INTRODUCTION

According to Census of India 2011, out of total population of 1.21 Billion (121 Crores), 0.833 Billion (83.3 Crores) are in rural areas. The spread of population in 4,200 cities and towns is to the extent of 25 %, and of the remaining 75% is in 5, 76,000 villages. Of these, 1,50,000 villages have a population ranging between 200 or less, 3,16,800 villages are in the range of 500 or less & more than 200, 6,300 villages in the range of 5,000 or more and the remaining 1,02,900 villages in the range of 5,000 or less but more than 500 (Dawar, 2005). Thus, as per the 1991 census, out of a total population of 839 million, 623 million live in rural India. Hence the marketers believe that the rural markets offer opportunities which are vast and yet relatively untouched (Narsimhan, 2005). The size of our rural market in 1992 was of the order of Rs. 40,000 crores- made up of 22,000 crores for non-food items and 18,000 for food items (Dawar, 2005). The absolute size of the rural population will serve as a large potential demand base for a variety of products (Jatana, 2005). But there are few companies which have been successful in marketing their products in rural areas.

The Insurance Act of 1938 defines a rural sector as any place having a population of 5000 or less according to the latest census; population density of 400 per sq km or less; and where no less than 75 percent of the male working population earns its income from agriculture (Syed, 2008).

By December 31, 2007, fast moving consumer goods (FMCG) worth USD 18 billion in value terms were sold in India, of which a little more than one-fifth (i.e. USD 3.5 billion in value terms) were sold in the rural sector and this represents a 30 percent increase.

The aim of this study is to see the penetration of FMCG products in the rural Gujarat. The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty years. The FMCG sector is a cornerstone of the Indian economy. This sector touches every facet of human life. Indian FMCG market has been divided for a long time between the organized sector and the unorganized sector. Unlike the US market for FMCG which
is dominated by a handful of global players, India’s Rs 460 billion FMCG market remains highly split with roughly half the market going to unbranded, unpackaged home made products. This presents a tremendous opportunity for makers of branded products who can alter consumers to buy branded products. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups, and the same is true in India. Over 70% of sales is made to middle class households today and over 50% is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumer in a big way. MART, the specialist rural marketing and rural development consultancy, has found that 53 percent of FMCG sales lie in rural area.

According to a study by Chennai-based Francis Kanoi Marketing Planning Services Pvt Ltd, the rural market for FMCG is worth Rs.65,000 crore. (Ghosh, 2007) points that FMCG is an important contributor to India’s Gross Domestic Product (GDP) and is also the forth largest sector in the Indian economy responsible for providing employment to approximately five percent of the total factory employment. He further observes that the food processing and the backward linkages established by eminent companies that have already entered the rural zone, and with a number of Indian and foreign companies that are stepping in, the purchasing power of farmers is surely going to increase.

Recent developments, which has taken place in the rural areas under the five-year plans and other such special programmes, are remarkable. The overall growth of the economy has resulted into sizeable increase in the purchasing power of the rural communities.

Today the rural market offers a vast untapped potential. Development programs in the field of agriculture and related activities such as health education, communication, rural electrification, etc have improved the lifestyles of village population. 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. It is due to this change wave, rural marketing has emerged
as a special marketing strategy, but often, rural marketing is confused with agricultural marketing. Agricultural marketing refers marketing of produce of the rural areas to the urban consumers or industrial consumers. These consist mainly of agricultural commodities and some small scale industry products such as dairy products and Khadi Gram Udyog products. On the other hand, rural marketing consists of delivering manufactured goods and services to rural producers and consumers.

Over the past few years rural India has witnessed an increase in the buying power of its consumers, and their desire to upgrade their standard of living. A lot of projects both from the government and the private companies have changed the look of the marketing game in rural India. The NREGA (National Rural Employment Guarantee) schemes, as well as other rural employment schemes have given the rural population an opportunity to meet their daily needs. National Rural Employment Guarantee Scheme guarantees 100 days employment to any one member of the rural house hold. Many farmers have benefited from loan waver which has again given a boost to the recent budget. Also the increased demand for labor in the urban areas has resulted in huge employment for rural laborers and they sending money back home which has given a rise in the consumption of many products and services. Rural customers have upgraded their lifestyles and as a result are purchasing lifestyle products like cosmetics, beverages, mobile phones, etc, which have become necessities for them.

This study revolves around the villages of Gujarat. As Gujarat is a rich state the rural areas can be source of good income generation for the organizations. The rural population habitation is more than the urban population (See Exhibit 1). That proves that in Gujarat the organizations dealing in the FMCG products will have to concentrate more on this area. Here in Gujarat out of the total occupied census houses 86.2% (See Exhibit 2) are occupied this shows the need for the everyday needs to be fulfilled in the households. The people with more members in the family also shows that in one household itself there would be people of different age groups who would need different types of products (See Exhibit 3)
1.1 Need for the Study

The rural Indian population is large and its growth rate is also high. Over 75% India’s one billion plus population lives in around 576000 villages in rural areas. This simply shows the great potentiality rural India has to bring the much needed volumes and help the FMCG companies to bank upon the volume driven growth.

India is now seeing a spectacular shift towards affluence in rural households. As per the National Council for Applied Economic Research (NCAER) study, there are as many ‘middleincome and above’ households in the rural areas as there are in the urban areas. There are almost twice as many ‘lower middle income’ households in rural areas as in the urban areas. And this number is expected to increase in the coming the years. This apparently is the result of development work, which happened under the five years plans and other special programmes such as land reforms, rural electrification rural communication, and rural credit facilities, etc. The absolute size of the rural market is thus expected to double that of urban India. But despite the high rural share in these categories, the rural penetration rates are low, thus offering tremendous potential for growth. Again the rural consumers have some exposure to urban products may be because of advertisements on television and radio or maybe because of working in the urban areas.

The economic slowdown, which came like flood in the second half of 2008, has changed the ways Indian companies did business. Easy money vanished from the vaults almost overnight. All costs were put under the lens. Buyers had gone on the back foot, so old textbooks on market development were revisited. In the way, the slowdown was a blessing in disguise.

Within weeks of the financial meltdown, the urban markets went into a tailspin. Scared of non-performing assets, banks as well as non-banking finance companies put a stop on lending. The situation was aggravated because of the fear of joblessness. This is when companies began to look at rural markets with new respect. High support prices for crops and the farm loan waiver had beefed up purchasing power in semi-urban and rural
markets. This is where the action began to shift. The organizations now shifted their interests toward the rural area.

The biggest story of recent times in FMCG sector has been Godrej No 1. The brand was focused on the rural markets and this has helped it break into the top league in the category. The lesson most companies have learnt is that they need to build inroads into the rural markets for the long haul. After the success of consumer durables and automobiles, rural markets are huge potentials for FMCG goods. The companies can cash in rural markets through proper distribution channels. Not only do the companies need to understand the potential rural markets but also the role played by the rural retailer in bringing success to the products.

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1.2 Outline of the Study

The present study includes the purchase behavior of the rural customers with respect to the selected products and brands in selected products categories of FMCG in the selected rural markets of Gujarat. The major influencers in buying a certain brand by the rural customers is highlighted. Also the study includes the wide penetration of counterfeit products i.e. the look-alike and the spell-alike of the genuine products and the unawareness of the villagers towards these counterfeiters. One of the objective of the study also include the role of the media in creating the awareness about the various brands.
1.3 Significance of the Study

Since India has majority of population residing in the rural areas, these areas need to be developed and the amenities, products etc used by the urban people should be made available to these rural people too. There are untapped opportunities lying in these rural markets for the marketers of various products. A lot of researches have been done in the rural areas, this kind of area specific study would help the marketers to reach the people in the specific way. The target market would be easy to find. Every rural area in India would be following a different culture, tradition and pattern of using various products. The studies with current kind of forte help the marketers to design the marketing strategies for selling the various products as the demographics of the rural people are specifically studied in this research.

1.4 Organization of the Study

The present study apart from the introduction chapter is divided into six more chapters and the content of these chapters are organized as follows:

Chapter 2 Literature Review

The chapter provides a comprehensive and exhaustive research work done by former scholars and academicians in the field of rural markets, consumer behavior, Rural consumers, different media vehicles, different traits of rural consumers, the ways in which rural consumers get affected by various influencers, role of rural retailers and availability of counterfeit products and their demand in the markets. It covered studies from the International, Indian and regional contexts. Research explains the importance and necessity of understanding the bottom of the pyramid markets as India has majority of its population residing in the rural areas. The chapter concludes by identifying the research gap and also provides the need of research in the rural Markets of Gujarat.

Chapter 3 Research Design

The study looked into the aspects of availability of different products in the selected FMCG product category. To study the factors influencing purchase behavior of rural consumers, role of retailers, the availability of counterfeit products in the rural markets in
the selected product categories, the product awareness among the rural consumers in the selected rural markets of Gujarat. Primary data were collected through questionnaire and interviewing the retailers.

This chapter covers the research approach suitable to the study. More specifically, research objectives, research design framework, sample or data description, methodology, sources of information, content of the questionnaire and data analysis methods for all primary study has been focused upon.

Chapter 4 Fairs of Gujarat

This chapter covers the importance of fairs in the villages and the visits made in some fairs during the data collection time. The fairs have a lot of importance for villagers to buy certain products. As this study includes only Selected FMCG products, the basic survey has only the observation of these products categories. The chapter highlights how villagers spend entire two or three days in the fair and buy the required FMCG products in bulk to meet their necessities.

Chapter 5 Data Analysis and Interpretation

The data from the consumers about their brand preferences and the way they buy products was collected personally for the selected villages of Gujarat. the responses were collected through questionnaire and were analyzed and the results were duly interpreted. The quantitative information were analyzed using frequency distribution, descriptive statistics and various non-parametric tests like Chi Square Test, ANOVA, T-Test and Correlation. Through the interpretations the conclusions and suggestions have been done in chapter 6.

Chapter 6 Findings, Suggestions and Conclusion

Some broad findings, inferences and observations from the analysis as carried out in the previous chapter are presented in this chapter. Proposed suggestions are made in the study based on interpretations and the conclusions made in the study. The entire work done and the implications of the study, various limitations and the scope for the future research are discussed in this chapter.