Chapter VI

FINDINGS, SUGGESTIONS & CONCLUSION
In this section efforts are made to match the inferences of the study with the objectives that had been taken up. In effect, it is the integration of observation and findings. The major findings which have emanated as a consequence of personal observations, discussions and outcome of various analytical tools employed in the study are summarized.

The study endeavors to understand the rural consumer behavior & product attribute preference in the FMCG sector. This study is both descriptive and analytical in nature. The descriptive part of the study has been collected through the secondary data collected. The analytical part of the study has been on the primary data collected from the sample respondents of the select rural markets in Coimbatore district.

Rural India has been the backbone of India’s economy. Even today when the manufacturing and the services sector has grown so tremendously the contribution from agriculture to the nation’s GDP is substantial. Even the recent recession which shook the entire world did not have the same impact on India because of the strong contribution to the nation’s economy from the rural sector.

With the advent of globalization, privatization and liberalization the country as a whole has seen tremendous changes. The consumer lifestyle, attitudes, purchasing power, has changed to a great extent. Multinational corporations in the FMCG sector flood the market with numerous brands every day. Increasing the product life has become a big challenge for the marketers. Each day market witnesses the arrival of a new brand from a new company. In this scenario when there is clutter of brands and when the market is saturated there is a compulsive need for the marketers to look at different growth strategies. It could be market penetration, product development, market development or
diversification. Some companies opt for market development as it is convenient. When companies opt for market development in a country like India, then rural market is hard to neglect as it has a huge potential. But, whether market development is the right strategy to approach the rural market is a million dollar question.

Rural market is full of opportunities and challenges. It has a great deal of business potential and has its own set of problems which, a marketer may not necessarily face in an urban market. Rural consumers are different in their demographic characteristics. Their lifestyle, consumption pattern, is different than the urban consumers. Their purchasing power, product & brand preference, product & brand perception also largely varies when compared to an urban consumer.

For the marketers, rural market has been an attraction always but, misunderstood in most cases. Some companies have reached the heights of success only through rural markets, for example Cavin Kare but, they are few and far between. Some others like the ITC and HUL have adopted innovative marketing approaches for the rural markets and have been highly successful. Considering the potential the rural market has it still remain unexplored and unexploited. A lot of misconceptions lie about rural markets. The present study aims to identify the rural consumer behavior, their product & brand preference, the opportunities and challenges etc. The study was done in the rural places of Coimbatore district. Four different villages from the four directions of the district namely east, west, south, and north were selected at random. In Coimbatore district each village was allotted 125 interview schedules in the ratio of 25:25:25:25. A total of 500 samples were interviewed in rural areas selected purposively with a view to analyze from the point of view of age, sex, educational qualification, occupation, income, taste and preference etc.
Personal Profile of the Respondents

Of the total sample 20.2% were in the age group of 25 and below, 29.4% were between the age group of 26 to 35, 25.2% were between the age group of 36 to 45, 15.6% were in the age group of 46 to 55, 9.6% of respondents were above 55 years of age. It may be said that the distribution of the sample is spread across all groups of age.

Of the total sample 58.6% were male respondents and 41.4% were female respondents.

Of the total sample 29.2% were illiterates, 59.4% had education up to school level, 9.4% were graduates and 2% of them were post graduates. It may be said that the majority of the sample were either illiterates or had education only till school level. Graduates and post graduates constitute a very low percentage. The educational background is a critical factor that will influence their consumption pattern, their brand attribute preference, and affordability etc.

Of the total sample, 19.4% were farmers, 17.2% have their own business, 22.2% were employees, 26.2% were daily wagers, 7.6% were housewife and 7.4% were students. It shows that the sample is well spread in all the categories of occupation. It may be observed from the occupation category that their jobs and income are unstable.

The family income of the sample that 22.2% have a monthly income of less than Rs.3000, 47% said that their family income is between Rs.3000 to Rs.5000 per month, 24.6% said that their family monthly income is between Rs.5001 to 10,000, and 6.2% said that their monthly family income is above Rs.10,000. It only confirms the fact that affordability poor in rural areas as majority of the sample falls in the category where their family monthly income is between Rs.3000 to Rs.5000.
Major Findings

- “India’s rural majority today accounts for more than US $100 billion in consumer spending making them by far the biggest buyers in the country and contributing significantly to India’s Gross Domestic Product”. Thus, provide tremendous opportunities.

- Villages are home to 70% of the total population of the country.

- FMCG industry is the fourth largest sector with a market size of over Rs.60,000 crores generating more than 5% of total factory employment.

- Rural consumer demographics are highly favourable to marketers.

- Out of one billion people in 2000 about 180 million are below the age of 20 years. These young population forms the core market for FMCG products.

- Rural consumers spend around 13% of income, the second highest after food (35%) on Fast Moving Consumer Goods as per RMAI study. The FMCG industry in India was worth 16.03 billion in August 2008 and the rural market accounted for a robust 57% share of the total FMCG market in India.

- There has been a considerable improvement in rural infrastructure and communication facilities.

- Higher penetration of Television has resulted in increased budget allocation for TV advertisements by FMCG companies.
“The National Readership Survey” finds that reach of the mass media is very poor. While the press reaches only about 23% of rural consumers T.V. reach about 36% and cinema 26%\(^4\).

There are about 75 crores rural consumers living in approximately mind boggling number of 638365 villages spread over 32 lakh square kilometer areas. 23% of these villages that is about 145098 villages have population of 200 to 500\(^5\). Thus, reaching India’s rural is a formidable task.

According to a study by A.C. Nielsen that FMCG segment alone incurs a loss of about Rs.1800 crores due to counterfeit products\(^6\).

Though there has been improvement in infrastructure in rural areas, still there is much to be done and it takes quite an effort to reach the last Indian.

Rural markets pose a big challenge with regard to the 4ps of marketing.

There is a significant growth of self help Groups in the rural areas. ‘Project Shakti’, promoted by the largest fast moving consumer goods company Hindustan Unilever Limited was launched in the year 2001 in the Nalgonda district of Andhra Pradesh, has proved to be a tremendous success.

**Rural consumers are brand conscious**

Rural consumers are brand conscious which is against the common perception that they are not. 95.4% of the sample said that they insist on their brand 2.4% said that they go by the advice of the shop keeper and the remaining 2.2 % said that they go by word of mouth.
Rural Consumers are hard core brand loyalists

Rural consumers are extreme brand loyalists. 86% of the sample said that they buy the same brand every time, and only 13.8% said that they change brands.

Women are decision makers

Women are decision makers in majority of the cases especially in the FMCG. 35.8% said that the woman in the family i.e. the wife takes the buying decision and 35% said that the head of the family takes the buying decision, and 27% of them said that the decision is taken jointly and 1.8% of them said the earning member of the family takes the buying decision and 0.4% of them said that the children in the family take the buying decision.

Rural Consumers prefer buying at near by shops

Place of purchase assumes importance for the marketers as it helps them to devise their distribution strategy to the rural markets. 75% said that they buy the FMCG products from the near by groceries stores and 28.4% said that they buy FMCG from the near by town departmental stores.

Purchase of FMCG on monthly basis

Hence most of the rural population does not have a regular income or jobs their consumption pattern is expected to be intermittent. But, 68.7% of them said that they buy FMCG on a monthly basis and 27.2% said that they buy FMCG on a weekly basis and 2.3% of them said that they buy FMCG on a daily basis and 1.8% of them said that buy on fortnightly basis.
Rural Consumers buy through Cash

93.4% said that they buy through cash and 4.4% of them said that they with cash as well as credit and 2.2% of them said they buy in credit.

Impact of Television is Very High in Rural Areas

The medium of advertisement is very crucial especially for the rural markets, as marketers have to be selective about it because of the demographic characters. 96.7% said that TV advertisements are highly motivating for them buy FMCG and 22.4% said that newspaper advertisements are highly motivating and 11.1% said that radio advertisements are motivating and 0.4% said that wall posters and 0.2% said that slides in movie theatre motivate them to buy.

Low impact of Celebrity Endorsements

There is a general perception about rural consumers that they get carried away by celebrities and products they endorse, but, the reality is different. 92.6% of them said that they don’t get influenced by celebrity endorsement at all and 7.4% of the respondents said that they get influenced by celebrity endorsements.

Poor awareness about Project Shakti

The respondents of the survey were not aware of the marketing strategies used by HUL’s Project Shakti and ITCs e-choupal as 93.8% of them said they are not aware of it and 0.4% said that they buy from the self help groups.

Brand awareness of Toothpaste/powder is high

The awareness levels for the product categories toothpaste/powder & toilet soap is quite high. In the tooth paste category 42% of them are aware of more than three brands,
33% are aware of three brands, 22% are aware of two brands & only 2.9% of them said that they are aware of only one brand.

Even today in rural markets usage of tooth powder is significantly high as 35% of the sample said they use toothpowder.

The brand preference of tooth paste and tooth powder revealed that 55% prefer Colgate, 30.2% prefer Pepsodent, 13.5% prefer close up and 0.9% said they prefer other brands. In the tooth powder category Gopal tops the list with 44.8%, Colgate 33.3%, Pyoria 14.9% and other brands 6.9% respectively.

**High awareness of toilet soap brands**

Awareness for toilet soap brands are high as a significant of rural population are aware of many brands. 61.5% said that they are aware of more than three brands, 24.2% of them said that they are aware of three brands and 11.4% said that they are aware of two brands and 2.9% said that they are aware of only one brand.

In the toilet soap category Hamam is the popular soap followed by lifebuoy. 40% of them said that they prefer Hamam, 34.3% of them said they prefer life boy, 17.6% said that they use Lux.

**Good awareness of health drink brands**

The level of awareness of health drink brands in the rural market is reasonably good considering their demographic background. 30.8% said that they are aware of more than three health drink brands, 40.5% of them said that they are aware of three brands, 24.2% of them said that they are aware of two brands and 5.5% of them said that they know only one brand.
Consumption of health drink is very low

Consumption of health drink is quite less in rural markets. Though the consumption rate of health drink is quite low horlicks enjoys wide acceptance as 70.9% of them said that they prefer the brand Horlicks. 19% said that they drink Boost, 5.1% said that they drink Complan and 5% said that they use other brands.

Perceptual problem for health drinks

Apart from the problem of affordability many in rural perceive that health drink is only for patients. The respondents felt that when there is coffee and tea to drink, there is no need to consuming health drink. Respondents told that they consume health drink when they fell sick. This perception is more for the brand Horlicks.

Income and consumption of health drink has a significant relationship

Income of the respondents has a significant relationship with the consumption of health drink. 80.6% of the respondents who have a monthly income of more than Rs.10,000 said that they consume health drink, 50.4% of the respondents whose monthly income is between Rs.5000 - 10,000/- said they consume health drink, as against 23.8% for the income bracket Rs.3000 - Rs.5000 and 13.5% whose monthly income is less than Rs.3000.

Younger age groups have better brand awareness

Age and awareness of health drink brands has a significant association. The younger generation has better awareness of brands. 53% the respondents who are in the age group of up to 25 years know more than three brands, between 26 to 35 the 30.6% are aware of more than three brands, between 36-15 the figure stands at 23%, between the
age groups 46-55 it is 16.7% and 20.8% who are above 55 years of age know more than three brands. It shows that the younger population has better awareness of brands.

Gender and awareness of health drink has a significant association

Male respondents have better awareness compared to the women respondents. 80% of the male respondents said they are aware of more than three health drink brands whereas only 34.3% of the women respondents said they are aware of more than three brands.

Literates have better brand awareness

Educational qualification of the respondents has a significant association with the awareness of health drink brands. 60% of the post graduates and 61.7% of the graduates said that they are aware of more than three brands, as against 34.3% at school level educated and 9.6% with illiterates.

CHI-SQUARE TEST FINDINGS

Chi-square test is an important test amongst the several tests of significance. It is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. As a non-parametric test it can be used to determine if categorical data shows dependency or two classifications are independent. In this study Chi-Square test is used to test significant relationships between Personal factors and Consumption of FMCG.

1. No significant relationship exists between age and consumption of health drink

2. No significant relationship exists between sex/gender and consumption of health drink
3. No significant relationship exists between size of the family and consumption of health drink

4. Significant relationship exists between educational qualification and consumption of health drink

5. Significant relationship exists between occupation and consumption of health drink

6. Significant relationship exists between monthly family income and consumption of health drink

7. Significant relationship exists between annual savings and consumption of health drink

8. No significant relationship exists between age and awareness of more no. of brands in tooth paste/powder category

9. No significant relationship exists between gender and level of awareness of brands in tooth paste/powder

10. Significant relationship exists between educational qualification and level of awareness of brands in tooth paste/powder

11. Significant relationship exists between occupation and level of awareness of brands in tooth paste/powder

12. Significant relationship exists between age and awareness of no. of brands in tooth paste/powder category
13. No significant relationship exists between gender and awareness of no. of brands in toilet soap category

14. Significant relationship exists between educational qualification and awareness of no. of brands in toilet soap

15. Significant relationship exists between occupation and awareness of no. of brands in toilet soap

16. Significant relationship exists between age and awareness of no. of health drink brands

17. Significant relationship exists between gender and awareness of no. of health drink brands

18. Significant relationship exists between educational qualification and awareness of no. of health drink brands

19. Significant relationship exists between occupation and awareness of no. of health drink brands

20. Significant relationship exists between monthly family income and awareness of no. of health drink brands

21. No significant relationship exists between age and importance given to discounts/promotional offers

22. No significant relationship exists between gender and importance given to discounts/promotional offers
23. Significant relationship exists between size of the family and importance given to discounts/promotional offers

24. Significant relationship exists between educational qualification and importance given to discounts/promotional offers

25. No significant relationship exists between occupation and importance given to discounts/promotional offers

26. No significant relationship exists between no. of earning members and importance given to discounts/promotional offers

27. No significant relationship exists between monthly family income and importance given to discounts/promotional offers

28. Significant relationship exists between annual savings and importance given to discounts/promotional offers.

ANOVA TEST FINDINGS

The ANOVA technique is important in the context of all those situations where we want to compare more than two populations. It is essentially a procedure for testing the difference among the different groups of data for homogeneity. It can investigate any number of factors which are hypothesized or said to influence the dependent variable.

In this study, ANOVA is used to study significant differences in selected personal factors and Consumption of FMCG.

1. No significant difference among the age groups and the consumption of tooth paste/powder
2. Significant difference among the size of family and the consumption of tooth paste/powder

3. No significant difference among the educational qualification and the consumption of tooth paste/powder

4. Significant difference among the occupation and the consumption of tooth paste/powder

5. No significant difference among the number of earning members and the consumption of tooth paste/powder

6. No significant difference among the monthly family income and the consumption of tooth paste/powder

7. Significant difference among the annual savings and the consumption of tooth paste/powder

8. No significant difference among the awareness of brands in tooth paste/powder and the consumption of tooth paste/powder

9. No significant difference among the age groups and the consumption of toilet soap

10. No significant difference among the size of family and the consumption of toilet soap

11. No significant difference among the educational qualification and the consumption of toilet soap

12. No significant difference among the occupation and the consumption of toilet soap
13. No significant difference among the number of earning members and the consumption of toilet soap
14. No significant difference among the monthly family income and the consumption of toilet soap
15. Significant difference among the annual savings and the consumption of toilet soap
16. No significant difference among the awareness of brands in toilet soap category and the consumption of toilet soap
17. No significant difference among the age groups and the consumption of health drink
18. No significant difference among the size of family and the consumption of health drink
19. No significant difference among the educational qualification and the consumption of health drink
20. No significant difference among the occupation and the consumption of health drink
21. No significant difference among the number of earning members and the consumption of health drink
22. No significant difference among the monthly family income and the consumption of health drink
23. No significant difference among the annual savings and the consumption of health drink
‘t - Test’ FINDINGS

t - Test is based on t-distribution and is considered an appropriate test for judging the significance of a sample mean or for judging the significance of the difference between the mean of the two samples in the case of small samples when the population variance is not known. The relevant test statistic, t, is calculated from the sample data and then compared with its probable value based on t distribution at a specified level of significance for concerning degrees of freedom for accepting or rejecting the null hypothesis. In this study t-test is used to find significant differences in specified personal factors and consumption of FMCG.

1. No significant difference among the gender and the consumption of tooth paste/powder
2. No significant difference among the year of usage and the consumption of tooth paste/powder
3. No significant difference among the same brand usage and the consumption of tooth paste/powder
4. No significant difference among the gender and the consumption of toilet soap
5. No significant difference among the same brand usage and the consumption of toilet soap
6. No significant difference among the gender and the consumption of health drink

SUGGESTIONS

Rural market is a land of million opportunities. If one is prepared to set the foot in rural market, the travel is going to be a long and fruitful one. It is largely unexplored by
today’s marketers. Rural consumers’ behavior, their product & brand attribute preference, affluence, loyalty levels are highly misunderstood by the marketers.

**Rural Market should not be considered as a dump yard**

Marketers look at rural markets as a dump yard of their surplus. This attitude of marketers should change in the times to come. At the same time, rural consumers need not be looked at aliens, instead, a few product adaptations, changes in the promotion strategies, pricing strategies and distribution is necessary.

**Exclusive Marketing Strategy**

A few organizations like the ITC and the Hindustan Unilever Ltd are already pioneers in their approach towards their markets in rural places. Others who tried an exclusive strategy for the rural markets are not consistent. So, companies should devise exclusive marketing strategy for rural markets.

**Focus on CSR activities**

Corporates should focus on CSR activities like helping in improving literacy rate in rural India; conducting health camps etc. the benefits of such activities will create goodwill and positive image for the company. An increase in literacy levels will pave way for better personal hygiene among rural people. If better hygiene is adopted as a habit, then the demand for FMCG sector in the personal care, oral care is bound to increase. So, corporates should look at rural markets with a sense of responsibility.

Corporate social responsibility is the buzz word in the corporates today. Serving the rural market with the right attitude will itself take care of organizations CSR obligations.
Better disposable income should be leveraged by companies

As far as the affordability is concerned, the rural economic condition is below standards. In the sample most of the house holds reported a monthly family income of Rs.3000 - Rs.5000. This may appear low at the outset but not in true sense. If we take in to account the disposable income factor and compare with the urban middle class consumer, then the rural consumers’ affordability or in other words the disposable income is better than their urban counterparts.

A rural income of Rs.5000 can be equated to an urban income of Rs.10,000 as the cost of living in urban is considerably higher than the rural. In the urban cities rentals, transportation and the cost of essential commodities take away a substantial portion of their income. So, a rural monthly income of Rs.5000 is still good enough to understand the rural consumers’ potential to spend on FMCG.

Product Divisibility is a must for rural consumers

Most of the rural consumers have the habit of regularly using FMCG. Hence, their income levels are low and their wages are staggered, they may not have the potential to buy FMCG products in big packs. So, packaging strategy by the marketers has to be different.

In the rural markets, the concept, product divisibility would be the most appropriate strategy, as it would encourage the rural consumers to adapt to the new products easily. The packaging has to be suitable for the rural markets. Smaller sachets are available in the shampoo category. Though, the tooth paste and toilet soaps are also available in smaller packs, marketers should make efforts to intensify their distribution, so as to enable supply at all places all the time.
Celebrity Endorsements do not have a high impact

The influence of celebrity endorsements is not high, as it is presumed to be. The rural people would like to see their favorite movie or cricket star in advertisements. But, it does not have any impact in converting that into buying. So, marketers have to think twice the before relying too much on the celebrity support, especially, when the markers try to launch a new product.

The reason for making a strong statement like this is because, it was found in the study that the rural consumers are extreme brand loyalists. Rural consumers don’t shift brands easily for price reasons or the sake of trying a new brand. Brands like lifebuoy, Hamam, Colgate and Horlicks have true or in other words hard core loyalists. It should be looked as a positive feature by the marketers. When it comes to brand loyalty the rural consumers can be classified as true loyalists unlike their urban counterparts. Rural consumers shift brands mostly for quality reasons and not for price reasons.

Intensive distribution is a must

Rural market in India is yet to see the big impact of the retail culture. Retail culture has spread tremendously in India. We can see its impact even in two tier towns. It will take some more time for both the rural consumers and the retailers themselves to understand each other. The rural consumers still believe that the nearby grocery store is good for them. They have immense trust in the local store. People buy things in very small quantities and at times in credit. The shopkeeper has a personal touch and keeps his customers happy.
Extend Project Shakti Model in more rural markets

Though, the Project Shakti of HUL has achieved enormous success in many parts of Tamil Nadu and even in some parts of Coimbatore district, they have not penetrated in other areas. The self help group system can be very effective for distribution of FMGC. If the Project Shakti model can be replicated in other markets also. It has immense potential for other players in the market also. Project Shakti is a win – win kind of a business model for both for the marketers as well as the consumers. So, it is better for the marketers to be “better late to the rural markets through an innovative approach than never”.

Create Strong positioning strategy for health drink brands

The health drink category does not have appreciable patronization. Though the major reason could be attributed to the affordability factor, the perception of the rural consumers about health drink is a reason to ponder. A brand like Horlicks is considered only for the sick/patients. Many strongly feel that health drink should be consumed only during sickness. If brands create more awareness about the goodness of consuming health drink and change the way rural people perceive, it has a huge demand potential. Horlicks should make their brand positioning very clear, especially in the rural market.

A clear and a positioning based on health would definitely enable health drink brands to penetrate much deeper in the rural markets.

Synergy will bring more success

Associations like the RMAI (Rural Marketing Association of India), CII (Confederation of Indian Industries) ASSOCHAM (Associated Chamber of Commerce and Industry) and organizations interested in rural marketing should join together and
research further issues pertaining to the area. A collaborative effort will ensure better understanding of rural markets, its consumers and there by better volumes and profits.

Organizations can become noble and profitable if the poor gets the benefit of globalization. Aspirations of MNCs to make profits should be intertwined with societal concerns.

**Conclusion**

True are the words of Prof. C.K. Prahalad that “fortune lie at the bottom of the pyramid”. Create value for the rural consumers and in the process create wealth and profits for an organization is the mantra for success today and in the days to come. A distinctive product, pricing, place and promotion strategy would enable companies excavate fortune in the rural markets.

We have to look at a business model that is unconventional and workable. Any business model which includes the lower strata of the society ensures the corporate social responsibility of an organization and also creates a win-win situation for both the organization and the consumers. Some of the successful self sustainable projects like the Aravind Eye Hospital in Tamil Nadu have already proven to be a success adopting such a business model.

**THE SCOPE FOR FUTURE STUDY**

The present research study has resulted in fulfilling the expected of certain quarters. However, at the end of the report the researcher feels that there are some more issues which could be researched in the future. The future studies may focus on the following issues to better understand the rural consumer and their trends.

- Rural consumer trends and brand attribute preference with additional variables.
• A comparative study of urban consumer trends vs. The Rural Consumer trends.

• Role of Self Help Groups in rural marketing

• Comparative study of rural markets in other similar countries, for example China.

• Serving rural consumers in relation to profitability factor for companies in rural marketing.

• A study of rural consumers’ attitude towards new product.

• Marketing strategies adopted by MNCs in rural markets.
References


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