



Presenting The Tremendous Opportunity For Rural Purchase Of Fmcg In Rural Markets

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ABSTRACT

A key component of India's thriving economy is the manufacturing and distribution of FMCGs, or fast moving consumer goods. This field affects everyone and everything. Producing companies for fast-moving consumer goods have recently come to see the rural market as a promising new area to expand into. The sector is seeing increased interest due to rising earnings and improved living standards. More people live in middle-income homes in the countryside than in the cities. As a result, the rural market has expanded steadily over time and currently outweighs its metropolitan counterpart. Across the world, the fast-moving consumer goods industry has found particular success penetrating India's burgeoning middle class. Two hundred valid, filled-out surveys were obtained and used for this study. Effective advertising and distribution of fast-moving consumer goods (FMCG) in rural areas identified as the most influential factors, followed by awareness and availability. Consumers in rural areas are willing to pay a premium for quality FMCG, research shows.

Keywords: Consumer Goods, Awareness, Packaging, Indian, Brand

I. INTRODUCTION

Socioeconomic growth, expectations, and shifts in spending pattern throughout India's income spectrum have all increased in recent years, creating a cumulative impact. As a result, corporate giants have begun paying close attention to the purchasing habits of rural customers, who have been purchasing products as varied as shampoo and motorcycles. Understanding rural consumers, distributing products and services to far-flung places, and connecting with diverse rural clients are just a few of the obstacles plaguing India's nascent rural market.

The fast-moving consumer goods (FMCG) market in India's rural areas is mostly untapped, offering substantial expansion possibilities. The Fast Moving Consumer Goods (FMCG) market in India's rural areas is about to experience significant growth. Small-scale merchants dominate the fast-moving consumer goods (FMCG) sector in rural India,

which is mostly unorganised. Only in India's major cities can you find an organised FMCG bazaar. Agriculture is the main source of income for most people in rural India. The fast-moving consumer goods sector in India stands to gain enormously from the country's rural areas. The expansion of India's Rural FMCG Market will benefit from improved infrastructure in areas such as roads, communications, energy, and the supply chain. Additionally, Rural FMCG markets in India have a lot of room to develop due to the relatively low per capita use of FMCG items.

It was only in the last half-century or so that India's FMCG (fast-moving consumer goods) sector began to take form. The fast-moving consumer goods industry, or FMCG, is a cornerstone of India's economy. Every facet of human existence is affected by this industry. The FMCG market in India may be broken down into two categories: the formal and informal markets. In contrast to the United States, where a few multinational corporations have cornered the fast-moving consumer goods (FMCG) industry, India's FMCG business is still extremely disorganised, with half of the market going to unbranded, unpackaged, and handmade goods. Branded goods makers and marketers have a golden chance to persuade customers to buy their wares as a result of this trend.

The fast moving consumer goods industry has found success in countries throughout the world, including those in India, by targeting consumers in the lower and middle income brackets. Nearly three-quarters of today's buyers come from the middle class, with more than half of those living in India's rural areas. The industry is optimistic because of the growing number of rural consumers with greater purchasing power who are eager to purchase products that enhance their quality of life. Also, many FMCG producers in India are compelled to develop new tactics for addressing the rural market due to the near saturation and cutthroat competition in urban India.

II. MARKET SIZE FOR FMCG SECTORS IN RURAL INDIA

Because of the country's complex social and behavioural dynamics, the rural market in India cannot be treated as an independent economic sector. Roughly 68.84% of India's entire population lives in rural areas, making up roughly 83.3 crore people. Revenue is substantial from the rural market since the majority of consumers live in rural regions. More than half of the country's GDP is produced in the rural economy. Agriculture, self-employment, services, construction, and other rural industries account up a sizable portion of India's gross domestic product. Growing earnings, rising knowledge and awareness, rising contact with the outside world, changing consumption habits, emerging lifestyles, and most critically, a transition from agriculture to business development, self-employment, and construction have all empowered the rural populace. Increasing food production is likely a contributing factor to changes in rural income, but the major shift in rural communities over the years has been a decreased reliance on agricultural revenue. The total income in rural areas was boosted by money earned outside of agriculture.

Customers in the countryside are more likely to seek out and purchase name-brand, premium goods. That's why Indian companies are looking forward to the growth of rural consumer markets, which they anticipate will be more rapid than that of metropolitan areas. The survey also notes that customers in rural areas are increasingly connected socially and are more likely to use many sources of information when making purchases. Consumers in India's rural areas now have access to more information and are making more educated purchases as a result of the extensive availability of media and telecommunications services.

Eventually, people in these rural regions will consume at the same rates as those in cities. Approximately one-third of the customers of some of India's major consumer enterprises live in rural areas. Rural India presents a sizable and enticing investment opportunity for private firms due to a shifting consumption pattern and the potential size of the market.

III. RESEARCH METHODOLOGY

Primary and secondary data sources, sample size, data collecting method (questionnaire), and data analysis tools and methodologies are all significant concerns in this study's research methodology.

- **Sources of data**

Primary and secondary sources were used to compile this report. Using a standardised 5-point scale questionnaire, we collect primary data. We gathered secondary information from a wide range of print and digital sources, including periodicals, websites, business literature, and government publications.

- **Sample size**

Out of a total of 350 respondents, 200 (or 50%) filled out the questionnaire in its entirety.

IV. DATA ANALYSIS

Table 1: Gender composition

Gender	No.	%
Male	114	57.0
Female	86	43.0
Total	200	100

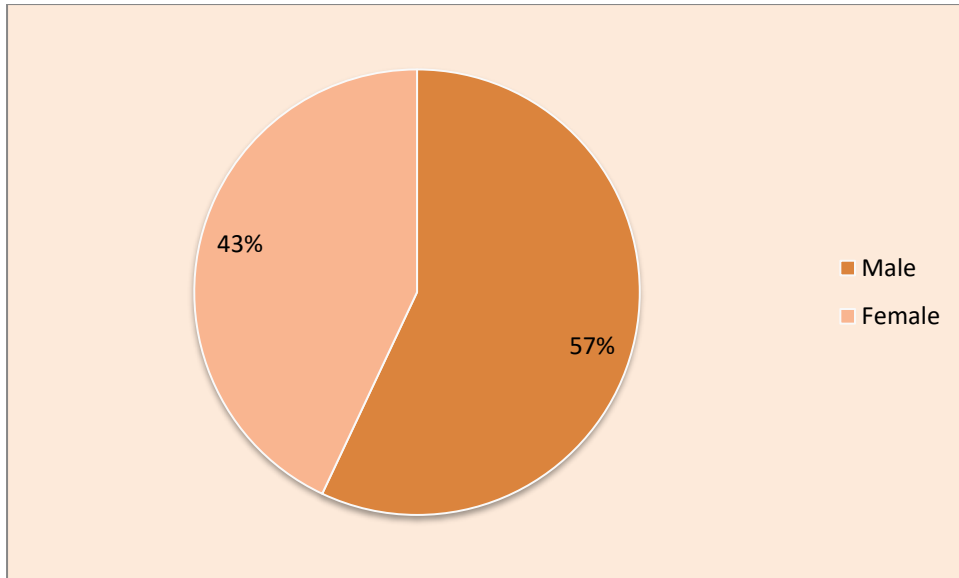


Figure 1: Gender composition

The gender breakdown of the data is shown in Table 1 and Figure 1. There were 200 total responses; 114 (57%) were male and 86 (43%) were female.

Table 2: Age groups of the respondents

Age group	No.	%
20-25	60	30.0
26-30	64	32.0
31-35	20	10.0
36-40	36	18.0
41 & above	20	10.0
Total	200	100%

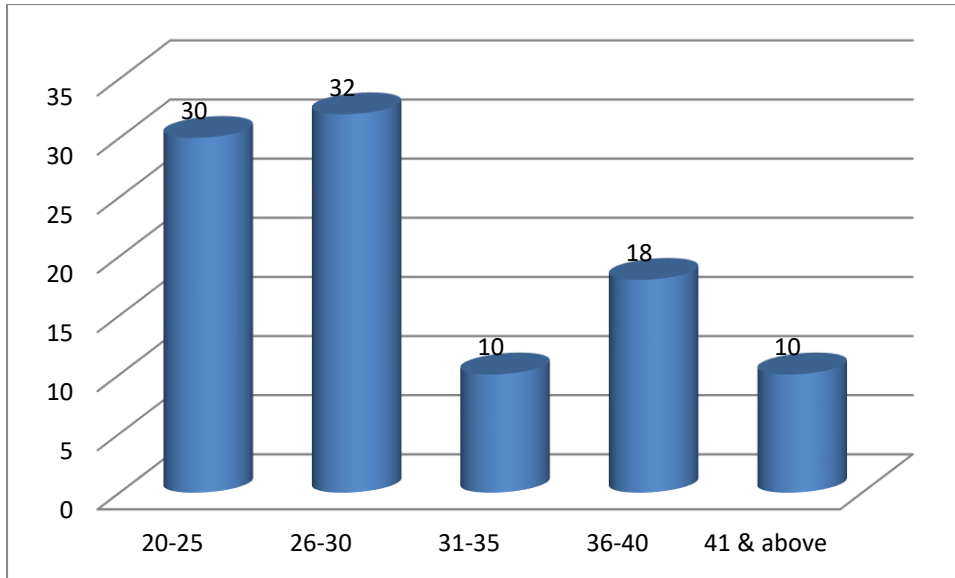


Figure 2: Age groups of the respondents

The ages of the participants are broken down in table 2 and displayed in figure 2. Seventy percent or more of the sample are under the age of 35.

Key individual variables that influence rural purchase of FMCG

Managers may do a better job of meeting their goals if they have a firm grasp of the factors that affect the purchasing of fast-moving consumer goods (FMCG) in rural areas. Our current research has helped us identify crucial determinants and conduct in-depth analyses of them. There were 24 different questions in the survey, each with a 5-point Likert-scale response option. Each statement on the survey asked respondents to indicate whether they agreed "Never," "Rarely," "Sometimes," "Mostly," or "Always."

Information gleaned from the current study is shown in Table 3, which includes specifics on some of the key individual characteristics that affect the purchase of FMCG in rural areas. Always and mostly are seen as having the most effect on FMCG purchases in rural areas, whereas Never and Rarely are portrayed as having less influence.

Table 3: Important variables that influence the rural purchase of FMCG

Variable	Description	Degree (%) of influence			Total
		Less	Moderate	High	
Shopkeeper recommendation	I buy FMCG suggested by shopkeeper	10%	17%	73%	100%

Low price	I buy FMCG that are priced low	5%	30%	65%	100%
Need based purchases	I buy FMCG only when needed	4%	7%	89%	100%
Awareness	I buy FMCG that I am aware of	2%	8%	90%	100%
Product promotions	I buy FMCG that are advertised/ promoted	2%	11%	87%	100%
Availability	I buy FMCG that are conveniently available	1%	4%	92%	100%
Quality	I buy FMCG that is of good quality	17%	28%	55%	100%
Packaging	I buy FMCG wrapped in attractive packaging	21%	18%	61%	100%

Long-term connections in the markets can be established on the firm ground of commitment (of shopkeepers) and confidence (in shopkeepers). In the present survey, three-quarters of participants said they would trust recommendations from store employees. Therefore, it can be deduced that the "Trust factor" prevalent in rural market can aid managers in carrying out successful rural marketing, since middlemen play a significant part in an efficient supply chain. Since customers in rural areas have begun prioritising product quality over price, it would be inaccurate to assume that they exclusively purchase inexpensive items. Five-fifths of respondents in this study were looking for high-quality FMCG, therefore quality clearly appeared as an important factor.

Intriguingly, only 65% of people who answered the survey favoured low-priced FMCG. Based on these two observations, it seems clear that rural marketplaces in South Asia are becoming more than just a place to sell cheap goods. In addition, the vast majority of rural customers (89%) do not keep any sort of stockpile and instead shop for necessities exclusively. Knowledge is the foundation of achievement.

Ninety percent of respondents said they are likely to purchase name-brand FMCG items. Recent research shows that 87 percent of respondents are heavily affected in their purchasing decisions by product promotions and adverts, proving that advertising is effective even in rural regions. Accessibility and appealing packaging were shown to have a significant impact on sales for 61% and 92% of consumers, respectively. Shelve placement, brand recognition, word-of-mouth recommendations, celebrity endorsement

(to a lesser extent), product knowledge, and package size was also shown to affect FMCG sales in rural areas (having low influence).

V. CONCLUSION

Beyond economic growth and urbanization, other factors also contribute to the fast expansion of India's fast moving consumer goods sector. Market sentiment has changed as a result of the purchasing behaviors of modern Indian customers. Due to the rapid expansion of the rural market in India, FMCG firms have had to relocate their primary marketing efforts from urban centers to the countryside. There are no limits to the potential customer base that may be reached through the county's rural market today. Recent studies on FMCG marketing to rural areas have shown interesting trends. It is advised that shopkeepers in rural areas be included in rural marketing initiatives as their advice may have a significant impact on customers. This also accommodates the practice of purchasing only as much of a product as is actually needed, which is common among rural consumers. Advertisers in rural areas need to raise brand recognition among their intended buyers, as this factor has a significant impact on the quantity and quality of fast-moving consumer goods bought in rural areas.

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