

# RURAL BUYING BEHAVIOR TOWARDS SELECT FMCG PRODUCTS

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## ABSTRACT

*The aim of this paper is to comprehend the rural buying behavior and the factors influencing rural purchase towards select FMCGs. The multistage random sampling was used for the study. A structured questionnaire was administered among 1875 rural consumers in Prakasam district through personal interview method. The collected data were analyzed after testing reliability with Cronbach's Alpha. Percentage and Garrett ranking techniques were used to analyze the data. Village shop is most preferred shop for more than half of the rural consumers. One in every two buyers visits their regular shops to make FMCG purchases in villages. Women buyers are found to be more loyal to the shop. Recommendation for regular shop is found to be higher amongst older shoppers. People who have regular income source and/or living adjacent to towns buy products once in a month based on their size of consumption and budget. Cash is most preferred mode of purchase. Promotional schemes are far away to consumers in many villages. Rural people are price conscious. They seek value for money. Rural specific budgets are to be created by corporations to encourage new shops and expand existing shops in villages. Marketers need to develop a mechanism to provide maximum discounts and offers for their regular rural customers. Marketers need to focus on women specific promotional schemes because women are shop loyal. Rural specific television advertisements better serve the purpose.*

**Keywords;** Price conscious, Regular interval, Rural consumer, Village shop, Word-of-mouth.

## INTRODUCTION

Factors such as improved information, extended employment, better infrastructure, and funding access caused intensive development in rural areas. Per capita income has increased in rural areas with a corresponding increased product price. It is estimated that the Indian FMCG market touches \$100 billion mark by 2025. Now the rural consumer seeks premium and popular brands rather than mass brands. However, the rural consumption basket is unevenly spread across villages. For example, 10 states claim 72% rural FMCG consumption and 19,000 villages claim 66% of soft drink consumption.

## LITERATURE REVIEW

Jha (2003) found that rural consumers are straightforward, simple, and low-slung aspirants. They have high risk-taking capacity but naïve in business. Customs and traditions, social compression and rituals are influencing factors for them. Selvaraj (2007) identified that rural buyers have firm impediments towards FMCG purchase. Problems of transportation, high price, lop-sided supply, probable quantity, underprivileged packaging, non-availability, and low quality make rural consumer in vulnerable conditions. Demographic factors such as income, religion, caste, education, gender, and occupation influence rural consumer behavior. Illiteracy is a major hindrance. Need fulfillment is priority than branded product in villages. Lokhande (2004) says that rural consumers who are loyal to a brand reluctant to brand shifting. Upadhyay (1999) indicate that unlike wife as prime purchase decision maker in urban areas, husband and children play vital role in FMCG purchase decision in rural areas.

Jain & Rathod (2005) reveals that rural consumers have less patience to wait for goods if they are out of stock at rural retail outlets. They are ready to travel longer distances to get their products at outside the village. Thus, they get advantage of more variety, better choice, reasonable price, and high-quality products at shops in outside village. Phani Bhaskar et al. (2018) found that the efficacy of rural FMCG distribution channels linked with consumer satisfaction. Pravin Kumar & Asha (2012) depicted that the entire distribution channel is ineffective unless the rural consumers are provided with goods in acceptable size, good quality, reasonable price, product availability, upright packaging, product variety, supply regularity, and shop proximity. Sharma & Kasturi (2004) identified that rural consumers have less trust on advertisement of FMCG goods. Humorous ads cause a deep impact and attract the audience (Rakshita, 2011; Puranik, 2011).

### Objectives of the Study

1. To study rural consumer buying behavior of FMCGs; and
2. To study the factors influencing rural purchase towards select FMCGs.

## RESEARCH METHODOLOGY

The study is conducted in rural areas of Prakasam district of Andhra Pradesh, India. Multistage random sampling technique is used for the study. A total of 120 villages from 1093 were selected randomly. Forty mandals out of 56 were selected randomly in the first stage. In the second stage, three villages from each mandal having more than 1000 population selected randomly. In the third stage, fifteen respondents from each village selected randomly. Thus, a sample size of 1875 is selected randomly. A structured questionnaire is administered through personal interview method. The questionnaire contains 20 questions/statements representing the rural consumer insights about select FMCG goods viz., shampoo, toothpaste, toilet soap, detergent powder, and detergent cake. Questionnaire contains both open-ended question and closed-end questions such as multiple choice, dichotomous, Likert scale, ranking scale, and rating scale were used in the questionnaire. The reliability of the data is tested with Cronbach's Alpha which was found at 0.8496 that ensures good reliability. Statistical techniques such as percentage, mean, variance, and Garrett ranking were used to analyze the factors.

## RESULTS AND DISCUSSION

### Rural Consumer Buying Behavior

The rural consumer buying behavior is studied with four variables such as shop preference, frequency of purchase, mode of purchase, and factors influencing FMCG purchase.

#### Shop Preference

Sailaja (2019) found that rural consumers purchase FMCG products from several sources such as village shop, retail shop in town, wholesale shop in town, and other outlets like military canteen, super bazaar, supermarket, departmental store, super store etc. The shop preference for FMCG purchase by the rural consumer is depicted in Table 1.

S. No.	Shop preference	Frequency	Percent
1	Village shop	1060	56.53
2	Retail shop in town	468	24.96
3	Wholesale shop in town	312	16.64
4	Others	35	1.87
	Total	1875	100

**Source:** Primary data.

Village shop is most preferred shop for FMCG purchase for 56.53% of the respondents. About 25% of the respondents are buying these products from retail shop in town. Srinivas, (2018) examined that majority of rural consumers are price conscious and seek value for their money. About 16.64% of the respondents are buying products from wholesale shop in town where they can get promotional benefits like discounts and offers and are enjoying high consumer surplus. The city is no way distant away due to increased road connectivity.

**$H_0$ :** *There is no significant relationship between shop preference and income level of the rural consumer.*

**$H_1$ :** *There is significant relationship between shop preference and income level of the rural consumer.*

It is statistically concluded that there is significant relationship between the shop preference and income level since the null hypothesis  $H_0$  is rejected and the alternative hypothesis  $H_1$  is accepted because the chi-square calculated value (35.8201) is greater than the tabulated value (21.026).

#### Frequency of Purchase

FMCG products are being purchased in regular intervals. When respondents are asked about how frequently they buy FMCG products, the responses are varying on the variables. The purchase frequency of the rural consumer is presented in Table 2.

S. No.	Frequency	Frequency	Percent
1	Monthly once	719	38.35
2	Monthly twice	213	11.36
3	Weekly once	154	8.21

4	Weekly twice	53	2.83
5	When the need recognized	736	39.25
	Total	1875	100

**Source:** Primary data.

Most of the rural consumers buy FMCG products from their village shop when the need recognized. This is due mainly to the low-and irregular-income sources. About 39.25% of the respondents say that they are purchasing FMCG goods when the need recognized. People who have regular income source and/or living adjacent to towns buy these products once in a month based on their consumption size and budget. About 38.35% of the respondents say that they are buying once in a month followed by 11.36% people buying twice a month, 8.21% people buy once in a week and 2.83% of the respondents purchase twice a week (Bhojar & Nagendra, 2012).

$H_0$ : *There is no association between frequency of purchase and income level of the rural consumer.*

$H_1$ : *There is association between frequency of purchase and income level of the rural consumer.*

It is statistically concluded that there is association between the frequency of purchase and income level since the null hypothesis  $H_0$  is rejected and the alternative hypothesis  $H_1$  is accepted because the calculated chi-square value (133.5701) is greater than the tabulated value (26.296).

### Mode of Purchase

The purchase pattern of FMCG products depends on the availability of cash in rural areas. The responses on mode of purchase are collected on three variables. The mode of purchase is portrayed in Table 3.

S. No.	Purchase Mode	Frequency	Percent
1	Cash	1347	71.84
2	Credit	204	10.88
3	Some cash & some credit	324	17.28
	Total	1875	100

**Source:** Primary data.

Cash is most used mode of purchase for FMCG products in rural areas. About 72% of the respondents are buying products on cash followed by 17.28% of the respondents buying on partly cash and partly credit, and 10.88% of the respondents buying on credit. It is usual practice in villages that payment will be made after a course of time usually after harvesting. Consumers those who have irregular income source seek credit facility from the village shop. It is found that most of the village shops offer credit facility to their customers. The customers who are availing credit from the village shop are not in the position to demand discounts and offers from the retailer. It is observed that in many villages promotional schemes are far away to consumers.

$H_0$ : *There is no significance between mode of purchase and income level of the rural consumer.*

$H_1$ : *There is significance between mode of purchase and income level of the rural consumer.*

It is statistically concluded that there is significance between the mode of purchase and income level since the null hypothesis  $H_0$  is rejected and the alternative hypothesis  $H_1$  is accepted because the calculated chi-square value (29.4964) is greater than the tabulated value (15.507).

### Factors Influencing FMCG Purchase

The major factors influence the rural FMCG purchase are studied with five variables. Various ranks given by the respondents on five factors are given in Table 4.

Factor	Rank					Total
	1	2	3	4	5	
Price	513	723	381	174	84	1875
Discounts & offers	225	243	486	678	243	1875
Availability	243	423	552	534	123	1875
Brand image	771	336	291	285	192	1875
Credit facility	123	150	165	204	1233	1875

Source: Primary data.

S. No.	Factor	Rank					Garrett Score	Mean Score	Final Rank
		1	2	3	4	5			
1	Price	38475	43380	19050	6960	2100	109965	58.65	I
2	Discounts & offers	16875	14580	24300	27120	6075	88950	47.44	IV
3	Availability	18225	25380	27600	21360	3075	95640	51.01	III
4	Brand image	57825	20160	14550	11400	4800	108735	57.99	II
5	Credit facility	9225	9000	8250	8160	30825	65460	34.91	V

It can be inferred from the Table 5 that price is most influencing factor of FMCG purchase with a mean score of 58.69 followed by brand image, availability, discounts and offers, and credit facility. Therefore, it can be statistically concluded that price is most influencing factor of FMCG purchase in rural areas. It says that rural people are price conscious.

## RESULT AND DISCUSSION

Village shop is most preferred shop for more than half of the rural consumers for FMCG purchase. High income group people, people who are living proximate to towns, and people who carry agriculture produce to towns are shopping in towns and enjoying high consumer surplus. One in every two buyers visits their regular shops to make FMCG purchases in villages. Women buyers are found to be more loyal to the shop. Recommendation for regular shop is found to be higher amongst older shoppers. Rural people buy smaller quantities from their regular village shop when the need recognized. Cash is most preferred mode of purchase in rural areas irrespective of their income level. The customers who are availing credit facilities are not in the position to demand discounts and offers from the village shop. Promotional schemes are far away to consumers in many villages. However, men found to be more likely to be swayed by promotions.

The changing lifestyle in rural areas improved consumption bracket of branded products. So, organizations must consolidate this fact and reengineer business strategies towards meeting the changing needs and wants of rural consumers in the era of technology. Companies must maintain proper SKUs in the village shop to meet the undefined needs of the rural consumers.

Marketers need to develop a mechanism to provide maximum discounts and offers for their regular rural customers since most of the rural purchase done in cash. Similarly, marketers need to focus on women specific promotional schemes and make them available in the village shop because women are shop loyal. Organizations must stabilize or minimize the prices and keep them affordable to rural consumer.

## CONCLUSION

Rural marketing is not about reaching markets but reaching consumers. Comprehending rural consumer behavior is inevitable for growth and development of any progressive marketer since urban markets almost saturated. Increased levels in education, income, communication, lifestyles change the rural consumer into a rural super consumer in the era of technology. Rural people are price conscious. They seek value for money. Therefore, rural specific budgets need to be created by corporations to encourage new shops and expand existing shops in villages. Rural specific advertisements better serve the purpose since television is prominent source of information. Effectively implementing these programs would go a long way in helping brands differentiate in the crowded rural FMCG market.

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