

Rural Marketing of Select Fast Moving Consumer Goods In Punjab

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INTRODUCTION

The intricacies of rural marketing and their implication for economic progress have often been underestimated at significant cost to the economic development. The present study examines the domain of Rural Marketing for the select Fast Moving Consumer Goods (FMCG) for the state of Punjab. The buying behaviour of rural consumers of Punjab and their response towards marketing mix of FMCG organisations has been analysed in the present study.

REVIEW OF LITERATURE

To develop a thorough understanding of the empirical research in the field of buying behaviour of rural consumers, extensive review of literature related to the field of Rural Marketing was undertaken.

Panda (2006) identified significant differences between urban and rural consumers in terms of source and distribution of income and allocation of expenditure. Marketing infrastructure also varies quite significantly in the two markets and is relatively underdeveloped in rural India. Thus, marketing models and assumptions based on urban market may not be that successful in the rural market.

Kubendran and Vanniarajan (2005) found the consumption pattern for milk to be completely different in rural and urban areas amongst rural and urban consumers in Madurai district of Tamil Nadu, and distinct marketing strategies were recommended to position the product in two different markets.

Munshi (2005), based on research at AC Nielsen, found that although local players are nibbling at the share of national players because of their agility and understanding of market, they are unable to grow beyond a point.

Mishra and Sakkthivel (2005) observed that majority of rural consumers prefer products like shampoo, spices, fairness cream and mosquito repellants, which are purchased on weekly basis in sachets. But other products like talcum powder, toilet soaps, biscuits, shaving creams are expected in medium container; sachets in these categories only provided an opportunity of trial. Thus, sachets need to be used as a promotion tool, rather than as a packaging strategy. Packaging strategy needs to be changed according to the consumption pattern.

Jain and Rathod (2005) found that customers were not happy with product quality and variety available in 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.

Lokhande (2004), observed illiteracy to be a major hindrance in rural marketing and thus audio-visual aids can enable the marketers to take their message effectively in rural areas. It was found that brand does not matter to the rural consumers; they just want to fulfill their needs. Some consumers were brand loyal also and didn't make brand shift. Thus, marketers should focus on brand value. Distribution channel should be made effective so that rural retailers are not deficient of necessary goods. Although barter system was found to be prevalent notably in the rural areas, but daily wage earners were purchasing commodities on payment basis only.

Nagaraja (2004) found rural consumers as different type of consumers with whom clever and gimmicky advertisements do not work well. Quality of product and its easy availability were observed as primary and vital determinants of rural consumers' buying behaviour. 'Touch and feel' promotional activity has a quite high influence on rural consumers.

Sharma and Kasturi (2004) observed that rural consumers do experience tension due to dissonance and exhibit defensive behaviour and use attribution in support of their behaviour. They were worse hit by non-availability of quality alternatives. This forces them to accept low quality products. As advertisements were not reaching the rural sector effectively, there is need to strengthen the hands of information agents to remove the ill effect of post purchase dissonance.

In a survey (AC Nielsen, 2004), it was revealed that rural consumers are increasingly beginning to think and spend like urban consumers. But, ORG-MARG Rural Consumer Panel 2001, indicated that average monthly per capita rural spend at Rs.208 was much less than the Rs.1,193 for urban areas.

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Kumar (2004), observed that majority of the rural consumers were an enlightened lot. Therefore, products should be made widely available and retailers should recommend quality products to the consumers, at a price they can afford.

Chidambaram and Ganeshan (2004) found Pond's to be the most favoured brand followed by regional brand Gokul Sandal in rural areas of Madurai district. 60% of respondents have not changed their brand of talcum powder, suggesting existence of good degree of brand loyalty for this product category.

Shukla (2004) portrayed that if HLL's Clinic Plus was market leader in shampoo market on an all India basis, then CavinKare's Chik was market leader in the rural areas, where Clinic Plus was only distant second. Regional brands and niche players, with better understanding of rural market and rural specific business models and strategies; are emerging clear leader in the rural market.

Halan (2003) discussed that companies' assumption that rural markets are a more price sensitive version of urban markets is half wrong, as prices are important, but value is even more so. Rural markets can be segmented by price, region and season. Mass media, which works well in urban areas, is not as effective in rural areas as consumers are heterogeneous and scattered across India. The message for the rural market also must be simple about relevance and benefits of product, that too in local language with high visual content to get better attention.

Raman and Suganthi (2003), analysed factors that enabled the MNCs to have their own foot hold in rural India. Success of MNCs in rural market depends on how they adopt different marketing strategies for the rural markets over a period of time. These strategies are to be based on cultural, sociological, economic and psychological background along with a factor of 4Ps for consumers in that area.

Lokhande (2003) analysed that rural consumer has become enough aware about his needs and upgradation of his standard of living. IT, government policies, corporate strategies and satellite communication have led to the development of Rural Marketing. Although income is one of the major influencing factor but caste, religion, education, occupation and gender also influence the buyer behaviour in rural areas.

Jha (2003) observed that rural buyers were relatively simpler, more forthright, with low to medium aspiration levels, they are influenced by social pressure, rituals and norms, and have moderate to high risk taking ability but are gullible to dream merchants. Developmental marketing with a constructive mindset and not the killing the golden goose mindset is required to be effective in the rural market.

Bijapurkar (2001) observed that middle-income rural consumers weren't settling for cheapest TVs and scooters as they were expected to do.

Upadhyaya et al. (2000) suggested that top management's commitment to serve the rural market already exists, but lower level that looks after implementation, have exposure mostly to urban markets. Rural marketing is a network of relationships and although, rural buyers take a long time to make-up their minds to decide but once they decide, they do not change their decision in a hurry. Therefore marketers' need patience and persistence in dealing with non-educated rural traders and consumers.

Upadhyay (1999) identified significant differences between rural and urban areas on the basis of role played by different members of family in purchase decision of non-durable goods. As initiators, husbands and kids are more prominent in rural areas, while wife is more prominent in the urban areas.

Vasudeva (1999) observed that the proportion of households, which are brand loyal to one or more brands, are similar in urban market and rural market. Toothpaste is the only product for which rural market shows greater brand loyalty than the urban market. The rural brand loyal consumers were found to be comparatively more price conscious than the urban brand loyal for detergent powder and toilet soaps.

OBJECTIVE OF THE STUDY

The objective of the present study is to develop an insight into buying behaviour of rural consumers of the state of Punjab for the select FMCGs.

RESEARCH HYPOTHESES

To statistically test the validity and applicability of the findings of the research survey with respect to the above stated research objective, following hypotheses have been developed.

H1:	Rural consumers prefer only lower priced FMCG products.
H2:	Loose products are not perceived to be of inferior quality.
H3:	Rural consumer's opinion about quality of products available at rural retail outlets is related with the district.
H4:	Rural consumer's trust on the matter of the advertisements is independent of the different districts.

RESEARCH DESIGN AND METHODOLOGY

Descriptive Research Design has been employed in the present study.

SCOPE OF THE STUDY

The consumer households, in the sample villages of three representative district of Punjab have been studied in the present study. Representative FMCGs (tea, toothpaste, soap, shampoo, detergent and cooking oil), were selected to include those products, which are normally purchased by the rural consumers. Thus giving due representation to different categories of FMCG i.e. Oral Care, Body Care, Hair Care and Food & Beverage.

SAMPLING PLAN

Three districts of Punjab-one each from the three distinct regions: Majha, Malwa & Doaba have been selected randomly to make the sample truly representative for the entire state of Punjab. Villages within the districts and consumer households in the villages were selected by convenient sampling.

SAMPLING UNIT AND SAMPLE SIZE

Ten villages were selected in each of the three districts and subsequently, ten consumer households were selected from each of the selected village. Overall, the sample size of 300 consumer households was studied from three districts of Punjab.

DATA COLLECTION TOOLS

The data was collected from the sample through structured questionnaires administered as scheduled by adopting Survey Method.

FINDINGS: RURAL CONSUMER'S BUYING BEHAVIOUR

Most Preferred Package Size of Select FMCGs

Low priced, small packages or sachets have been extensively used in the FMCG sector, especially for the rural market. It seems to be a right move, but it is important to understand the response of rural consumers of Punjab, towards this vital element of Marketing-mix. Respondent's preferred package size for the respective product category of select FMCGs are tabulated below in Table 1.1.

Table 1.1 Preferred Package Size for Select FMCGs in all the Three Districts

Product	Number of Respondents Preferring Different Package Sizes		
	Small Pack	Medium Pack	Large Pack
Tea	66	222	12
Tooth Paste	98	190	10
Soap	158	132	10
Shampoo	142	64	8
Detergent	66	214	20
Cooking Oil	60	200	30
Average for selected FMCGs in three districts (%age)	34.66	60	5.29

Contrary to the prevalent belief that rural world prefer smaller packages for FMCGs, medium package size was reported to be the most preferred with only exception of clear preference for smaller packages in the case of shampoo, a product category that is relatively new for the rural market. The larger packages were least preferred, but good preference of about 10 percent was observed for cooking oil amongst all the respondents across the three districts.

CONSUMER OPINION ABOUT QUALITY OF LOOSE PRODUCTS

Although, a transition is going on from loose to packaged and branded products, still, good number of FMCG products are being sold loose in the rural areas. The perception of respondents toward the quality of loose products generated on a three-point scale is tabulated below in Table 1.2 :

Table 1.2 Opinion about Inferior Quality of Loose Products

Districts	Frequencies of Consumer Opinion about Loose Products being Inferior in Quality		
	Disagree	Neither Agree Nor Disagree	Agree
Bathinda	52	30	18

Ferozpur	48	34	18
Jalandhar	5	75	20
Average of three Districts (%age)	35	46.3	18.7

It is evident from primary data in Table 1.2 that only-one fifth of the respondents uniformly across the three districts agreed that loose products were inferior in quality.

In order to statistically test that whether the consumer opinion about loose products being of inferior quality is independent of the districts selected for the study or not, the following hypotheses were developed:

H_0 : Rural consumer's opinion about loose products being inferior in quality is not related with the districts.

H_a : Rural consumer's opinion about loose products being inferior in quality is related with the districts.

The primary data in Table 1.2 was put to hypothesis testing process by applying Chi-Square test. The test statistics are as following:

Chi-Square Calculated	65.71
Degree of Freedom	4
Level of Significance	5%
Chi – Square Table Value for 4 Degree of Freedom at 5% Level of Significance	9.49

Result: Chi Square calculated is greater than Chi-Square standard table value.

Therefore, H_0 is rejected and H_a is accepted

Thus, we can statistically conclude with 95% confidence level that there exists a relationship between the consumer opinion with regard to inferior quality of loose products and the district of the respondents and they are dependent on one another.

PRICE SENSITIVITY OF RURAL CONSUMERS FOR PURCHASE OF FMCGs

Rural Punjab is considered to be a rich rural market, so it is important to understand the behaviour of the rural consumers of Punjab for their purchase of FMCGs on the basis of price element of Marketing-mix. The price sensitivity of the respondents was studied by asking them about the price they are willing to pay for each of the select FMCGs on the five-point scale. The data is presented in Table 1.3:

Table 1.3 Price Sensitivity for Purchase of Select FMCGs for three Districts

Products	Frequencies of Consumer Response with respect to Purchase Price they are willing to pay		
	Low priced	Med	High
Tea	34	261	5
Toothpaste	40	232	26
Soap	42	240	18
Shampoo	16	192	6
Detergent	42	248	10
Cooking Oil	20	264	10
Total for Select FMCGs	194	1437	75
Average for Select FMCGs (%)	11.30	84.23	4.4

Majority of respondents reported preference for the medium price across the three districts. Following hypotheses were developed to statistically test this phenomenon:

H_0 : Rural consumer's purchase decision on the basis of price is independent of the select FMCG product category.

H_a : Rural consumer's purchase decision on the basis of price is dependent on the select FMCG product category.

The primary data in Table 1.3 was put to hypothesis testing process by applying Chi-Square test. The test statistics are as following:

Chi-Square Calculated	50.01
Degree of Freedom	15
Level of Significance	5%
Chi – Square Table Value for 15 Degree of Freedom at 5% Level of Significance	3.68

Result: Chi-Square calculated is greater than Chi-Square table value.
Therefore, H_0 is rejected and H_a is accepted.

Thus, we can statistically conclude with 95% confidence level that there exists statistically significant difference between the consumer's purchase decisions on basis of price across the selected product categories of FMCG. Therefore, the consumer's price preference is dependent on the product category they are purchasing and there exists a relation between the two.

CONSUMER OPINION ABOUT QUALITY OF PRODUCTS AT RURAL RETAIL OUTLETS

The consumer's opinion with regard to the quality of products available at rural retail outlets is likely to influence their preference and frequency towards purchasing goods from a village shop. The respondents' opinion about the quality of products available at rural retail outlets on three-point scale is presented below in Table 1.4.

Table 1.4 Respondent's Opinion about Quality of Products at Rural Retail Outlet

Districts	Frequencies of Consumer Opinion about Quality of Products Available at Rural Retail Outlets		
	Low	Average	High
Bathinda	46	32	22
Ferozepur	16	72	12
Jalandhar	6	89	5
Total of three District	68	193	39
Average of three Districts combined (%age)	22.7	64.3	13

As per data presented above in Table 1.4, majority of the respondents opined that the quality of goods stocked by the rural retailer was average, but there were significant variations in the responses across the different districts. If nearly half of respondents from Bathinda district reported that the rural retailer stocked low quality products, then the corresponding figure was just 6 percent for respondents from Jalandhar district. If 32 percent respondents of Bathinda district reported that the rural retailers stocked average quality products, then the figure was 89 percent for the respondents of Jalandhar district.

To statistically examine, homogeneity of consumer opinion about quality of products available at rural retail outlets, following hypotheses were developed:

H_0 : Rural consumer's opinion about quality of products available at rural retail outlets is not related with the district.

H_a : Rural consumer's opinion about quality of products available at rural retail outlets is related with the district.

The primary data was put to hypothesis testing process by applying Chi-square test. The test statistics are as following:

Chi-Square Calculated	76.89
Degree of Freedom	4
Level of Significance	5%
Chi - Square Table Value for 4 Degrees of Freedom at 5% Level of Significance	9.49

Result: Chi-Square calculated is greater than Chi-Square standard table value.

Therefore, H_0 is rejected and H_a is accepted.

Thus, we can statistically conclude with 95 percent confidence level that there exists a relationship between consumer's opinion about the quality of products stocked by rural retailer and the district to which they belong.

Trust on the Matter of an Advertisement

The respondents' perception about trust on the matter of the advertisements is presented below in Table 1.5.

Table 1.5 Rural Consumer's Trust on the Matter of the Advertisements

Products	Frequencies of Consumer Opinions with respect to their Trust on the Matter of an Advertisement for all three Districts	
	Never Trust Advertisements	Trust Advertisements to some Extent
Bathinda	62	38
Ferozepur	58	42
Jalandhar	8	92
Average (%age)	42.67	57.33

Thus, it is evident from data in Table 1.5 that more than 42 percent of all the respondents reported that they never trust the matter of the advertisement. But, there were significant variation with regard to this phenomenon across the three districts.

To statistically examine the variation in the rural consumer's trust on the matter of the advertisements across the different districts, following hypotheses were developed:

H_0 : Rural consumer's trust on the matter of the advertisements is independent of the different districts.

H_a : Rural consumer's trust on the matter of the advertisements is dependent on the different districts.

The primary data was put to hypothesis testing process by applying Chi- square test. The test statistics are as following:

Chi-Square Calculated	74.03
Degree of Freedom	2
Level of Significance	5%
Chi – Square Table Value for 2 Degree of Freedom at 5% Level of Significance	5.991

Result: Chi- Square calculated is greater than Chi-Square standard table value

Therefore, H_0 is rejected and H_a is accepted

Thus, we can statistically conclude with 95 percent confidence level that there exists significant difference in the rural consumer's trust on the matter of the advertisements across the different districts.

RECOMMENDATIONS

As rural consumer's buying behaviour was statistically found to be dependent on the district to which the respondent belonged, it is recommended that rural Punjab should not be treated as a single homogeneous market. Within the state, there exists a different type of rural markets, each requiring very different marketing approach. Therefore, national level FMCG organisations can tap the potential of rural market of Punjab in a phased manner. More developed and easy to target districts can be approached first; subsequently, broader penetration can be attempted in developing districts and finally in the less developed districts.

Different products under the ambit of FMCG also need to be planned for separately, as significant variations were observed in rural consumer's approach towards different products under the FMCG product category. Some of the strategies recommended for the same are as following:

Product Strategy: Rural consumers are not likely to switch over to higher priced branded products, if they do not see any significant functional value addition at a justifiable price, because significant percentage of respondents reported no problem with loose products. Organisations can target rural market of Punjab by developing value for money products. Then only they will be able to upgrade the rural consumers from buying loose or local products to branded ones.

Sachet packaging can be a good strategy for promoting trials of newly introduced product categories and enabling consumption for the weaker sections of rural society. But smaller packages should be presented as one of the option and not as the only solution to all the marketing problems in the rural market of Punjab. Packaging decision needs to taken according to the market and product category and needs to be reviewed over a period of time with the changes in the consumer behaviour and over arching generalizations should be avoided.

Price Strategy: It was observed that respondents preferred medium and not low priced products; therefore organisations cannot expect to be competitive in the rural market of Punjab on the basis of lower price alone, as it is normally thought to be.

Place Strategy: There should be more aggressive and proactive approach by the FMCG organisations and their distributors in the relatively affluent and easy to reach rural market of Punjab. Provision of subsidy for the distributors by the FMCG organisations for the additional cost for distributing products in rural areas and additional freight to the salesmen as an incentive to for traveling in the rural areas can lead to availability of better products at rural retailers' shelves.

Promotion Strategy: As respondents demonstrated relatively little trust in the conventional promotional messages, corporate world needs to develop rural specific promotional strategy, which is conducted at local level to promote and sell FMCGs in rural areas.

CONCLUSION

Rural market has its own set of challenges. Therefore, organisations need to unlearn and then relearn the marketing strategies and tactics that will enable harnessing the immense rural potential. The approach, strategies and marketing mix needs to be modified and examined from rural consumer's perspective to be successful in the

rural market. Developed and smaller states like Punjab, which have good infrastructure, can be a good place to start from.

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