



## **BRAND AWARENESS IN RURAL MARKETS – A STUDY OF FAST MOVING CONSUMER GOODS IN TELANGANA STATE**

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### **ABSTRACT**

*In today's competitive scenario, business organizations in India are most worried about the future uncertainty. An increasing number of market planners are finding that growing complexity and uncertainty of the environment are difficult to cope up. Behavioral dimension added new complexity to marketing people. Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian Economy. This sector touches every aspect of human life. "The FMCG producers have realized that there is ample opportunity for them to enter into the rural market". Today we notice this shift towards branded FMCGs in rural areas as a result of socio economic and political changes in the last 5 years. This has made rural areas more viable markets even compared to urban areas.*

Keywords: Behaviour, Brand, Consumer, Rural Market,

## INTRODUCTION

In today's competitive scenario, business organizations in India are most worried about the future uncertainty. An increasing number of market planners are finding that growing complexity and uncertainty of the environment are difficult to cope up. Behavioral dimension added new complexity to marketing people. Complex competitive status, vulnerable demand forecast, varying consumer preference, existence of too many brands, changing attitude of channel intermediaries, shortening of the product lifecycle, are making marketing decisions extremely difficult and risky.

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer's need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner.

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behaviour, particularly from the marketing point of view<sup>1</sup>.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet

another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market<sup>2</sup>.

Despite the above characteristics of rural markets, there is a wind of change blowing, in the recent past, appreciably from three angles - (a) changing rural scenario towards development, in different spheres (b) changes in market conditions brought out by transformation of 'sellers market' into the 'buyers market' which was resulted on account of increased production, increased competition and, stagnated urban markets, and (c) liberal economic policies of the Government. Thanks to green, gray and white revolutions, spread of education and mass communication,

Fast Moving Consumer Goods are products that are sold quickly and at relatively low cost. These satisfy the elemental and day-to-day household needs other than grocery, ranging from packaged foodstuff, dairy products, cooking oil. bread, butter, cereals, beverages like tea & coffee, Pharmaceuticals, confectionery, biscuits, glassware, stationary items, watches, toiletries, detergents, shampoos, skin care products, cosmetics, toothpaste, dish washing liquid, shaving cream, razor, batteries, shoe polish, energy drinks, soft drinks, clothing, furniture and household accessories to electronic goods like cell phones, laptops, computers, digital cameras etc. that are usually categorized as Fast Moving Consumer Electronics (FMCEs). India is a mixed economy a proper mix of urban as well as of rural market. Rural markets are an important and growing market. The rural market in India is not separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. Rural markets offer vast growth opportunities like untapped market, large population, and huge scope for penetration .At the same time this market poses some challenges as well urban market is almost reaching towards the saturation point, thus there is an urgent need to focus on rural development. Moreover, more than 70% of India's population lives in villages and constitutes a big market for industry. At present Indian FMCG sector is worth Rs. 1300 billion and expected to be around a whopping value of Rs. 4000 to Rs. 6000 billion by 2020. Henceforth, FMCG and its closest companion Retail sector, both are likely to create most of the jobs in India in the coming years primarily in functions like marketing, sales, advertising, supply chain, logistics, human resources, product packaging and development, finance, operations, general management, supervising and so on<sup>3</sup>.

The Socio Economic and Political changes contributed to a great extent for changes in the life styles of countryside people who patronized branded FMCG products. In Telangana State the rapid growth of Engineering & Degree colleges and rural Polytechnic colleges are bringing education to the doorsteps of rural people, greatly contributing to a shift towards branded FMCG products. The Government policies to promote education in rural areas enhanced their brand awareness due to the presence of at least one higher education pursuing student in their family or neighbouring family.

Rural Markets is still a moot point. The level of development, distance from a city, town or Urban local and the slower pace of life would be a practical description of the rural setting. Extensive areas of farmland, fresh air, lack of good roads, absence of power and other infrastructure, and people economically less endowed are imagery that the word “Rural” would raise.

Geographically spread over 70% of the country, rural areas held about 72% of all population, though the proportion of rural population declined from 72.18% to 68.84% level of urbanisation increased from 27.82% in the 2001 census to 31.16% in the 2011 census. The absolute increase in population is more in urban areas than in rural areas.

### **Fast Moving Consumer Goods:**

The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian Economy. This sector touches every aspect of human life. “The FMCG producers have realized that there is ample opportunity for them to enter into the rural market”. Today we notice this shift towards branded FMCGs in rural areas as a result of socio economic and political changes in the last 5 years. This has made rural areas more viable markets even compared to urban areas.

The populist schemes introduced by the State Government like loans to Dwakra women at concession 0% interest rate, Indira Kranthi Patham (IKP) programmes and 100 days assured work (Mahatma Gandhi National Rural Employment Guarantee Scheme) in a year for rural people contributed in enhancing people’s income followed by a change in their life styles resulted in patronizing the branded products.

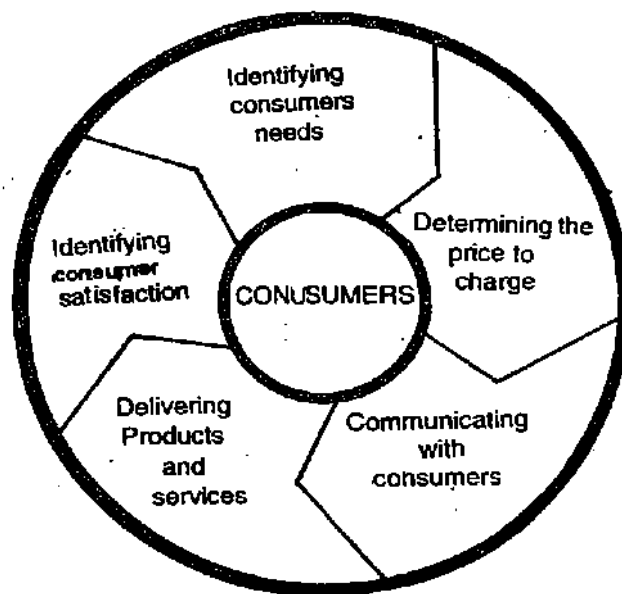
## Nature and Characteristics of Rural Market

There goes a saying that the proof of the pudding lies in the eating. So also the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India. Rural India is the real India. The bulk of India's population lives in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of the USA or that of the USSR.

- Agriculture is main source of income.
- The income is seasonal in nature. It is fluctuating also as it depends on crop production.
- Though large, the rural market is geographically scattered.
- It shows linguistic, religious and cultural diversities and economic disparities.
- The market is undeveloped, as the people who constitute it still lack adequate purchasing power.
- It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.
- It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics.
- Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary.

## Retail Trade Cycle

Primary responsibilities of retailing are identification of the wants and needs of his target group, creative merchandise presentation, maintenance of allotment pattern, professional salesmanship and service. Thus, the retailers' responsibility begins with identification of consumer needs and ends with the consumer purchasing the goods and deriving satisfaction by consuming them. It is an ever-going process which should adjust to changes that are taking place in the environment such as consumer demographics, attitudes preferences, socio-economic and cultural conditions, and technology. This process is explained in Fig. 1.1 which indicates the cyclical nature of retailing<sup>4</sup>.



**Fig. 1.** Retail Trade Cycle Revolving Around the Consumer.

As it is evident from Fig. 1.1 that the retail trade cycle begins with identification of consumer needs and wants and moves with purchasing of merchandise, stock them until they are purchased and ends with ensuring consumer satisfaction. If there is going to be any change in the consumer needs or the existing products are unable to satisfy the consumer, again new wants are to be identified and the process continues repeatedly. It is to be remembered that the retailers should be ever ready to change their total retailing mix, or any part of it, to meet the demands of changed market opportunities. Consumer satisfaction can only be attained and maintained through optional sub-mix blending for non-business use without regard to how the product is sold (in person or by telephone, mail or vending machine) or where it is sold (in a store or at the consumer's house).<sup>5</sup> However, the present

study is concerned with only those retail institutions whose primary activities are retail in nature and operating through permanent stores.

In the changed circumstances of dynamic environment, philosophic and institutional parameters, retailing can be defined from three points of view as mentioned below.<sup>6</sup>

*The Discipline of Retailing* : As a social science discipline, retailing is comprising of the interaction of consumers and their social institutions as they conduct transactions, i.e., exchange of goods and services in the market place.

*The Science of Retailing* ; Retailing as a science is the attempt to organise knowledge about retailing through observation, study, and experimentation and to use this information in broadening the base of knowledge.

*The Management Point of View*: Retailing is the attempt to manage transactions at the point of ultimate consumption for the benefit of the organisation and society.

### **Other Related Terms**

There are certain other terms such as 'retailer', 'retail establishment', 'retail stores', etc., which are used interchangeably. But in a specific study of retailing of this type, as these terms require greater precision, an attempt is made here to define them.

*The Retailer*: "Any person or business firm which owns and operates a retail store or establishment is called retailer. The very great majority, however, are operated by individuals. Retailers are merchant middlemen, who are engaged primarily in selling to ultimate consumers. Unlike manufacturers or farmers who may operate retail establishments, retailers specialise in retailing activities. They stand in the channel of distribution between manufacturer, farmers or wholesalers and ultimate consumers. They buy and assemblage stock of merchandise, which they own and hold at their own risk and attempt to re-sell them at a profit".<sup>7</sup>

*Retail Establishment* : A retail establishment is a place of business, primarily used in the performance of marketing functions, wherein, or out of which sales are made primarily to ultimate consumers<sup>8</sup>. This term is broader than retail stores which includes both store and non-store retailing.

*Retail Stores* : It is a place or premises of business open to and frequented by the general public where sales are made primarily to consumers usually in small quantities from the merchandise inventories stored and displayed on the premises. The important condition of a store is that these are frequented by the consumers. In contrast to this, there are some non-store retailing organisations like mail order houses, peddlers, hawkers etc. In mail order business, the customers do not frequent the premises, while peddlers and hawkers themselves move from one place to another or door-to-door.

### **Importance of Rural Retail Markets**

The Indian retail market has a deep rural character with a total rural population of 50.2 crores representing about 80% of the total population. This population is widely scattered among 5.76 lakh villages. Of these villages, 3.18 lakhs have a population over 5,000.<sup>9</sup> In terms of population, Indian rural market is almost twice as large as the entire market of the U.S.A. or the erstwhile U.S.S.R. Rural retail markets offer a very promising future for the marketing of consumer goods. The future market for any consumer goods manufacturers in the country is in the rural areas.<sup>10</sup> In the words of J.R.D. Tata, "if only 10% of rural society becomes regular buyers of industrial products, the consumer goods industry will have 5 crores of new customers added to its present market."<sup>11</sup> Rural areas have a very large market potential as worked out by the Thompson Rural Market Index.<sup>12</sup> Uttar Pradesh with its largest geographical area and also rural base has got the largest rural market potential of 15.46% followed by Madhya Pradesh and Maharashtra with 9.43% and 9.26% respectively. Andhra Pradesh occupies fourth position with 8.49% rural market potential of which Telangana region constitutes a major proportion.

The marketing environment governing the rural markets has been undergoing vast changes in the last few decades. It was observed that rural market in India started showing its potential from 1960s and the '90s are going to see the full blossoming of the rural market of India. Rural prosperity and the discretionary income with the rural consumers is directly tied up with agriculture prosperity. Due to improved irrigation facilities and methods of cultivation, incomes of rural people increased considerably, in recent years. It is clear from the fact that half of the total bank deposits<sup>13</sup> are now coming from the rural parts of the country, in the form of small saving. However, there are wider variations in the incomes of rural consumers.



## **Review of Literature:**

The following section presents the review of the earlier research studies and submitted Thesis/Dissertations' related to rural markets.

**Kaur Manpreet (2013)**<sup>14</sup> attempted to find out the various initiatives taken by HUL to reach the rural consumer. Hindustan Unilever is the pioneer and largest player in India's FMCG market. HUL was the first company to step into the Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market through its urban network stockists and distributors. HUL proactively engaged in rural development in 1976 with Integrated Rural Development Programme in Etah district of Uttar Pradesh. In 1990, HUL launched 'Operation Streamline' for distribution of products to inaccessible rural markets with High potential using unconventional transport like bullock carts, tractors and bicycles and appointed rural distributors and star sellers. In 2000, HUL started Project Shakti to reach inaccessible low potential rural markets. This project has reached 100,000 villages. HUL embarked upon Project Samuriddhi in 2003 to create sustainable villages in Dadra and Nagar Haveli. Today HUL's products touch the lives of two out of every three Indians.

**Kotni VV Devi Prasad (2012)**<sup>15</sup> proposed to undertake this study to find out various ways to tap the potential rural markets. The main aim of this study was to observe the potentiality of Indian Rural Markets and finding out various problems are being faced by rural markets. This paper attempted to provide a brief literature on rural marketing and finally offers policy recommendations for better performance of rural markets by adopting SWOT analysis matrix to rural markets.

**Priya Lakshmi and Vandana Bajpai**<sup>16</sup> stated that the objectives of rural management is to organize, develop and utilize the available at optimal level to proper utilization and productivity of resources, in such a manner that the entire rural population may be benefited by it and increase the production and consumption to increase Indian economy. Rural management also helps to enhance living standard rural people.

Since independence, the Government has initiated certain plans for the betterment of rural people. Upgrading rural market is one way to improve access to marketing opportunities. Early to pre- independent, Indian rural people played very important role in Indian independent movement and make India free from British regime, but rural people did not get much attention from Indian govt. and other business organization, to

understand them and fulfill their needs and wants. Although India is an agriculture based country and Indian economy is totally based upon agriculture and villagers, even they have being ignored. Since 1990 the wave of L.P.G. 2 (Liberalization, Privatization and Globalization) has changed the face of Indian rural markets and still is in its transition period, due cut throat competition in urban markets, more market saturation and negative demand & 50,000 population respectively in rural market so for them it is not rural India which is rural. According to the census of India 2001, there are more than 4000 towns in the country. It has classified them into 6 categories around 400 class-I to towns with 1,00,000 and above population, 498 class-II towns with 50,000-99,999 population, 1368 class-III towns with 20,000-50,000 population, 1560 class –IV towns with 10,000-19,999 population It is mainly the class-II & class-III towns that markets term as rural.

**Hoyer and Brown, 1990**<sup>17</sup> attempted to find out the core of brand equity lies in the construct of brand awareness. Brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable and unique associations in memory. In low involvement decision settings brand awareness is just adequate leading to purchase .Repeat purchase then, is a function of the functional utility and image utility of the brand. Thus, when perceived quality differences exist among competing brands, consumers may "pay a price" for employing simple choice heuristics such as brand awareness in the interest of economizing time and effort.

The two important measures of brand awareness are brand recognition and recall. Brand recognition is the ability of customers to confirm that they have previously been exposed to a brand and brand recall reflects the ability of consumers to name a brand when given the product category, category needed or some other similar cue.

Kapferer, 2004 <sup>18</sup>Top of mind awareness is critical as it captures the “consideration set” in a given purchase situation. Each type of awareness has a different purpose and specific implications.

Laurent, Kapferer and Roussel, 1995<sup>19</sup> in their book they have quoted that unaided awareness measures the brand’s impact i.e. to what extent it is spontaneously associated with a given product category. The purpose of aided awareness is to reassure the brand has already been heard of. Unaided awareness is very important for low value, fast moving products. The pursuit of a particular type of awareness depends on the way in which buyers of a product make their decisions and the level of involvement. When three brands on the

market are strongly rated in unaided awareness, scarcely any other brand has a chance of even getting quoted.

Velayudhan, 2002<sup>20</sup> The different brand elements have varying roles in reinforcing the value of the brand and its relevance to the customer groups. Visual messages appeal the most to rural audiences. Study on recall of pictorial advertisements as compared to non-pictorial advertisements indicate how much more effective they are with rural consumers as compared to urban consumers.

Surender.P<sup>21</sup> have undertaken a research to evaluate the impact of advertising on both rural and urban consumers in terms of improving the sales of products and living standards of consumers to analyze the differences between rural and urban consumers, The study examined different media habits of rural and urban consumers with regard to purchase of selected Fast Moving Consumer Goods, and also examined the effectiveness of advertising and usefulness of advertising to the society, in general, and rural consumers in particular. Further, the study suggested the measures for the effective use of advertisement in rural.

### **Scope and Need for the Study:**

FMCG products are substantially used to enhance and protect the health and physically appearance and also the dignity of the people among their counterparts. The spending on FMCG products especially in the rural areas is showing an increasing tendency in the last 5 years. This is due to increase in income levels, good connectivity to nearby towns & cities, improvement in sanitary conditions, beauty awareness among teenagers of rural areas emulating their counterparts in the urban areas in this region.

### **Objectives:**

- To assess the impact of electronic media in popularizing branded products in rural areas.
- To know the reasons for preferring branded products in rural areas.
- To study the perception of the rural consumer towards FMCG products.
- To examine the brand preference and awareness of rural consumer towards FMCG products.
- To critically examine the structure of private retail outlets dealing in those consumer goods which are generally purchased by rural consumers of the sample villages including the physical characteristics of stores and socio-economic characteristics of

retail traders.

- To analyse retail trade practices relating to retailing mix which includes merchandising, pricing, sales promotion, customer services, accounting and financial practices, in order to find out their suitability.
- To evaluate the performance of rural retail outlets in terms of sales, profits, expenses, financial soundness in order to find out their operational efficiency.

## **NEED FOR THE STUDY**

FMCG products are substantially used to enhance and protect the health and physical appearance and also the dignity of the people among their counterparts. The spending on FMCG products especially in the rural areas is showing an increasing tendency in the last 5 years. This is due to increase in income levels, fascination towards urban culture, good connectivity to near- by towns & cities, improvement in sanitary conditions, beauty awareness among teenagers of rural areas emulating their counterparts in the urban areas led to the increased usage of FMCG products particularly beauty & health care products in this region. With this backdrop the brand awareness in rural areas with reference to FMCG products is thought of. The study has been confined to Warangal District of Telangana state. It is believed that the findings in this region are fairly representative of the other parts of the State and the lifestyle & other parameters are not much different from what exist in the area of survey.

### **Hypothesis:**

- 1) There would be no significant difference between low and middle income group and high income level groups to have a Brand Awareness.
- 2) There would be no significant difference between below the age of 30 years and above to have a Brand Awareness.
- 3) There would be no significant difference between below the age of 30 years and above to have a preference for a Branded Product.

### **Methodology:**

The data on consumer behaviour in rural areas is scant; a major portion of the data is generated from primary sources through field study. For the purpose of collecting relevant

primary data a structured questionnaire has been prepared and administered among the rural consumers.

## **Conclusions**

The brand awareness in rural areas particularly in respect of beauty care and health care products is showing an increasing tendency. (85% of the people in the age group of below 40 years both from illiterate & literate groups prefer branded products with the belief that quality is assured as the manufacturers are reputed companies. For ex: Colgate Tooth Paste, Head & Shoulder shampoo).

People are not worried about the price of the product. They are showing willingness to spend higher price when they realize that they can afford to spend. Since the usage of branded products of reputed companies will elevate their status as well as stature in that village.

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