ABSTRACT

Problems of Rural Marketing in Fast Moving Consumer Goods (FMCG) sector in India.

Market structure in India is dichotomous, there are two extreme end markets namely urban and rural market. The Indian rural market with its vast size and demand base offers great opportunities to Companies. The rural market consists about 724 (about 12% of world population and 70% of Indian population) million peoples living in 6,38,000 villages over an area of approximately 32,00,000 sq km of land spread across 35 states and union territories. It has more than 18 languages and 850 dialects, with the accent changing distinctly from region to region within the states. So is in the case with food habits culture income levels, literacy and the exposure to media.

In terms of number of people, the Indian rural market is arguably almost three times larger than its urban counterparts and possibly the largest untapped market in the world. The rural economy contributes nearly half of the country’s GDP which is mainly agriculture driven and monsoon dependant. More than 50 percent of the sales FMCG and Durable companies come from the rural areas. The Indian market is
undergoing vast changes especially after economic liberalization and globalization. The Indian rural market is grown in size and demand base offer great opportunities to the companies.

The Census of India defined urban India as - "All the places that fall within the administrative limits of a municipal corporation, municipality, cantonment board etc or have a population of at least 5,000 and have at least 75 per cent male working population in outside the primary sector and have a population density of at least 400 per square kilometer. Rural India, on the other hand, comprises all places that are not urban. A marketer trying to market his product or service in the rural areas is faced by many challenges; the first is posed by the geographic spread and low population density in the villages in the country. The second challenge is from the low purchasing power and limited disposable incomes in these parts of the country.

Rural market is getting an importance because of the saturation of the urban market. As due to the competition in the urban market, the market is more saturated as most of the capacities of the purchasers have been targeted by the marketers. So the marketers are looking for extending their product categories to an unexplored market i.e. the rural market.
In recent years, rural markets have acquired significance in India as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has taken shape.

The study at hand proposes to upgrade information on the subject and the associated objectives. In fact a sea change in rural dynamics has surfaced and reported at various places in particular, post liberalization, privatization and globalization phase in the Indian economy. Quite expectedly if the urban market experiences changes along different dimensions, it is not expected that the rural markets, would remain unaffected hence such studies are required to be undertaken on intermittent basis to bring forth the facts before the academia, industry as well as to the practitioners to enable them revise their approaches and strategies towards rural market and rural marketing.

Furthermore, a survey of this kind is not done in the western uttar pradesh region in particular in Aligarh district and its adjunct outskirts and hinterland. The output of this survey is of plenty of
benefit. In this particular case also, the lack of the information in rural markets has been the main reason for preferring an empirical study.

The objectives which have been pursued to study the problems of rural marketing in Fast moving consumer goods sector in India, to understand the concept domain of market in rural India, to analyze the rural marketing environment in India, to evaluate and analyze brand awareness and brand usage in rural market, to analyze buyer's behavior in the rural market in terms of reasons that motivate or constrain them from purchase of branded items, to explore the brand image rural consumers hold of the brands they use, to explore the source of information on brands rural consumer have, to study and examine the rural marketing mix strategies relating to Product, Price Distribution and promotion, to suggest strategies for effective marketing in rural areas.

Keeping in view the above objectives of the study, the following hypotheses have been developed for the verification and conformation

_Hypothesis-1_: “The null hypothesis of the study (Ho) assumes that the difference in consciousness towards national branded products in FMCG between the rural and urban market is significant. On the other hand, the alternative hypothesis (H₁) assumes that the difference
in consciousness towards national branded product in FMCG between the rural and urban market is insignificant”.

Hypothesis- 2: -“The Null Hypothesis of the study (Ho) assumes that the rural market is not as sensitive towards price of FMCG products as the urban market whereas the alternative Hypothesis of the study (H₁) assumes that the rural market is more sensitive towards price of FMCG products than the urban market.”

Hypothesis- 3: - “The null hypothesis (Ho) assumes that there is a large difference between the brand image perception of the urban market consumer with that of rural market consumers whereas the alternative hypothesis (H₁) assumes that there is not much difference between the brand image perception of the urban market consumer with that of rural market consumers “

The Hypothesis- 4:- “The null hypothesis (Ho) assumes that the non availability of FMCGs does not affect consumption in the rural market adversely whereas the alternative hypothesis (H₁) assumes that the non availability of FMCGs does affect consumption in the rural market adversely”. 

The study is based on the secondary data and primary data collected from various sources for the fulfillment of truthfulness of analysis and interpretations and then to ensure the quality of research study. The secondary data for the study have been collected from various secondary sources of information, Data and statistic and available written literature . ie data has also been gathered from books, articles and the reports published by national council of applied economic research (NACER), Information and credit rating agency (ICRA) etc. Direct observation of the phenomena associated with the informants engaged in the marketing activities. And interview with the informant engaged in marketing activity in the regions under the study.

Chi square (non parametric) test has been used for the analyses and interpretation of the study which reveals, the first null hypotheses have been rejected and the alternative hypothesis is accepted. Meaning thereby that there is not much difference in consciousness towards national branded products in FMCG Sector between the rural and urban market.

Since the rank score in the Hinterland is more on price factor compared to the urban location. Therefore, we can say that the former is more price sensitive than the latter; therefore, we reject the second null hypotheses and accepted the alternative hypotheses that the rural
market is more sensitive towards the price and FMCG products than the urban market. This is on account of the purchase constraints with rural consumer.

The score indicates clearly that there is a difference of hundred points on Likert score between the brand image perception in urban fringes and in the Hinterland. In percentage terms this comes out to be $\frac{700}{2400} \times 100 = 29.16\%$ for urban fringes. And $\frac{600}{1400} \times 100 = 25\%$ for the out skirts and the Hinterland. There is a slight difference of 4% in the overall perception across locations which can be attributed to the consumption at times of fake brands in the hinterland. Looking at the findings we can say that the third null hypotheses which claims that there is a large difference in the brand image perception as held by the Urban market with that of rural market stands to be rejected and we accepted the alternate hypotheses that there is not much significance difference brand image perception across the locations.

The particular items has been explored only in the hinterlands since the issue of availability of brands is an issue basically in such locations and not much an issue as such in the urban locations.

Therefore, the question was raised only in the hinterland area not even in the out skirts. Interestingly the responses show that non-availability is a major reason than the fake brands that affect consumption adversely. In fact both can be explained from each other.
If there is non-availability of national brands it would lead to fake/spurious brands in the market. We find that the chi-square value is more than the table value. Meaning thereby that the non availability of brands affects consumption in the rural markets. Hence we reject the fourth null hypotheses that the non availability does not affect consumption in the hinterland. And accepted the alternative hypotheses.

Finally, it is clear form the study that rural markets are not mere extensions of the urban markets. They operate in a different and unique environment. It is imperative for a marketer to gain useful insight into the values, attitudes and motivations of rural consumers.