CHAPTER - II
REVIEW OF LITERATURE

Introduction

Review of related literature is an important part of any research study. In this chapter, the researcher reviewed the “related views” of the other researchers, who have already worked on the field. The review is done very extensively with the aim of obtaining a detailed knowledge of the topic being studied. Such a study outlines theories involved in the research project and provides with conceptual clarity of the variables. This review proves a valuable guide for defining the research problems.

The researcher has continuously been studying the various dimensions of the buyer behaviours for Fast-Moving Consumer Goods and its companies in India. Hence, the related studies were found useful for identification and formulation of research problems such as, purchasing capacity, awareness, grading the products, usefulness, buyer behaviour, brand preference, and customer satisfaction.

Review of literature is a critical analysis of a segment of published body knowledge through summary, classification and comparison of prior research studies review of literature and theoretical articles. The aim of a literature review is to show that the “writer has studied existing work in the field with insight”. A good literature review presents a clear case and context for the project that makes up the rest of the thesis. So, a good literature review raises questions and indentifies areas to be explored. Thus, in this part the previous study pertaining to fast-moving consumer goods has been summarised.

Production

Gerard J.Tellis (1988)\(^1\) in his article, “The Price Elasticity of Selective Demand; An analysis of Economic Models of sales” reported that, after making in-depth analysis of 3678 brands available in the market that appeared in the academic literature from 1961 to 1985, a high level of average price elasticity, -1.76 which means the 10 per cent price reduction would boost sales by 17.6 per cent.

P. Prushotham Rao (1990)\(^2\) in his Doctoral Thesis titled “Rural Urban and Socio-Economic Variation in Consumer Behaviour”, has covered a number of models of consumer behaviour and discussed their relevance to the Indian Context. He has attempted a comparative analysis of brand awareness between rural and urban consumer. He has also studied the factors influencing the purchase decision of the consumer. He found that there is a close association between income and brand awareness. Relatively, the brand awareness is higher in urban areas compared to rural areas because of the greater penetration of media and advertising.

Blattber Robert and Neslin Scott (1990)\(^3\) in their study entitled “Sales promotions concepts, methods and strategies”, showed that majority (more than 60 per cent) of the brands have increased its sales owing to their innovative strategies.

Soman Dilip (1998)\(^4\) in his study entitled “The Illusion of Delayed Incentives Evaluating Future Effort-Money Transactions” described the consumer response to promotions where incentives are delayed and the level of effort which varies depending on the nature of the offer required availing incentives.

Edwin J. Nijssen, (1999)\(^5\) suggests that among the range of strategies available to a company, line extensions are an important way to keep a brand alive and to realise incremental financial growth. In order to be successful at introducing new extension managers should understand line extensions key success factors. In this study three market-related factors that impact online extension success factors were investigated, i.e. the level of competition in the market place, retailer power and consumer variety seeking behaviour.


Data collected from 49 marketing and product managers in the fast-moving consumer goods industry showed that line extensions have very little added value over existing products and that cannibalisation is very much related to a line extension success. Of all line extensions, those involving new flavours and new packaging sizes were most successful. Extensions that improved product quality were found to be unsuccessful. The market variables, level of competition, retailer power, and variety-seeking behaviour all had a negative influence on line extension success. Dominant brands were hurt more by variety-seeking behaviour’s negative impact than by less dominant brands.

In a study by Kopalle, Pravin and Carl (1999) the dynamic effect of discounting and sales was studied and normative pricing implications were discussed. They suggest that managers can increase profit by as much as 7 to 31 per centage through innovative sales promotions efforts. These findings indicate that it is important to balance the trade-off between increasing sales and the current period from a given discount, and the corresponding effect reducing (balancing) sales in future periods in market.

Raghubir Priya and Coffman Kim (1999) have studied the role of price promotions in affecting pre-trail brand evaluations in the service context. A price promotion is theorised to be informative about brand quality when it stands out, because it deviates from either its own past behaviour or industry norms.

With past promotional behaviour, distinctiveness in terms of how common it is to promote in an industry and consumer expertise are important variables that moderate when price promotions have an unfavourable effect on brand valuation product category experts, who have alternative sources of information to make quality judgements, are expected to make less use of price promotions as a quality cue than novices.

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A study by Nowlis Stephen M, and Simonson, Itamar (2000)\(^8\) identified moderators of switching between brands in different price quality tiers. The authors propose that the likelihood of switching between particular brand tiers to the price promotions could be predicted based on the choice set compositions.

They propose that consumers tend to trade up in a higher price quality tier if promotions are offered by a premium brand but would not trade down if a lower price / quality tier brand offers promotions.

R. Sampath Kumar (2000)\(^9\) has made an attempt to highlight the findings of consumer behaviour on selected consumer products carried out in urban areas of Hyderabad city and in rural areas of Nalgonda district. The study has been undertaken with the following objectives, viz.

a. to identify the factors influencing the behaviours of consumers in the selections and use of a particular product category,

b. to interpret and analyze the socio-economic profile of different strata of consumers and retailers.

c. to examine the motivation factors exhibited by consumers to impress upon and convince the retailers to get a product of their choices.

The sample size was fixed at 500 and four consumer durables and four consumers non-durable were taken. The study reveals that a majority of consumers are a highly enlightened lot. They are concerned with the quality of the products. It further reveals that both urban and rural consumers for any products desire to have quality products at reasonable prices and they trust more the advice of retailers.


Brad Banducci, Mark Joiner, Eric E. Olsen, and Daniel Stelter (2002) a global study of how today’s top corporations can generate value tomorrow—succeed in uncertain times. The study is based on an analysis of over 4,000 of the world’s top corporations by market capitalisation.

It sets out a new corporate value creation agenda to prevent a re-run of misguided practices of the last decade. In addition, it provides a framework for preparing contingency plans for a recession and TSR (Total Sales Return) and TBR (Total Business Return) rankings for different regions, industries and the top 10 TSR / TBR companies per industry. The analysis includes relative fundamental indicators and their respective expectations.

Claire Tracey (2002) focuses in his studies, that the latest in a series on global payments highlights the strategic importance of payments and the benefits of developing an overarching view of the payments business.

It provides a checklist of actions of financial institutions to develop and implement a payment strategy and it investigates the potential value to be realised from payments and the value at risk in to the absence of a strategic perspective.

C. Mahdhavi and John William Fells (2002) focus on the level of perception and experience of product value with reference to refrigerators. The study was undertaken with 150 randomly selected consumers and the values taken were quality, durability, availability, technology, economic service, status, physical characteristics and guarantee and resale value.

The study points out that the comparison of the value priority of perceived and experience level, economy was the only value that had fifth level perception and was experienced at the third level.

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Buyers are very sure of the price before they buy and in general there is no chance of having negative experience in the case of economy. They suggest that the manufacturers should identify such gaps existing in different values and magnitude of difference.

Based on this they must take steps to match the perception and experience. If this attempt is not made, there will be many dissatisfied buyers and in the long run the manufacturers will be kept away from the market.

**Dr.K.Mallikarjuna Reddy (2002)**\(^{13}\) studied consumers’ behaviour models and their relevance to consumer electronic industry, linkages of buyer behaviour with marketing strategies of consumer electronics firms and concluded that consumers’ behaviours provide sound basis for indentifying and understanding consumer needs.

**Michael J. Silverstein, Harold L. Sirkin and Peter Stanger (2002)**\(^{14}\) they have stated that the retailing online Volume 5.0 is part of a series of in-depth studies conducted by – BCG (Boston Counselling Group) in partnership with shaping, the trade association for online retailers.

This instalment reports Web-based and store-based retailers are approaching breakeven profitability and catalogue-based retailers are already profitable as a group. Multi-channel retailers are taking the lead by leveraging existing brands and business systems.

The online market grew 21 per cent in 2001 and is expected to increase 41 per cent in 2002 reaching $ 72.1 billion.

**According to Kumar (2002)**\(^{15}\) 8000 annual melas are held in rural India every year. Besides these melas, rural markets have the practice of fixing specific days in a week as Market Days when exchange of goods and services is carried out.

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\(^{14}\) Michael J. Silverstein, Harold L. Sirkin, Peter Stanger. The State of Retailing Online V 5.0, 2002,

Every region consisting of several villages is generally served by one satellite town where people refer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

Only 16 per cent of the rural population has access to a vernacular newspaper. Although the television is undoubtedly a powerful media, the audiovisuals must be planned to convey a right message to the rural folk.

A radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is needed to impress the 230 million rural consumers spread over approximately six thousand and hundred villages in rural India.

Marketers have to adopt a strategy that appeals individually to the rural audience and formulate separate annual plans and sales targets for the rural segment. Changes must be made in the marketing mix elements such as price, place, product and promotion. Corporate marketers should refrain from designing goods for the urban marketers and subsequently pushing them in the rural areas.

The unique consumption patterns, tastes, and needs of the rural consumers should be analysed at the product planning stage so that they match the needs of the rural people (Kumar, 2002).

Dr. Rajamani Singh and A.S. Yasso (2000) have undertaken a study to know the consumption pattern of toilet soap in Imphal City and consumer behaviour towards the toilet soap. The study found that the toilet soaps produced in India is not giving full satisfaction to all sections of the consumers. The people are not satisfied in one or other way with regard to price, quality, colour, smell, etc. of the product. The study further states that entry of foreign brands is increasing which results in slow capturing of Indian Markets, posing a danger of repositioning the Indian product in order to face the challenge.

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Dr. I. Francis Gnana Sekar (2003)\(^{17}\) has written an article highlighting the culture as the major factor that influences the buying behaviours in Canada and India. He made a comparative analysis relating to religious composition, race, occupation, income group, communications, education and reference group types between the people in India and Canada and concludes that these factors influence the buyer behaviours in Canada and India.

Dr. V. S. Ganesamurthy, Dr. M. K. Radhakrishnan and S. Bhuvaneshwari (2003)\(^ {18}\) have taken a research to find out the brand loyalty and level of awareness about the consumers in the rural areas of Erode and Gobi Taluk. The researchers made a deep study into the buying behaviour of the rural public by analysing their products of preference like soap and powder, biscuits, tea, and salt. As many as 50 respondents were selected for the study.

The study was conducted from retailers’ and consumers’ point of views. The study reveals that due to improvement in media and transportations the products were made easily available in all areas. Increasing awareness among rural consumers has led to significant changes in buying behaviours and consumption habits.

James P. Andrew and Andreas Maurer (2003)\(^ {19}\) explain very clearly that despite industrial companies’ deep investments in innovation, most new products fail to generate the expected returns. Some companies are boosting the odds of success by taking a different approach to product development and commercialisation.

Rather than conducting the entire innovation to cash process themselves, they are playing the role of ‘orchestrator’ retaining some aspects of the process under their direct control and delegating others to suppliers.

The orchestrator approach makes sense for certain kinds of products under specific circumstances; Whirlpool’s Gladiator product line and Chrysler’s Crossfire cars are excellent examples.


\(^{19}\) James P. Andrew, Andreas Maurer, Innovation to Cash, 2003, Boston Consulting Group.
Jim Hemerling, Hubert Hsu, David C. Michael and John Won (2003)\textsuperscript{20} made a study on the competitive advantage among the manufacturers who vie with each other in order to get a firm foothold in the international market for their personal growth and use the market place as a platform for low-cost sourcing and production. China has also an opportunity to ignore the same. These articles address topical business issues facing both multinational and domestic Chinese companies in a broad range of industries.

An article written by Jyothi Data (2003)\textsuperscript{21} points out that FMGC majors are increasingly moving away from pumping money into advertising and are looking instead at innovative promotional strategies that are more effective in terms of translating into sales.

Industry analysis undertaken by Information and Credit Rating Agency (ICRA) points out that the initiatives are taken by FMGC companies focus primarily on effective supply chain management and not on advertisement expenditure. It is possible that such initiatives result in increasing market awareness of their products, which in turn helps that companies push up sales.

The rural market is growing much faster than the urban counterpart. The market share of FMGC products in rural markets is 53 per cent. Due to improvement in transport network rural people have been better access to towns and cities.

The urban retailers in tier -2 cities are tapping the rural customers living in the surrounding areas. The conventional wisdom of urban glossy advertising and fantasy mix through the television are not going to work in the rural markets.

The rural advertising in India needs innovative and alternative media to woo the customers. The case of adopting a railway station by Titan during “Kumbamela” helped them to generate a high brand recall as for each arrival of the train the announcement was made “welcome to Sonata - Naini”. Fast-moving consumer goods (FMGC) worth $ 3.5 billion are

\textsuperscript{20} Jim Hemerling, Hubert Hsu, David C. Michael, John Wong, the Pursuit of Competitive Advantage & Profitable Growth, 2003, Boston Consulting Group.

expected to be sold in rural India by the end of 2007. The FMGC segment, in value terms, is expected to be over $18 billion as on December 31, 2007, of which the rural sector would comprise a little more than one-fifth.

Mark Joiner, Eric Olson, Daniel Stelter and Pascal Xhonneex, (2003)\(^{22}\) made a study into the value creators which highlights the key areas for generating and sustaining above-average shareholder returns. The report is based on analysis of thousands of corporations around the globe, as well as case studies of individual companies.

At its heart is a detailed analysis of the core principles of value creation. As expectation premiums decline toward their long-term market average of zero, only firms with strong fundamentals are able to achieve outstanding returns.

Dr. R. Nandhagobal and P. Chinnaiyan (2003)\(^{23}\) have undertaken a study to indentify the popular brands of toilet soap and the factors that contribute to the purchase of it in the rural areas.

The survey was undertaken in Pollachi Taluk of Coimbatore in Tamil Nadu by selecting 200 rural consumers randomly and the result was analysed by adopting Garrett Ranking Technique and this technique reveals that the product quality was ranked as first followed by retail price. The study suggests that a consumer’s perception on quality like medicinal values, beauty and pleasant smell have to be considered for different target groups.

B.S. Sahay, Jatinder, N.O. Gupta and Ramneesh Mohan (2003)\(^{24}\) in their research assessed the current state of supply chain management practices followed by Indian organisations and indentifying important areas that need to be addressed in order to increase their competitiveness.


The research findings reveal that most of the Indian organisations have aligned their supply chain objectives with their business objectives. They are now on course of aligning their processes and management focus. Enhanced level of competitiveness would require Indian organisations to manage the three-dimensional alignment of achieving the agenda set by the business strategy.

The supply chain alignment model suggested in this paper provides a framework for realising true supply chain efficiently and comparatively. Different organisations will align their objectives; process and management focus as per the focal areas of their organisation depending on their capabilities and market situations. However in every case Indian organisations need to act fast to capitalise on these opportunities to be competitive with the world market.

Sampath Kumar (2003)\textsuperscript{25} based on his research reveals that the methods of physical distribution have a very vital role in a company’s success or failure in the market. The study further found that the relationship between the consumers, expectations and the products perceived performance was more important for success of any product. The study concludes that identification of consumer motives was an important step towards ensuring that the appropriate needs will be met by a product.

Selvaraj and Mahendran (2003)\textsuperscript{26} have undertaken a study to examine the factors influencing the consumers’ choice of washing machines and the problems faced by the consumers of Gobichettipalayam town, Erode district of Tamil Nadu.

The study reveals the fact that the choice of a particular company is based on its quality, price and problem-solving approach of the manufacturers. The study concludes that due attention is given to this aspect so that both producers and consumers will be benefited.

\textsuperscript{25} Dr. R. Sampath Kumar, “Brand Preference-A Study on soft Drink Market”, Indian Journal of Marketing, Vol.XXXIII, No.2, February 2003, pp.6-7

Suman Bery and R.K. Shukla (2003)\textsuperscript{27} pointed out that a survey was conducted by NCAER about selected consumer durables. The study was conducted in both rural and urban areas on the basis of multi-stage, stratified sampling techniques. The study concludes with the fact that between 1987-88 and 1988-99 the income distribution of households has undergone a significant change, while the share of low income households in the total population decreased sharply which in turn leads to increase in consumer durables in both urban and rural areas.

Dang and Koshy (2004)\textsuperscript{28} in their article entitled “An Empirical view of the different types of consumer promotions in India” highlights an empirical view of the range of promotions launched in the Indian market-place from 1996 to 2003. The different promotions include free gifts offers, price offs, extra product offers, exchange offers, buy-more and save offers, contents and sweepstakes. The most frequently launched promotions are the free gift offer followed by the sweepstake offer and extra product offer. Some difference in trends is found across FMCG, Consumer Durables and Service sectors.

A detailed description of each type of promotion is provided in order to highlight the different incentives offered by such promotions. A first step towards researching different promotions is identification of the range of different promotions launched in the market place. The present paper provides an empirical view of the variety of promotions launched in the Indian market for the years 1996 to 2003. It further reports the incidence of the different promotions in different sectors, e.g. FMCG Consumer Durables and Services. Finally, details about each type of promotions are noted in order to highlight the different incentives offered by each type of promotions.


\textsuperscript{28} Dang and Koshy, “Rural marketing in India problems, prospects and emerging dimensions”, Volume 36, Issue 5, pp. 409 - 425
Jim Hemerling, Hubert Hsu and Alvin Lam (2004)\textsuperscript{29} “Whole-sale distribution changes for a Winning China strategy”. Most of China’s 500 million consumers still shop at small markets and local department stores. These consumers, who reach the thresholds of spending levels for many products, represent China’s fastest-growing market. Yet only a fraction of Western companies have explored the traditional trade beyond the largest cities, primarily because of distribution challenges of the various methods for dealing with distribution. Effective management of the wholesale channel—an approach that has been under leveraged by global companies - presents an opportunity well worth considering.

The most frequently promoted categories in the services sector are Fast Food Restaurants and Cellular Phone Services. The different types of promotions indentified in the study include price offs, free gift offers, sweepstakes, extra product offers, contents, exchange offers and buy-more and save/get offers. The overall frequency occurrence of these promotions as well as frequency of concurrence in FMCG, Durables and Service was analysed. The most popular promotions are the free gift promotions.

Marcus Bokkerink, Kermit King and Michael J. Silverstein (2004)\textsuperscript{30} in their studies, “Break through insights: expanding categories exposing needs” when an idea does take off, its success, in hindsight seem to be instant and obvious.

“Different approaches for different seasons and climates” is the slogan for innovation. An innovation of one kind may not be appropriate for one particular situation, but at the same time, similar innovations may fit best at yet another platform. Often, the problem is a backward-looking process. Companies invest too much in marginal improvements and too little for products consumers have never dreamed of.

\textsuperscript{29} Jim Hemerling, Hubert Hsu and Alvin Lam, Wholesale distribution changes for a winning chain strategy May 2004.

The authors present a rigorous, four-step approach that focuses on distilling a company’s institutionalised knowledge of consumer insight and bringing together focused teams to implement it.

Patrick Ducasse, and Michael J. Silverstin (2004) the authors say that patience is an art well learnt when one is at the mercy of customers. The game of wait and plays the manufacturer. In the history of commerce, one finds umpteenth number examples which display the courage and patience of the entrepreneurs. They say that single-mindedness and intense dedication are required for an innovator to succeed in today’s increasingly competitive world.

Retail consumer goods companies, in particular, could learn more productive innovators and deliver more value with Hogans’s brand of determination.

Aydin Celen, Tarkan Erdogan and Erol Taymaz (2005) in their article entitled “Fast-Moving Consumer Goods – Competitive Conditions and Policies” state that the transformation of the retail market is likely to have a long-lasting impact on wholesale trade and the distribution of FMCG as well.

Traditional wholesalers are the most likely losers because large retailers tend to buy directly from suppliers. Logistics companies that provide a wide range of complementary services will play an increasingly more important role in the distribution of FMCGs. They conclude that no retailer seems to establish a dominant position in the national market. It is possible that some retailers may gain a dominant position with certain local marketers because the relevant markets in the retail section should be designed locally rather than nationally. Local market power could be a problem especially following a merger activity and or exercise. Therefore, the Competitions Authority needs to pay a close attention to the changes in the retail market.

Bogert, Joe Magnet, and Stefan Rasch (2005)\textsuperscript{33} have given a new deal for durables. The market consumer durables – products intended to last more than a few years – are being introduced at regular intervals. That’s good for the few companies that are fast and flexible.

Not so good for the rest. To succeed in this new environment, durables companies must recognise which of the many changes are likely to have the greatest impact on their own business. The authors identify a short-list of the most significant challenges confronting the durables world and offer advice on meeting them.

Buckinx and Poel (2005)\textsuperscript{34} in their paper entitled “Assessing and exploiting the profit function by modelling the net impact of targeted marketing” executed regency frequency and the amount purchased are all considered to be effective predictors for future purchasing behaviours. Bauer (1988) made clear assumptions about the signs of the estimations of these variables. Both the frequency of purchasing and the amount of money spent will increase the likelihood of future purchasing while higher regency might be the indication of lower purchase chances.

Emile Gostelie (June, 2005)\textsuperscript{35} in his article “To spend or Not to Spend: A new approach to advertising and promotions” says that trying to outshoot the competition in an environment that is increasingly cultured and expensive can lead to frustration and low returns. Managers can increase returns immediately and dramatically with a zero-based budgeting approach to Advertising and Promotions.

In allocating investments according to the distinctive needs of brands, regions or countries and markets segments, companies can free up as much as 20 per cent of their A&P (Advertising and Promotions) investment. Investments of this nature will have the greatest impact on the market segment which will nature promote their products.

\textsuperscript{33} Bogert, Joe Manget, Stefan Rasch , A New Deal for Durables, 2005.
\textsuperscript{35} Emile Gostelie, To Spend or Not to Spend: A New Approach to Advertising and Promotions, 2005.
Naresh Patel and Reshma Pradas (2005)\textsuperscript{36} in their article entitled “The Unique Rural Identity – A study of the rural consumer market in Gujarat, draw out lessons for companies. How will they work on a national scale?” discussed, the potentialities of rural markets of Gujarat.

The point of distinction can be some of the specific regional diversity like language, dialects, income level, infrastructure, literacy level, and cultural differences. They emphasised that companies should essentially meet the basic needs of the consumer by closely studying their psyche upon which every consumer bases his preference for FMCG products.

They conclude that it is the action of the marketing concepts and not the concepts themselves that need to be looked at. Often in the rural market-place, it is the application of these concepts, which differs the winning companies from the rest of the pack.

According to Sebastian Di Grande (2005)\textsuperscript{37} consumers are taking increasing control of what they read, watch and listen to as well as how they pay for it. These changes are accepted to alter the competitive dynamics for content creators, aggregators, distributors, and device makers. To service, players must employ the segmentation strategies that have kept consumer goods companies thriving. It means shifting from a push model that forces “averaged” media bundles on to the market to a pull model that attracts consumers with differentiated offerings.

Thiele (Sharyn Rundle) and Bennet, (2005)\textsuperscript{38} in their article entitled “A brand for all seasons? Discussions of brand loyalty approaches and their applicability for different markets”. State that the brand loyalty can be classified into three groups based on market type, namely consumable goods markets including FMCG or consumables, durable goods markets, and services markets.

\textsuperscript{36} Naresh Patel & Reshma Prasad, “The Unique Rural Identity- A study of the rural consumer market in Gujarat draws out lessons for companies. How will they work on a national scale?” Journal of Indian Management, October 2005, pp. 72-76.

\textsuperscript{37} Sebastian DiGrande. Thriving in a world of Consumer Control, 2005.

\textsuperscript{38} Thiele - (Sharyn Rundle), “A brand for all seasons? A discussion of brand loyalty Approaches and their applicability for different markets”, MCB University, Vol.43, issue 5, April 2005, p. 7.
The markets are categorised according to transaction value, frequency of purchase and the level of involvement and purchase process. A consumable goods market includes fast-moving consumer goods such as toothpaste, detergents, cereal, ice-cream and business to business markets where goods are consumed, such as office stationery, furniture, scientific equipments etc.

According to Thomas Bradtke, Jim Hemerling, and David Young (2005) to remain competitive in today’s global markets, companies need to pay urgent attention to four interrelated currents of activity propelling globalisation.

These are the swift growth of markets in Rapidly Developing Economies (RDEs), the continuing RDE cost and capital advantage, the development of RDE talent and capabilities, the migration of customer companies to RDEs, and the emergence of RDE - based global competitors. All these four factors will have important impacts on companies, industries, and national economies.

Githa S Hegge and Sudharani Ravindharan (2006) in their article entitled “Supplier attributes that impact institutional buying behaviour – a study on FMCG supplies to hotel industry”, reveals that the institutional buying behaviour with reference to Hotel Industry is an attractive segment for an FMCG company.

The growth rate of industry is slow but it could emerge as the future market for a company’s products. The market is now filled with small players who have captured the market and the market is still open to any established company.

The professional skills of a company in the field of supply chain management and its learning curve effects in the other markets could give it a competitive advantage over the existing players.

Since the study reveals that the lead time between placing the order and receiving the supplies is one day for FMCG products to institutions, the distribution network could be used to enhance operations and to increase the satisfaction levels.

They have concluded that the majority of catering establishments have reported low cost and good quality as the main reason for selection of the suppliers. Concentration should be on providing products at lower cost than competitions for the institutional markets.

**Nitin Kochhar (2006)** in his study entitled, “Acquisition of companies and brands – FMCG Sector”, highlights that “Growth is Life” is not just a punch line of reliance, but it is what every business / sector / company strives for, and FMCG sector / companies are no exception to this.

The sector saw a slump between '02 and '04 but has made a quick recovery. We have seen a transformation in the percentage growth of FMCG sector from single to double digit growth. This definitely shows us signs of good times.

He concludes that this endeavour of acquiring more brands to enter into new product categories will not stop in the coming years. FMCG companies have their eyes set to fill in the gaps in the existing brand portfolio by acquiring companies with a set of brands complementing the existing portfolio. But as mentioned in this introduction some have followed the other routes of organic growth.

It will be interesting to see more acquisitions of brands in India as well as in global market, especially those who have not experimented with. But one thing is very visible out there – many FMCG companies are definitely not going to leave the opportunity to grow as fast as possible by acquiring companies / brands.

**Ramanathan. V (2007)** in his article entitled “Retailing Channel Enchantment Strategies adopted by FMCG companies in South Indian Rural Markets” concludes that

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generating awareness pays dividends only when steps are taken to ensure continuous availability of products.

In the south Indian rural markets, availability determines volumes and market share, because the consumer usually purchases what is available at the outlet, influenced largely by the retailers. Therefore, over the decades the producers of FMCG have progressively strengthened their distribution reach in the south Indian rural market.

Direct rural distribution begins with the coverage of villages adjacent to small towns. To fully realise the potential and prospects in south Indian rural market, FMCGs require a matrix of initiatives, such as understanding of customer behaviour and tastes, providing moral support to rural retail outlets (business partners), and ensuring the availability of goods at the doorstep of consumers through retail outlets. Above all, it calls for innovation, perseverance, and patience.

Sarma D.K.R. and A. Ramesh (2007)\(^\text{43}\) in their article entitled “A study on consumer insecurities and fears in select product categories using Verbal Protocol Analysis” state that negative emotions may cause the consumer to cancel / delay the purchase decision.

High involvement purchase discomfort results in consumers’ anxieties / insecurities. The consumer may doubt purchase decision, which again has several implications. The marketer’s task is not only to make the consumers buy the product / service but also to understand how the consumers actually use the products.

Certain product features or nature of product / service may confound the consumer leading to product non-use; purchase process, product use and disposal, post-purchase dissonance also influence consumer’s evaluation of a purchase.

Consumer’s negative feelings may be present in all the above stages thereby affecting the attitude, and behaviour. This will go a long way in designing, implementing and controlling winning marketing strategies and consumer retention. This also leads to repurchase and positive word of mouth. Organisations need to have systems to monitor behavioural aspects and address the issues affecting the consumers financially and mentally or consumers’ perceptions become more complex in the case of service sector that swings to distinct character of services.

Consumer apprehensions are present across all products or services one intends to buy. For example, in FMCG type of buying apart from personal liking and utility, self-image, society standing and the brand owner’s credibility would be considered. If satisfied with all the above parameters, repeated purchases will happen, thus enabling the sales growth.

Shweta Sharma, Deepali Singh and D.P. Agarwal (2007) in their article “Trust in Electronic Markets – Consumers’ Perspective” have expressed that in the absence of a formal social systems, Indians have always practised caution in financial matters.

This is reflected in a high personal savings rate of around 24per cent. In the recent past, there has been a significant shift from this practice, as evidenced from the higher per capita consumption of FMCG goods.

Customers are no longer feeling guilty about the occasional indulgence that they may have been previously considered as lavish.

Azhar H.J. Ahmed, et al. (2008) in their article entitled “Small Retailers and Entrepreneurs’ perceptions on the Department store Development: A Malaysian Case Study” state that the presence of bigger retail outlet has brought new business opportunities and moved the retailing industry in Malaysia to greater heights.

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Since these bigger outlets affect the existing retailers, a study was undertaken to assess the potential impact of the proposed development of a department store on existing small business retailers in **Brandar Perda, Malaysia**. The analysis was based primarily on the perceptions and expressed opinions of the sample retailers and entrepreneurs in the catchments area of the proposed development of the departmental store.

From the analysis, there would be short-term adverse impact on most retail outlets and the degree of the impact would be determined by the type of retail business. The study also raises several recommendations for the existing small retailers to employ in order to stay competitive. The findings from the study indicate that the existing retail outlets in Bandar Perda would be affected by the development of department store. The response from the sampled retailers indicated that the impact would be felt at least in the short-term especially six months from the opening of the department store. The seriousness of the impact on the existing retail depends on the types of retail establishments.

Some retailers selling kitchen items and household goods might face a long-term impact from the development of the department store due to the similar nature of product offerings with department store and consumer buying habits and preference pertaining to the products. Clothing shop would also be affected due to the fact that their product offerings overlap with those of the department store and the possibility of the department store offering lower price for these products.

Electrical and convenience stores appear to be the least affected by the proposed department store. This is because their special products are quite different from those typically offered by the department store. Moreover, these types of outlets are important to consumers in terms of convenient and emergency purchases.

**Baba Gnanakumar.p (2008)**\(^{46}\) has made an attempt to study the “Reinforcing Rural Retail Mix in seasons by Urban retailers”, in order to find out the persuasion of consumer in the urban area. He selected the study area out of the thirty urban retailers judged as the sample, 18 retailers are the owners of garment business, and 5 own jewellery units, 4 own electronic / electrical stores and the remaining own sundries.

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\(^{46}\)Baba Gnanakumar P, “Reinforcing Rural Retail Mix in festival seasons by Urban retailers”, Marketing to Rural Consumers Understanding and tapping the rural market potential, IIMK, 3, 4, 5 April 2008.
These retail brands are having a good reputation in the rural area. The rural advertisement budgeters range between 20 per cent and 24 per cent of the total turnover. All of these retailers are sponsoring at least two events in a year for rural festivals. The rural customer base of these organisation ranges from 60 per cent to 80 per cent.

These media of advertising make use of the urban retailers to tap rural customers consisting of cable television network, FM radio, wall posters and regional newspapers. The persuading techniques used by the urban retailers comprise event sponsoring, providing festival discounts, providing free samples during the festival season, organising rural games / contests and issuing to privilege cards.

The remaining process of promotion executed by the urban retailers involves post-purchase mail communication systems, telephone communication system, and continuous price discount, discriminating system, trade discount system after-sales quality guarantee, credit services (cash discount) and post-purchase gifts.

Multinational sealing was used, privilege cards and discount coupons persuaded towards repetitive purchasing. Based upon this, it may be concluded that the privilege card issued by the urban retailers during festival season to rural customers creates positive persuasion about the urban retailing units.

The urban retailers are presented with the same five options and asked to rank them according to rural advertisement expenditure along with rural customer base. Urban retailers are spending more for privilege card and price discount.

**Bargal Sharma, and Pithadia (2008)** in their article entitled “Promotion of Brand in Rural Market of India”, state that the promotion of brands in rural markets requires the special measures. Due to the social and backward conditions, the personal selling efforts have a challenging role to play in this regard.

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The word of mouth is an important message carrier in rural areas. In fact the opinions of leaders are the most influencing part of promotion strategy of rural promotion efforts. The experience of agricultural input industry earns as guidelines for the marketing efforts of consumer durable and non-durable companies.

Relevance of Mass Media is also a very important factor. The Indian established industries have the advantages, which MNCs do not enjoy in this regard. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time.

The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas. They indentify the fact that rural people are now in a better position with disposable income.

The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. The markets should understand the price sensitivity of a consumer in a rural area.

Saravanan (2008) has conducted a study on “women consumer behaviours with special reference to durable goods in Coimbatore city”. He states that the successful companies now-a-days take an inside out view of their business. They recognise the importance of continuous monitoring and adapting to the environment.

They also spend more time with customers and with competitors because changes in environment pose good opportunities for the marketers to still flourish. The modern market is highly competitive and transitional.

The prominence gained by individual consumers in marketing decision compels the marketer to look at and organise the component of marketing mix through the customer’s eyes. Hence, consumer behaviour research has come into existence. First, a company must

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decide what it can sell, how much it can sell, to whom it can and what approaches must be to attract the targeted customers.

He concludes that the customers do not accept any product, which does not give them complete satisfaction with regard to both mental and physical satisfaction. So it can be said that the modern market is a consumer-oriented process and its failure is determined only by the consumers. A company must decide what it can sell, how much it can sell, to whom it can sell and what approaches must be made to attract the targeted customers.

Thus, to achieve success in the market, it has become highly inevitable to produce goods in such a manner as preferred by the customer, as he is the king around whom the entire marketing activity revolves. In the present era, women play a vital role in all fields. To conclude, women play a major role in taking purchase decision for non-durables.

Vishali Agarwal (2008)\(^49\) in his study entitled “Role of Retailers Reducing Inventory and Improving Customer Satisfaction: An Empirical study of Consumer Non-Durables” reveal that the contemporary era is witnessing growing economies, merging boundaries, increasing consumer demands, and changing expectations of one and all which have changed the definition of success all across the globe.

The challenge faced by the companies today with respect to fast-moving consumer goods (FMCG) / non-durables is not of attainment of new customers but to retain customers loyal to their brands. Thus the success of a company is measured not only by its size, but also by its ability to quickly respond to market changes with more efficient methods of production, improved levels of customer service and ability to reduce customer attribution.

Retailers being an indispensable and final link with the customers in the front end supply chain have an important role in reducing the inventory and in improving the satisfaction of customers.

To retain customers loyal to their brands, companies need to develop and monitor effective supply chains which ensure low inventory and high customer satisfaction simultaneously.

Abneesh Roy (2009)⁵⁰ in his article entitled “FMCG – Is the rural party over for FMCG?”, states that the 2.2 per cent construction in agriculture GDP in third quarter of financial year of 2009 is being seen as the beginning of the end of the rural consumption story for FMCG (50 per cent of FMCG demand is rural) and he has raised a question: Do FMCG companies need to have a different strategy for rural consumers?

He answers that Dabur has a participatory programme built around the Dabur Amla Hair Oil brand consisting of vocational training involving the local community to convert users of loose mustard oil. The company also organises a beauty and talent contest to target rural and semi-urban markets for its beauty products. Colgate keeps consulting various programmes with massive rural sampling and seeding exercise targeted at non-users and infrequent users.

HUL (Hindustan Unilever Limited) has devised Wheel Smart Shrimati, a television reality show targeting the lower middle-class housewives, which has the Wheel Brand story embedded in it. This helps in building a direct connect with Wheel’s target customers and communicating the brand’s essence.

Bhupta and Vaish (2009)⁵¹ in their article entitled “Bharat Buying” having described that rural initiative, rural sales and all India sales of FMCG products of few popular of companies, reveal that the market will account for 60 per cent of the consumption of fast-moving consumer goods (FMCG) in the country, as consumptions in urban areas will stagnate.

Assocham’s report on rural consumption says that by 2012 the per capita income in rural areas will double while that of semi-urban people will increase more than double. The rising per capita will also lead to a hike in consumption of FMCG products. They finally

conclude that the customer acquisition in rural areas may be difficult, but retaining them is not because the rural consumer is not fickle-minded.

According to India Retail Marketing (2009) a New Delhi-based research organisation that offers rural solutions to the corporate world, and says that rural India buys 46 per cent of all soft drinks sold, 49 per cent of motorcycles and 59 per cent of cigarettes. This trend is limited not only to utilitarian products, but also to consumable products, whose numbers are equally appealing. According to the National Council of Applied Economic Research (NCAER), an independent, non-profit research institution, rural households form 71.7 per cent of the total households in the country.

Spending in this segment is growing rapidly and consumption patterns are closing in on those of urban India. Jagmohan Singh Raju, a Professor of Marketing at Wharton, says “No consumer goods company today can afford to forget that the rural market is a very big part of the Indian consumer market. You cannot build a presence for a brand in India unless you have a strategy for reaching the villages”.

Nielsen (2009) in his article entitled “Consumer Products”, discusses rural markets, and the FMCG consumption levels. He discusses supply, demand barriers to entry, bargaining power of suppliers, bargaining power of customers, and competition. He points out that Indian rural markets have seen a lot of activity in the last few years.

Since penetration levels are pretty high in most urban areas, future growth can come only from deeper rural penetration and higher consumption. As rural income increases and distribution network improves, the penetration levels are set to increase. At present, urban India accounts for the 66 per cent of total FMCG consumption, with rural India accounts for the remaining 34 per cent. However, rural India accounts for more than 40 per cent of the consumption in major FMCG categories such as personal care, fabric care and hot beverages. FMCG companies cannot overlook these households as they account for 12.2 per cent of the world’s population. He concludes:

52 India Retail Marketing, “Marketing to Rural India: Making the Ends Meet”, Agricultural Marketing, Food Processing and Rural Retail news from India, February 19, 2009.
i. Metros have abundant supply. Distribution networks are being beefed up to penetrate the rural areas.

ii. HLL expects the FMCG market to triple in market size by FY10, which highlight the potential.

iii. Huge investments in promoting brands, setting up distribution networks and intense competition, but the sector is not capital intensive.

iv. Some of the companies are integrated backwards, which reduces the supplier’s clout. Manufacturing is largely outsourced can influence, but intense competition within the FMCG Companies results in value for money deals for consumers (e.g. buy one get one-free concept).

All the above and many other studies have shown the FMCG marketing environment and consumer behaviour. However, so far no attempt has been made to study the level of influencing factor on select FMCG in a particular district i.e. Krishnagiri of Tamil Nadu offered by different brands in the category of i) Toilet Soap, ii) Shampoo, iii) Talcum Powder, and iv) Tooth Paste.

According to **Dr.T.Asokan and Saji Kuriakose - (2010)** India, with its vast population and rapidly expanding cities, has caught the eyes of multinational corporations across the globe as place of opportunities for exploring new markets. While India has portions of their populations that would be considered wealthy or middle class by western standards, a much greater percentage of India’s populations are in the low income group. As a result they spend money, live and use products differently that the countries where most multinational corporations originate (Prahals Lieberthal, 2003), its cornucopia of culture and religion presented ample challenges and opportunities to all these who ventured into its makers. During the last decade, the Indian market has been a hotbed of activity, with multinational and Swedish companies competing for a greater piece of the pie.

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The markets were flooded with products that catered to the minutest human requirements. Schemes, offers and gifts that were heard never before became an integral part of marketing strategy. In the initial years the market focus was on the easily accessible, well-developed urban market. Soon there was a proliferation of brands and intense competitions and somehow during this entire hectic scramble for market superiority, the rural markets and the vast potential remained neglected.

The term rural has many definitions. The census of India defines it as “revenue villages with clear surveyed boundaries, where the density of population is not more than 400 people per square kilometers with at least 70 per cent of the male population engaged in agricultural and allied activities and which does not have municipal corporation or board”. Companies define rural in a different way. FMCG companies consider a town or a village with population of less than or equal to 20,000 as constituting a rural area while consumer durable companies count places with population up to 50,000 as rural areas.

Again 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 5000 and have at least 75 per cent of male working population outside the primary sector and have a population density of at least 400 square kilometer rural India, on the other hand, comprises all the places that are not urban”.

The rural market may be alluring but it has its share of problems. Low per-capita disposable income that is the half of the urban disposable income, large number of daily wage workers, acute dependence of the vagaries of the monsoon, seasonal consumptions linked to harvest, festival and special occasions, poor roads, power problems and in-accessibility to conventional advertisements media are some of the challenges that rural market dish out.

Hence it would be naive to think that any company can easily enter the market and walk away with a sizable share. Of late, the rural market has seen a substantial improvement in purchasing power, increased brand consciousness and rapid spread of communication network mostly due to the increased penetration and influence of the media, improved education, and economic liberalization. Coupled with the fact that rural markets are growing five times the rate of urban markets, they represent a growing potential for the corporate sector.
Rural India with substantial improvement in purchasing power, increasing brand consciousness and rapid spread of communication network, presents a growing potential for corporate. Although rural Indians wish to purchase consumer goods just as their urban counterparts, the availability as per rural tastes and preferences do not happen in most instances. Rural consumers have a different set of needs which needs to be met in terms of every element of marketing mix. Spending more time reaching the rural Indian consumers as well as the market can help companies to prevent unnecessary struggles and failures.

Coming to the future research scope, similar studies can be extended to more areas of Kerala as well as more product categories so that better insights about rural consumer can be brought out. Indeed rural consumers represent more than 50 per cent of India’s ‘Consuming Classes’ and have become the prime target market for non-durables, durables, food, construction, electrical, electronics, automobiles, banks, and other sectors besides hundred per cent of agriculture input products such as seeds, fertilizers, pesticides, and farm machineries.

P.A.P. Samantha Kumara and Kang Canhua (2010) their article shows that the consumers’ expectations of foreign products have four dimensions: Economical, Informative, Convivial and Personal. Their finding reveal that when a consumer buys a foreign-made product, he considers the economic value of the product, wants more information about the product and considers to what extent the product has an impact on social status and how the product enhances consumers’ personality. Consumer ethnocentrism is a phenomenon of the developed world. Consumers from less developed countries have repeatedly shown marked preferences for imported goods. Indians are generally perceived as clamouring for foreign brands.

Sharif Memon (2011) emphasises in his study, that the process of branding was developed to protect products from failure. This is easy to see if we trace this process back to its 19th century origins. In the 1880s, companies such as Campbell’s, Heinz and Quaker were

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growing ever more concerned about the consumer’s reaction to mass-produced products. Brand identities were designed not only to help these products stand out, but also to reassure the public who are anxious about the whole concept of factory-produced goods. By adding a ‘human’ element to the product, branding puts the 19th century shoppers’ minds at rest. They may have once placed their trust in their friendly shopkeeper, but now, they could place it in the brands themselves.

Fast-forward to the 21st century and a different picture emerges. Now, it is the brands themselves that are in trouble. They have become a victim of their own success. If a product fails, it’s the brand that’s at fault. They may have helped companies such as McDonald’s, Nike, Coca-Cola and Microsoft build global empires, but brands have also transformed the process of marketing into one of perception building. That is to say, image is now everything. Consumers make buying decisions based around the perception of the brand, rather than the reality of the product. While this means brands can become more valuable than their physical assets, it also means they can lose this value overnight. After all, perception is a fragile thing.

From the words of Prof. Shilpa Peswani (2011) Business solvency is the ability of an entity to pay its debts with available cash. Solvency can also be described as the ability of a corporation to meet its long-term fixed expenses so as to accomplish long-term expansion and growth. The better a companies’ solvency the better it is financially.

When a company is insolvent, it means that it can no longer operate and is undergoing bankruptcy. Solvency is a different concept from profitability, which refers to the ability to earn a profit. Business can be profitable without being solvent (e.g. when they are expanding rapidly). Business can be solvent even while losing money (e.g. when they spend future cash flows, like selling accounts receivable). A business is bankrupt when it is unprofitable and insolvent.

The FMCG sector is one of the most important sectors of any economy. It plays a vital role in the economy as FMCGs are a necessity and are inelastic products which touch

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everyone’s life in one or the other aspect. India’s FMCG sector is the 4th largest sector in the economy and creates employment for more than three million people in the downstream activities.

As the market for FMCG products is forecasted to have vibrant growth, expansion and acquisitions are bound to happen. Capital would be sourced for financing these ventures. Debt servicing definitely has an impact on the profitability of the company.

**Dr.Haresh B. Vaishnani, (2012)** attempted to say that the FMCG Industry provides a wide range of consumables and accordingly the amount of money circulate against FMCG products is also very high. FMCG Sector in India is estimated to grow 60 per cent by 2012. The FMCG market was set to treble from US $11.6 billion in 2003 to US $ 33.4 billion in 2015 (Abishek Malhotra, 2010).

Sales promotion scheme and Brand equity perception have a significant relationship in the case of employment category of the respondents. While designing the sales promotion schemes the manager should take care of target market employment status. For long-run successes of the brand, managing brand equity perception is imperative. In short run, sales promotion schemes may be helpful to increase the sales temporarily but in the long run brand equity wins.

**A study conducted by Dr.R.L.Latha and Mr. Rupesh. S. Shah (2012)** the rise of rural market has been the most important phenomenon of 1990s, providing volume growth to all leading companies. Many corporates have been trying to get a grip on the rural markets, but the challenges are many; how to make the product affordable, how to penetrate the villages with small population, connectivity, communication, language barrier, spurious brands etc. The reasons why companies are going rural are manifold. Higher rural incomes driven by agricultural growth, increasing enrolment in primary schools, high penetration of TV and other mass media increased the propensity to consume branded and value added products in rural areas. Most Fast-Moving Consumer Goods Companies (FMCG) in India is

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introducing customized products especially for rural areas. Thus, the sales of FMCG products in rural markets is growing at a fast pace, even faster than that of the urban markets.

Marketers and manufacturers are increasingly aware of the burgeoning purchasing power, vast size and demand base of the ones reflected Indian hinterland. Efforts are now on to understand the attitude of rural consumer, and to walk their walk and talk their talk.

While entering the rural market the companies are also restoring to corporate social responsibility activities, thus helping the poor not only to augment their income but also promote their products. For example, Hindustan Unilever’s project Shakti not only brings revenues to the company but also assist poor rural women to become income earners by selling the company’s products in the rural hinterland. It provides entrepreneurial opportunity and thus improves the living standard of rural women. It is a win partnership deal between the company and the consumers.

LG electronics, Coca Cola, Hindustan Unilever, Britannia, Philips, Colgate, ITC, and LIC are among these companies which have a very significant presence in the Indian rural market. The key challenges that companies face in the rural market is to identify and offer appropriate products without hurting the companies’ profitability and margin. Companies should recognize that rural consumers are quite discerning about their choices and customize products and services accordingly. Product awareness campaigns and advertising communications too need to be designing and executed keeping in tune with the context. The products should not only be made available at the right time and place but should also be affordable and acceptable to the rural people.

From the words of Mr. Pravin Kumar Bhoyar and Dr. Asha Nagendra, (2012) the rural market offers a big attraction to marketers. Distribution is the most important variable in the marketing plans of most consumers’ goods manufacturers. It is that there are over a million market intermediaries distributors, super-stockists, wholesalers, stockists,

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transporters and retailers—who are involved in the distribution of a variety of consumer goods all over the country. Marketers use this network to access nearly 5,100 cities and towns and over half a million villages. The present study aims to assess the level of satisfactions of consumers with regard to the FMCG distribution system in the rural markets.

Distribution channels play a pivotal role in marketing by performing a number of vital distribution functions. Firms rely mostly on their marketing channels to generate customer satisfaction, and to achieve differentiation over competition. The major area of concern for companies is to make their products available in the remotest corners of the 6 lakh villages in the country.

This goal is not easy to achieve, and the major companies are incurring huge costs to make their products available in the 3.5 million rural outlets. The average monthly sale per village shop is less than Rs. 5,000/-, which restricts the variety and range of products stocked. Since a significant portion of the sale is on credit, it puts most village shops in a self-limiting sales cycle.

The study done by Prof. Kashyap (2012)\textsuperscript{61} confirms the fact that despite the same products being available in the village shop, 58 per cent of the villagers prefer to buy these from a Haat (= the hand) because of better price, quality and variety. In a study conducted by Industrial Credit and Investment Corporation of India (ICICI), it was found that only 40 per cent of the shops in small towns have electricity, while in feeder villages, this figure was 11 per cent. Shops in towns were located on rented premises, while in interior villages, 88 per cent of the shops were located on owned premises and lacked electricity. Over two-fifths of the retail outlets stocked 8-9 standard product categories. It was found that three-fourths of the outlets that stocked 8-9 standard product categories. It was found that three-fourths of the outlets that stocked 8-9 product categories kept four items or less in each category, while one-fourth had 5-6 items in each category. The total number of items stocked in retail outlets was about 94 in interior villages and 115 in feeder villages.

In the past, rural consumers purchased most of their requirements from nearby towns. However, in recent times, a shift has been seen towards purchasing locally. This change in consumer purchase behaviour has important implications for the rural marketer. There is a need to access retailers in towns and larger villages and promote products there, so that the products that are purchased locally can reach smaller retail outlets in villages. Studies suggested that promotion by the retailer supplements the efforts at creating brand knowledge in rural markets. A promotion announcing the benefits of a product or brand along with distribution efforts is observed in rural markets, in the FMCG category. Customer satisfaction is essentially the culmination of a series of customer experiences or, the net result of the good ones minus the bad ones. It occurs when the gap between customers’ expectations and subsequent experiences has been closed.

From the words of L. Sastry et al. (2013) it has been studied and analysed the pertinent issues in the rural markets such as – uniqueness of the rural consumer, uniqueness of the structure of rural marketers and the peculiarities of distributions infrastructure in rural areas. Rural markets pose certain special problems, but the following were found to be important from the marketing point of view: distribution logistics, storage, transport and handling, location and degree of concentration of demands, dealers’ attitudes and motivation, consumer motivation and buying behaviour transmission media, their reach and impact and organizational alternatives. Thus, the rural market bristles with many problems and to achieve a firm footing, a marketer has to grasp these problems and provide innovative solutions to them.

FMCG distribution has the maximum channel patterns in the Indian Rural Market. The rural distribution covers a large market, where road connectivity is available. The wholesaler keeps large assortments, which induce the rural retailers. It was an eye-opener for marketers to know that there was a strong presence of duplicate brands in rural areas, which was perhaps difficult for the customers to identify. There were limited stocks of products at village retailers. If the products were out of stock, rural customers had to wait for some days. So, it compelled them to travel outside their villages to meet their demands.

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Whenever poor quality FMCG were bought by rural customers, they returned the goods and took money back from the rural outlets. Most of the rural customers could differentiate between original and duplicate brands, so they switched over to the other brands, if duplicate ones were found. Few rural consumers had awareness of different consumer protection acts and also, whoever knew it was difficult to recall, which had become again a serious concern for the marketers. The good behaviour and courtesy of the retailers had a great influence on rural customers. If the required brands were not available, the rural consumers postponed buying. The rural customers travelled more distance outside the village to purchase goods. The reasons to buy outside the village were the variety, the high quality goods of their choice, which they did not find in their villages at reasonable prices. There was not a single customer who travelled for better product services. Traders had an incredible influence on purchase by rural customers.

The study of the buyer behaviour of Fast-Moving Consumer Goods is a very interesting field. Only a few researchers have concentrated on the study on this topic in India. A majority of the earlier studies reviewed above are relating to purchasing, consumption, brand preferences, factors influencing, purchase decision, period of using the goods, frequency of purchase, place of purchase, mode, and verification the pack and the problems faced by the purchaser and the storekeeper/the salesman. However the research studies conducted so far in India have confirmed them to macro level of making use of aggregate data. As there are only a few studies that concentrated on the buyer behaviour of Fast-Moving Consumer Goods, and as there has been a gap that remains to be filled, this present study has been undertaken to fill the same.