following regular manner. The FMCG products included were many except groceries and grains. It was reported that with increase in income the consumers change their preference. The attributes like price, quality, free offer, packaging, replacement provision, quantity, availability, variety, purchase experience influence the buying behaviour of the rural consumers. The study indicated that FMCG products like dental care, face powder, detergent powder and soft drink. The sample was found to be retaining product over a period of time and change only when influenced by advertisement. They prefer to purchase product from local markets.

In the days of globalisation Indian rural market is changing tremendously with a vast change in rural because of better education, influence of media and increase in income etc. Cumulative effects of these factors affect the purchase behaviour of rural consumers contributing to the growth in the FMCG sector. Inadequate research was done in this area particularly in rural Odisha. Further research is necessary in this area.

3. Objectives and Methodology of the Study

- To find out the brand preference of consumers and their frequency of purchase of FMCG products in rural markets.
- To determine the most effective media in obtaining

information about the FMCG products and also influence the purchase decision of rural consumers in Khurda District.

- To identify the factors influencing the purchase of FMCG by rural consumers in Khurda District.

The study was conducted in Khurda District within radius of 50 km. away from Bhubaneswar the state capital of Odisha. The small marketing centres closed to block and panchayat were selected as location of the study. The weekly markets were taken as the place of meeting respondents to collect the data for the study. A total of 275 samples were contacted randomly from the blocks of Jatni, Begunia, Bolgarh, Baliana and Balipatna of Khurda district @ 55 each. The selection of respondent was done following snow ball technique with a consideration of co-operation to respond to structure patiently.

4. Results and Discussion

The results of the study have been presented on objective wise as stated.

4.1 Demographic Profile of the Sample Respondents

The rural consumers are different than urban counterpart. Their living status, faith and social system influence their marketing behaviour. To have an insight into the status of rural consumers as much as eight important demographic variables were examined as reflected in table below.

Table1: Demographic Profile of the Sample Respondents (N=275)

Variable		Frequency	Percentage
1. Gender	Male	175	63.63
	Female	100	36.37
	Total	275	100.00
2. Age (Years)	Up to 25	125	45.45
	26-50	80	29.09
	51 and above	70	25.46
	Total	275	100.00
3. Education	Illiterate	15	5.45
	School Level	78	28.36
	Under Graduation	45	16.37
	Graduation	97	35.27
	Post-Graduation & above	40	14.55
	Total	275	100.00
4. Occupation	Farming	188	68.36
	Service	42	15.27
	Business	35	12.72
	Others	10	3.65
	Total	275	100.00
5. Types of Family	Joint	40	14.54
	Single	235	85.46
	Total	275	100.00
6. Monthly Income	Up to 2000	179	65.09
	2001 to 4000	52	18.91
	4001 to 6000	32	11.64
	6001 & above	12	4.36
	Total	275	100.00
7. Family Size	Two	101	36.73
	Three	85	30.91
	Four	61	22.18
	Five and above	28	10.18
	Total	275	100.00

8. House Structure	Kacha	75	27.27
	Pucca	200	72.73
	Total	275	100.00

The table reflects the result of investigation as follows.

- The sample size is 275 consisting of 63.36% males and 36.37% females indicating better representation of both sexes of rural consumers to provide reliable information. As per classification of age group, 45.45% are young, 29.09% middle aged and rest 25.46% are of early old age categories. The data reveal that the representation of samples is from all age groups.
- Educational variable reveals that 35.27% are educated up to Graduation level, 28.36% are up to School level, 16.37% are Under Graduation, 14.55% read up to post-Graduation level and rest 5.45% are Illiterate. The educational background reveals that at present rural consumers are more educated compared to earlier days. On occupation wise as much as 68.36% depend on farming, 15.27% service, 12.72% business and 3.65% on others. Thus, majority the samples are from farming occupations.
- At present single-family system is predominating over joint family system in urban as well in rural areas. The majority of sample earn up to Rs.2000 per month followed by up to Rs. 4000.
- Majority of the sample has two or three members in their families. However, as much as 22.18% respondents have four members and 10.18% five members and more. The concept of small family is gaining popularity in rural areas. Majority of sample i.e., 72.73% consumers reside in live in pucca houses followed by 27.27% who reside in Kacha houses.

4.2 Brand used for Different FMCG Products:

The study examined the details about different FMCG brands used by the sample consumers in Khurda district. In the present study, FMCG Products like Bathing Soap, Detergent Powder, Toothpaste, Hair Shampoo and Tea are taken into consideration.

Table 2: Use of Brand for different FMCG Products (N=275)

FMCG Products	Brand	Frequency	Percentage
1. Bathing Soap	Lux	80	29.10
	Lifebuoy	100	36.36
	Hamam	70	25.45
	Dove	25	9.09
	Total	275	100.00
2. Detergent Powder	Rin	60	21.82
	Active Wheel	70	25.45
	Tide	10	3.64
	Surf Excel	135	49.09
	Total	275	100
3. Toothpaste	Pepsodent	18	6.55
	Close Up	89	32.36
	Colgate	158	57.45
	Anchor White	10	3.64
	Total	275	100.00
4. Shampoo	Clinic Plus	125	45.45
	Sunsilk	45	16.36
	Himalaya	70	25.45
	Vatika	35	12.74

5. Tea	Total	275	100.00
	Tazza	18	6.55
	Tajmahal	49	17.81
	Milli	8	2.91
	Loose Tea	200	72.73
	Total	275	100.00

A look at the table reveals that in case of bathing soap, Lifebuoy and Lux are in maximum use where as in case of Detergent Powder, Surf Excel and Wheel topped the list. In case of Toothpaste Colgate users are found to be maximum followed by Close Up and Pepsodent. Out of Hair Shampoo, Clinic Plus and Himalaya are in maximum use and in case of Tea consumer preferred loose tea followed by Taj Mahal.

4.3 Frequency of Purchase of FMCG Products:

The study found out the frequency of purchase of the FMCG product as indicated in table below.

Table 3: Frequency of Purchase of FMCG Products (N=275)

Purchase of FMCG Products	Frequency	Percentage
1. Daily	31	11.27
2. Weekly	117	42.55
3. Monthly	64	23.27
4. As and when required	63	22.91
Total	275	100.00

The rural consumers purchase these FMCG products mostly weekly followed by monthly. However, about 22.91% rural consumers prefer to purchase FMCG products as and when required.

4.4 Sources of Information

Now we live in era of mass media. Not only urban population but also rural population are now well exposed to the information beamed through different media and channels. The sources used by sample respondents for different categories of FMCG products were found out as contained in table below.

Table 4: Sources of Information about FMCG Products (N=275)

Sources of Information	Highly Influenced		Moderate Influenced		Low Influenced	
	f	%	f	%	f	%
1. News Paper	170	61.82	40	14.54	65	23.64
2. Wall Painting	32	11.64	68	24.73	175	63.63
3. Television	245	89.09	20	7.27	10	3.64
4. Radio	40	14.55	55	20.00	180	65.45
5. Friends & Neighbours	45	16.36	170	61.82	60	21.82
6. Shop Keeper	80	29.09	160	58.18	35	12.73
7. Internet	110	40.00	95	34.54	70	25.45
8. Hoarding	52	18.91	195	70.91	28	10.18

Television is found to be the most powerful media that influenced the consumer purchase decision (89.09%) and followed by Newspaper (61.82%) and Internet (40%). The friends and neighbours are found to be the lowest influencing source (16.36 %) followed by Radio and Wall Painting 14.55% and 11.64% respectively.

Thus, in conclusion Television is observed to be most power source of information that influenced the purchase decision of consumers followed by Newspaper and Internet.

4.5 Availability of FMCG Product in the Local Market

Availability of included FMCG products as responded by sample was measured in terms of always available, mostly available and rarely available with assigned score of 3, 2 and 1 respectively. The analysis reveals the following results.

Table 5: Availability of FMCG Product in Local Market

FMCG Products	Mean Score	Gap (%)
1. BathingSoaps	2.49	17.00
2. Detergent Powder	2.62	12.60
3. Toothpaste	2.50	16.60
4. Shampoo	2.63	12.33
5. Tea	2.55	15.00

The analysis reveals that there is considerable gap in availability of varieties of BathingSoaps and Toothpaste followed by Tea in local market under survey. This indicates scope for companies to look into availability of FMCG products in rural markets.

4.6 Factors Influencing the Purchase of FMCG:

The consumers are attracted by certain attributes to make final decision in favour of particular products for purchase. Data in table below reflect the opinion of sample in this regard.

Table 6: Factors Influencing the Purchase of FMCG Products (N=275)

Factors	Frequency	Percentage	Rank
1. Good Quality	136	49.45	II
2. Fragrance	85	30.91	VI
3. Colour	76	27.64	VIII
4. Brand Loyalty	112	40.73	IV
5. Size	80	29.09	VII
6. Price	148	53.81	I
7. Discount	105	38.18	V
8. Credit Facility	72	26.18	IX
9. Friends/Relatives	65	23.63	X
10. Utility	123	44.73	III

The analysis is indicates that factors like low price and good quality of product are of prime consideration followed by utility, brand loyalty and discount to opt for products. The other factors like fragrance, size credit facility and influence of friends and relatives are in order as successive order.

4.7 Level of Satisfaction towards FMCG Products:

The satisfaction of the sample consumers was measured on a three-point scale consisting of very much satisfied, much satisfied and little satisfied with assigned scores of 3,2 and 1 respectively. The findings are given in table below.

Table 7: Satisfaction of Rural Consumers on use of FMCG Products

FMCG Products	Mean Score	Rank
1. BathingSoaps	2.12	III
2. Detergent Powder	2.33	I
3. Toothpaste	2.02	IV
4. Shampoo	2.25	II
5. Tea	1.90	V

As contained in table the consumers are comparatively more satisfied on Detergent Powder like followed by Shampoo, BathingSoaps and Tea. However, the satisfaction level of the consumers differs from product to product which has been taken care during data transfer and analysis of data.

5. Conclusions

FMCG has already captured the rural market. Different studies have indicated the growth of FMCG sector in rural market is much higher than that of urban market which shows a growing trend of acceptance of FMCG in rural market. The outcome of the study with respect to demographic status, frequency of purchase of FMCG, sources of marketing information, perception about preferred qualities of product and level of satisfaction of rural consumers on use of FMCG would provide wider scope to the manufacturing companies to design their product as per need of the rural consumers leading to expansion of business. The study will enable to sells person to develop their strategy for rural marketing.

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