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**Importance Of Brand Awareness In Purchase Decision Of FMCG
Products For Consumers: A Comparison Between Urban, Semi
Urban And Rural Markets**

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Abstract

The objective of this paper is to address to the area of consumer decision making, with special focus on brand awareness in order to maintain “the competitive edge of superiority” of the product. In this study titled “Importance of brand awareness in purchase decision of FMCG products for consumers: a comparison between urban, semi urban and rural markets” the researcher has assessed the purchase decision of FMCG for consumers, what they look for, why and in which situation & level of brand awareness present in urban & rural market consumer or people, role of media to create brand awareness.

Key words- Brand Awareness, FMCG Product, Media Role, Purchase Behaviour

Introduction

Fast Moving Consumer Goods (FMCG) goods are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods.

FMCG sector in INDIA

India, 2nd most populous country in the world, 3rd largest economy in Asia after China & Japan & one of the fastest growing economies in the world, provide lot of potential market for FMCG goods. The fast moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. The market size of FMCG in India is estimated to grow from US\$ 30 billion in 2011 to US\$ 74 billion in 2018. The FMCG market in the India is poised for a high growth era which is indicated by CARG of 11.2% over the past decade and the annual volume growth of approximately 8.5%. The growth potential of the industry is high because of low penetration rate currently, rising consumer income demand supply group. India has a competitive advantage because of the availability of key raw material, cheaper labour costs and presence across the entire value chain.

- Nielsen predicts that India’s FMCG industry will grow from \$37 billion in 2013 to \$49 billion in 2016.
- Indian FMCG industry expected to grow 7% in 2014, 10% in 2015 and about 12% in 2016, taking the sales in 2016 to \$49 billion.
- Distribution growth, innovations around sachet offerings, employment rates and index of industrial production (IIP) are key influencers of FMCG sales in India.

India’s FMCG industry is massive. In 2013, 8.4 million outlets served 1.26 billion people and accounted for US\$37 billion in sales.

The last three years have been challenging for India's FMCG industry. Sales have been affected by a weak economy and high inflation.

Purpose of the Study

The research study aims to explore consumer brand awareness of FMCG products for consumers in urban, semi urban & rural market. Brand awareness is reflected by consumers' ability to recall or recognize the brand under different conditions. This study broadly consists of following aspects:

- Identifies why and how brand awareness can help in consumer decision making towards a brand, and so analyses the role of media in promoting brand awareness.
- Identifies the major differences in consumer behaviour across different markets, which can help marketer in strategizing more effectively and in a pinpointed way.

Objectives of the Study

- To identify the decision making process of consumers of different markets
- To study the effect of brand awareness and its importance in decision making
- To know and study the reasons for Brand loyalty
- To know how to strategize in different market
- To understand the Role of media in developing brand awareness
- To understand the psychology and purchase behaviour of consumers, segregating them according to their life styles.

Scope of the study

The FMCG sector shows tremendous growth last few years. With the help of this survey FMCG company should develop different strategy for different market.

Urban Market – The rise in disposable incomes, mid and high-income consumers in urban areas have shifted their purchasing trend from essential to premium products. In response, firms have started enhancing their premium products portfolio. Indian and multinational FMCG players are leveraging India as a strategic sourcing hub for cost-competitive product development and manufacturing to cater to international markets.

Rural Market- Rural areas expected to be the major driver for FMCG, as growth continues to be high in these regions. Rural areas saw a 16 per cent, as against 12 per cent rise in urban areas(Source: info.shine.com/fmcg/6.htm). Most companies rushed to capitalise on this, as they quickly went about increasing direct distribution and providing better infrastructure. Companies are also working towards creating specific products specially targeted for the rural market.

There is a vast difference in the lifestyle of the rural & urban consumer but marginal difference with life styles of semi urban consumers. The rural Indian consumer is

economically, socially & psycho-graphically different from his urban & semi urban counterpart. The differences are:-

I. The bulk of purchase in urban & semi urban area is concentrated during festivals & auspicious occasions, while maximum consumption in the rural market occurs around harvesting season when the farm produce is sold in market. And because of this seasonal nature of earning, the ability of rural consumer to pay back the loan is lower than their urban & semi urban counterparts. In urban & semi urban markets, earnings are much more regular because in both, consumers are employed in manufacturing or service sectors.

II. The rural consumers trust local brands more than branded ones since their level of awareness is relatively low than urban & semi urban consumers.

III. Urban consumers are more brands conscious & they are ready to pay for a branded product. In semi urban markets, consumers are brand oriented but also see their buying capacity.

IV. The size of an average house hold in rural area is 4.8 as compared to 4.3 members in urban area. As a result, the earning member is lower in rural area, resulting in terms of lower income & lower expense on lifestyle or luxury products.

V. In urban & semi urban area markets are large and geographically dispersed for which it is necessary for the marketers to properly segment, target & position his offering for the right consumers. Rural markets are less dispersed and smaller in size.

VI. Haats & melas and mandis & word of mouth publicity are the usual channels of communication for product promotion in rural area, whereas radio, TV & print media are most frequently used channels in urban & semi urban area.

VII. The urban market is almost saturated whereas the semi urban & rural markets have wide scope for FMCG Company.

Literature Review

According to National Council of Applied Economic Research (NCAER), rural households form 72% of the total households in the India. Spending in this segment is growing at a fast pace and consumption patterns are closing in on those of urban Indian market. Jagmohan Singh Raju, 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."

According to Hansa Research, the penetration of consumer durables has risen sharply in India's villages between the years 2000 and 2005. In colour TVs segment, sales are up 200%; in motorcycles, 77%. In absolute numbers, however, the penetration of durables is still low. Coke, for instance, reaches barely 25% of the rural market. This means the potential is huge for companies that develop effective rural marketing strategies.

According to NCAER, the low penetration rates in the rural markets can be attributed to three major factors: low income levels, inadequate infrastructure facilities and different lifestyles (urban and rural). But income levels are going up, infrastructure is improving and lifestyles are changing in the rural areas. Almost a third of the rural population in India now uses shampoo compared with 13% in 2000, according to Hansa Research.

The Confederation of Indian Industry (CII) has recently released the report which was prepared by McKinsey & Company, "Bharat Nirman Plus: Unlocking Rural India's Growth Potential". The success of Bharat Nirman Plus depends on two key factors - creating innovate

models that can be replicated across India's vast and diverse rural sector, and concerted actions by all stakeholders - central and state governments, local communities and panchayats and the private sector. CII believes that Bharat Nirman Plus has the potential to help India realize its aspiration of Inclusive Growth.

FICCI has brought out a book titled "Business in Service of Rural India". In this an attempt has been made to portray some of the success stories of the different organizations, which have been actively involved in the empowerment and development of the rural masses through various social welfare schemes and useful programmes. These models thus depict synergies between the corporate and the rural economy; inspire other organizations to venture into similar projects in rural India leading to rural upliftment and better quality of life for the rural population.

Trends indicate that rural markets are coming up in a big way and growing twice as fast as the urban markets. According to a National Council for Applied Economic Research (NCAER) study, there are almost equal number of 'middle income and above' households in the rural areas as there are in the urban areas. There are also, almost twice as many 'lower middle income' households in rural areas as in the urban areas. And at the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas.

According to Mr. D. Shivakumar, Business Head (Hair), Personal Products Division, Hindustan Lever Limited, the money available to spend on FMCG products by urban India is Rs. 49,500 crores as against is Rs. 63,500 crores in rural India. According to him the four factors which influence demands in rural India are- access, attitude, awareness and affluence. HUL has successfully used these to influence the rural market for its shampoos in sachets successfully.

As per NCAER, the number of middle and high income households in rural India is expected to rise from 80 million to 111 million by 2007. In urban India, the same is expected to rise from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double that of urban India by 2007. The study on the ownership of goods indicates the same trends. It segments consumer durables under three distinct groups - (1) necessary products - Transistors, wristwatch and bicycle, (2) Emerging products - B&W TV and cassette recorder, (3) Lifestyle products - CTV and refrigerators. Marketers have to depend on rural India for the first two categories for growth and size at the moment. Even in lifestyle products, ruralIndia will be significant over the next five years.

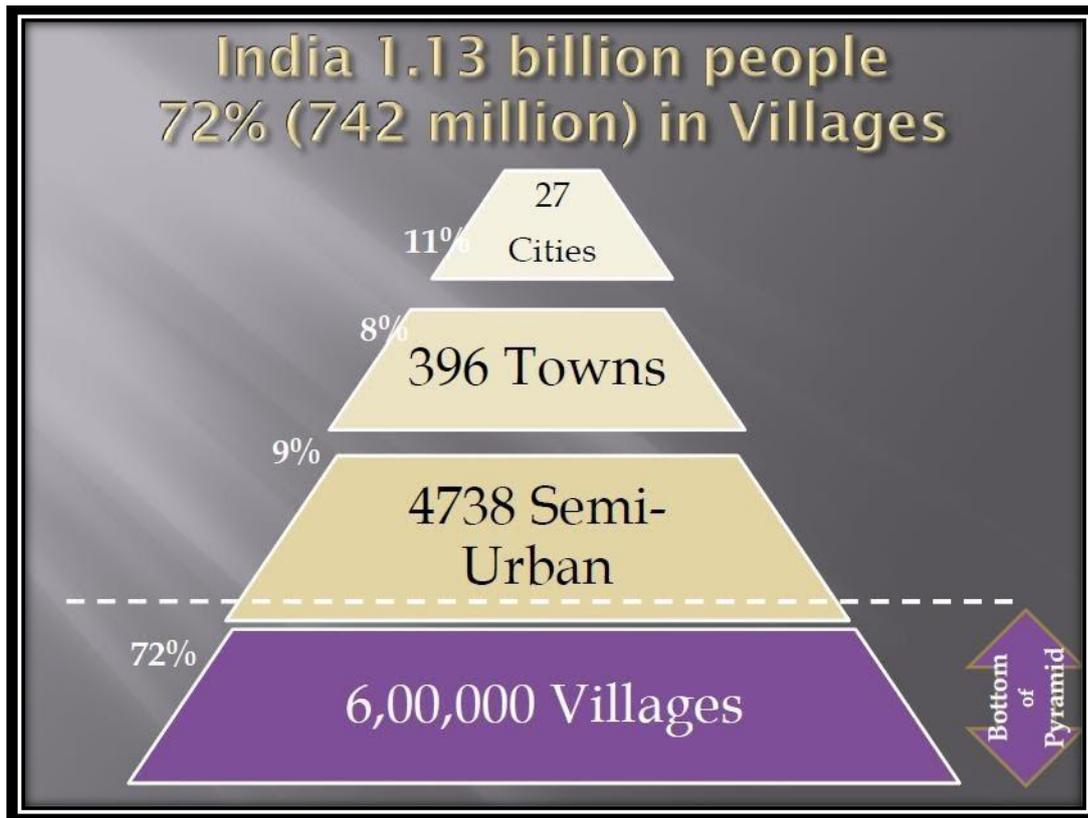
Commenting on the marketing problem facing agricultural goods produced in the rural belt, Mr Gapalkrishnan said, "We are obsessed with the production of food grains in this country. The problem however lies with marketing, particularly the cash crops." Heavens will not fall if production falls, but it will badly impact rural economics, if you cannot make the extra output produced.

FACTS & FIGURES

- 70 % of India's population lives in 6, 27, 000 villages in rural areas. According to the NCAER study, there are almost twice as many 'lower middle income' households in rural areas as in the urban areas.
- At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas.
- A middle and high-income household in rural India is expected to grow from 80

million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double than that of urban India.

- There are more than 6,00,000 villages in the country as against about 4738 semi urban, 396 towns and 27 cities. Consumers in this huge segment have displayed vast differences in their purchase decisions and the product use. Villagers react differently to different products, colours, sizes, etc. in different parts of India. Thus utmost care in terms of understanding consumer psyche needs to be taken while marketing products to rural India.



Thus, it is important to study the thought process that goes into making a purchase decision, so that marketers can reach this huge untapped segment.

The FMCG sector has always been the cornerstone of the Indian economy. Although, the sector has been in existence for quite a long time now, it began to take shape only during the last fifty years. To date, the Indian FMCG industry suffers from a definitional dilemma. In fact, the industry is yet to materialize in terms of definition and market size, among others. Generally, FMCG refers to consumer non-durable goods required for frequent and daily use. The sector touches every aspect of human life. Perhaps, defining an industry whose scope is so vast is not an easy job.

Research Methodology

The information for the purpose of the present study has been obtained by interviewing the respondents through structured & unstructured closed-ended questionnaire. Keeping in view the time availability of the respondents, group interviews and interviews at the individual

level also been conducted. The observation method has also been used where conditions were favourable for the same.

Information was sought from the respondents on the buying decision process based on such factor as impact of religion, customs and traditions, participation of women in buying decision, impact of advertisements, impact of reference groups and the validity of the communication process.

Type of research design: Descriptive

The topic for the research study is to study buying behaviour of rural, urban & Semi urban consumer and the nature of the topic is theoretical and descriptive. So to conduct research study, the type of research suitable is descriptive research only. The data are collected from customer & consumer who are buying FMCG product. The descriptive research has met the requirement of this study.

A descriptive research studies frequencies, averages, and other statistical calculations. This research does not gather the causes behind a situation. The present study consists of primary & secondary data.

Research Instrument: Survey through undisguised closed-ended questionnaire

The primary data are collected from consumers who are buying the FMCG products for use. The primary and secondary data have been collected to cover every aspect of study. The primary data are related to buying behaviour and response to advertisement by customer. Considering merits and demerits of both sources of data, these have been used in combination to meet the requirements of the research.

Secondary data are collected from various valid sources such as websites of FMCG companies, books and articles, magazines, reports of consultancy companies and Government publications sourced from libraries. However, Internet is the major source of secondary data.

Analysis: Different statistical techniques, as applicable will be used.

Sampling can be explained as a specific principle used to select members of population to be included in the study.

Sampling is the process in which a representative part of population for the purpose of determining parameter or characteristics of the whole population is selected. This is called a sample. It is easier to contact a smaller part of the population for data collection. It can be done within a limited time, effort and with minimum cost. For this research study purpose out of different sampling methods the convenience sampling has been selected.

Convenience sampling, as the name implies is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study.

Convenience sampling is a type of sampling where the first available primary data source will be used for the research without additional requirements. In other words, this sampling method involves getting participants wherever you can find them and typically wherever is convenient. In convenience sampling no inclusion criteria identified prior to selection of subjects. All subjects are invited to participate.

The described study has been carried out in Bihar & West Bengal. In Bihar East Champaran, and Darbhanga were selected & out of West Bengal region, town and cities like Serampur, Rishra and Kolkata had been the areas under study. The urban, semi urban & rural population living in cities & village who are both buyers & consumers of FMCG were target population. Keeping in view the proper representation of every segment of market and manageable size of sample, the sample size is 600.

Analysis & Interpretation

1. The findings of the study show that the rural customer in the urban villages want to acquire the urban life style but when it comes to buying decisions, they were different from their urban counter part. Culture has a great influence on their buying decisions.
2. Since majority of urban customer looking for quality product but the rural people not only looking for cheaper product them also demanding quality product, these menace company should make specialized quality product in rural market. Its sows that demand of special quality product in rural market at low price.
3. Since majority of the rural population is brand loyal company/producer need to give them better quality product and service to their customer with continuous promotion and modified the product.
4. Customers associate branded product with “good quality.” To successfully promote a brand and to retain the customer loyalty, the marketer must ensure the quality of the product is maintained at high level.
5. The brand awareness level of FMCG product is much high in urban market compared to rural people.
6. More than the brand name or company name, consumers primarily seek quality of the products. They are satisfied with an unbranded product if it is of good quality. Marketers of unbranded products must strive to penetrate the market by improving quality to the product and give wide publicity. If local marketers deliver the promise of quality they can compete with top branded products.
7. Since the psychology & life style for rural consumers is different compared to their urban counterparts, there should be specially designed product from the companies according to their demand.
8. Shopkeeper plays a vital role in rural market because people blindly believe and take advice from them for product that why maximum number shopkeeper give the local product to his customer for his margin or benefit.
9. Rural people buy or recognise the product by its logo or colour. Still the study shows that the old people don't demand the product by brand name like Lifeboy soap or Tata tea. They demand “red colour soap” or “hari packet walichai”. These behaviours caused local producers give a specific look to their product & sale their product with the help of shopkeeper.
10. Company need to focus on brand promotion, take attention of shopkeeper & should give reward for his contribution to the sale in rural market.
11. Since the consumption is increasing this shows that there is enough potential of the rural market for selling FMCG products.

Finding

1. Rural market is hugely untapped which offers great scope for FMCG product.
2. The urban market is going to be saturated & huge competition but in rural market is unsaturated and player are less so huge opportunity in rural market than urban market for FMCG product.
3. Quality & Service are main slogans of success in urban market but for rural area quality & price are the main mantra.
4. Company should applying different marketing technique & strategy for rural & urban market.
5. For the rural customers, the small size pack items (sachets) are more acceptable.

Conclusion

The FMCG sector is growing and will continue to grow very fast. This presents a tremendous opportunity for the markets of branded products for both rural and urban market. The study on the consumer behaviour towards the products of FMCG has received a pivotal position in the market for soap, detergent power, paste, tea and biscuit although there are many competitors in the market. FMCG was able to hold its top rank providing quality products at the reasonable price to consumer. Quality is the main motivating factor for the consumer to buy the product of FMCG.

1. Companies need to allocate huge budget for advertising, promotion and publicity in order to build brand image in the minds of consumer.
2. Rural market is huge untapped markets which offer great scope and ample opportunity for the expansion of FMCG product.
3. Still rural India is untapped by FMCG product, huge scope is there for FMCG industry.
4. Marketers should take care of cultural value of the customer and accordingly develop their product.

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