



## AWARENESS OF BRAND AND INCREASING CUSTOMER'S DEMAND FOR FMCG PRODUCTS IN RURAL MARKET: THE RURAL MARKET OF UTTAR PRADESH

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### ABSTRACT

The aim of this study is to examine the brand awareness in rural area and to study the interest of consumers in branded products of Fast Moving Consumer Goods (FMCG). The brand awareness is showing increasing tendency everywhere and Lucknow and Varanasi of Uttar Pradesh State is not an exception to it. To examine the validity of this general statement that is being discussed day in and day out by the researcher, market managers producers, consumers, advertisers, etc., Research Paper on brand awareness in rural area of Fast Moving Consumer Goods in Lucknow Region of Uttar Pradesh is taken up.

**KEYWORDS** Brand Awareness, Rural Area, Consumer Goods.

### INTRODUCTION

The term FMCGs refers to those retail goods that are generally replaced or fully used up over a short period of days, weeks, or months, and within one year. This contrasts with durable goods or major appliances such as kitchen appliances, which are generally replaced over a period of several years.

FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs – such as meat, fruits and vegetables, dairy products and baked goods – are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates. An excellent example is a newspaper - every day's newspaper carries different content, making one useless just one day later, necessitating a new purchase every day. A major portion of the monthly budget of each household is reserved for FMCG products. The volume of products circulated in the economy against FMCG products is very high, as the number of products the consumer uses, is comparatively very high. Competition in FMCG sector is very high resulting in high pressure on margins. The introduction of sachets made rural people who are traditionally not accustomed for bulk purchase to buy branded FMCG products like Rs 1-Shampoo, nut powders, oils detergents, cleaning powders and liquids, toothpaste etc, in rural shops. This change the pattern of buying from traditional products to branded products.

The Indian FMCG sector is the fourth largest sector in the economy with an estimated size of Rs.1,300 billion. The sector has shown an average annual growth of about 11% per annum over the last decade. Unlike the developed markets, which are prominently dominated by few large players, India's FMCG market is highly fragmented and a considerable part of the market comprises of unorganized players selling unbranded and unpackaged products. There are approximately 12-13 million retail stores in India, out of which 9 million are FMCG Kirana stores. 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 's producers have released that there is ample scope for them to enter into the rural markets. today we notice this shift towards branded FMCGs in rural areas as a result of socio economic and political changes in the last five years this has made the rural areas more viable markets, even compared to urban areas, the socio economic and political changes contributed to a great extent for changes in life styles of country side people. 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 neighboring family. The different Govt policies are also being helpful for rural people contributing in enhancing people's income. Followed by their change in life style. Resulted in patronizing the branded products.

According to the National Council of Applied Economic Research (NCAER) about 70% of Indian Population living in Villages. India has the largest potential rural market in the world It has many as 47000 congregation markets compared to 35000 super markets in the U.S and of the Total FMCGs demand in India, nearly 53% comes from the rural markets, at presents Indian FMCGs sector is worth Rs 1300 billion and expected to be around a whopping value of Rs 4000 to Rs 6000 billion by 2020.

### BRAND AWARENESS AND CUSTOMER PREFERENCES

#### Brand Awareness

Brand Awareness is the extent to which a brand is recognized by potential customers, and is correctly associated with a particular product Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product introduction. Brand awareness is the degree of familiarity among consumers about the life and availability of the product brand awareness is the extent to which the consumer associates the brand with the product he desires to buy. It is the brand recall and the brand recognition of the company to the consumers. Brand recall

is the ability of the consumer to recollect the brand with reference to the product where as brand recognition is the potential of the consumer to retrieve the past knowledge of the brand when enquired about the brand or shown an image of the brand logo. Brand awareness is an essential part of brand development which helps the brand to stand out from the others in this monopolistically competitive market.

### TYPES OF BRAND AWARENESS

**Aided Awareness-** This type of awareness is generated in a consumer. When asked about a product category, if the consumer is aided with a list of company names and he recognises the company from the given set it is categorised as aided awareness.

**Top of the mind Awareness-** When the name of the company is automatically recollected because the consumer very promptly associates the brand with the product category, it is called a top of the mind awareness of the product

### Consumer Preference

The underlying foundation of demand, therefore, is a model of how consumers behave. The individual consumer has a set of preferences and values whose determination are outside the realm of economics. They are no doubt dependent upon culture, education, and individual tastes, among a plethora of other factors. The measure of these values in this model for a particular goods is in terms of the real opportunity cost to the consumer who purchases and consumes the good. If an individual purchases a particular good, then the opportunity cost of that purchase is the forgone goods the consumer could have bought instead.

Consumers preferences are defined at the subjective (Individual) tastes as measured by utility of various bundles of goods. They permit the consumers to rank these bundles of goods according to the levels of utility they give to the consumers. Note that the preferences are independent of the income and price. Ability to purchase goods does not determine a consumer's likes or dislike's. this is used primarily to mean an option that has the greatest anticipated value among a number of options. Hence we can also say that Brand preference occurs on the basis of Company's market value and quality preference, where as in Consumer Preference the Impact of brand is no having much Importance.

### REVIEW OF LITRATURE

The two Important measure of brand awareness is Brand recognition and recall (Hoyer and Brown in 1990) Kapferer, in 1988 says "Top of mind awareness ins critical as it captures the consideration set in a given purchase situation". (Laurent Kapfrer and Roussel 1995) study on recall of pictorial advertisement as compared to non – pictorial advertisement indicate how much more effective they are rural consumers as compared to urban consumers.(Velayudhan- 2002) in some studies , brand preferences has been equated with brand loyalty (e.g, Rundle –Thiele and Mackay 2001). In other studies it has been evaluated as a precursor to brand loyalty (e.g odin et al 2001). Ben – Akiva et al. (1999) define preference as "comparative judgements between entities. "Additional reasons (Other then promotions" why consumers may purchase other brands , despite a stated brand preference

include a desire to try and learn more about different brands in the category; changing need or a situations variety seeking and changes.; in the available alternatives due to the new products or improvements of existing products. (Coutler et al.2003). Alba and Hutchison (1987) propose that experts are more likely to search for new information because (a) Expertise increases the awareness of the existence of potentially acquirable information and (b) Familiarity reduces the cost of information acquisition. Schmidt and Spreng (1996) further postulate the knowledge increases perceived ability to search and therefore should decrease the perceived costs of search. Greater knowledge has been shown to be positively related to increased involvement with a category (e.g. , Raju et al.1995). Dun et al .(1978) viewed advertising from its functional perspectives. Modern (1991) is of the opinion that advertising is used to established a basic awareness of the product. Chen (2001) expressed a different thought on awareness that it was a necessary asset but not sufficient for building strong brand equity. Beverland (2001) analyzed the level of brands awareness within the new zeland market for zespri kiwi fruit.

### OBJECTIVE OF STUDY

The objective of the study is to understand the buying perception of the rural consumers towards FMCG products. For this the objective of the research work are as under:

- To study the rural areas consumer perception towards FMCG products
- To examine the awareness of the rural consumers and the brand preference towards FMCG products
- To study the attributes of brand preference
- To study the impact of media on brand awareness and preferences.

### THEORY OF THE STUDY

The main aim of the study is to test the following hypothesis.

- There is significant difference between male and female attitudes towards brand
- There is significant difference a among diffenent age groups attitudes towards brands
- There is significant difference among different Academic Qualification attitudes towards brand
- There is significant difference among income group attitudes towards brand.
- There is significant difference among male and female attitudes towards brand awareness through media

### SCOPE AND NEED STUDY

FMCG product 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 product especially in the rular 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 let to increase the FMCG products particularly health care and beauty products in

this region. The study is confined only to Lucknow District of Uttar Pradesh State. It is believed that the findings in this region are fairly representative of the other parts of the state and the lifestyles and other parameters are not much different of this area.

The importance of the rural market for some FMCG and durable marketers is underlined by the fact that the rural market accounts for 55 per cent of LIC policies, 70 per cent of toilet soaps, 50 per cent of TV, Fans, Bicycles, Tea, Wrist Watches, Washing soap, Blades, Salt, Tooth Powder and 38 per cent of all Two-Wheelers purchased. Of the two million plus BSNL connections, 50% is from small towns/villages and out of 20 million rediffmail signups, 60% are from small towns

Let me also give you the gigantic market size of rural markets (in Indian Rupees): FMCG - 6500 Billion, Agri-Inputs - 4500 Billion, Consumer Durable's - 500 Billion, Automobiles (2 & 4 Wheelers) - 800 Billion. The figures tell us that the rural market is growing much faster than the urban counterpart. A recent forecast revealed that the Indian Cellular Services revenue will grow at a rate of 18.4 per cent with most of the growth coming from rural markets

#### OPPORTUNITIES

- Untapped rural market, changing life style
- Rising income levels, i.e. increase in purchasing power of consumers
- C. Large domestic market with more population of median age 25
- High consumer goods spending
- E. Only about 10-12 per cent of output is processed and consumed in packaged form, thus highlighting the huge potential.
- F. India is under penetrated in many FMCG categories as shown in below diagram. With rise in per capita incomes and awareness, the growth potential is huge.
- G. Lower price and smaller packs are also likely to drive potential up trading for major FMCG products

#### RESEARCH METHODOLOGY

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well framed and structured questionnaire to elicit the well considered opinions and respondents. The study is confined to 7 villages and 2 districts Lucknow and Varanasi, region where we have covered rural area of purvanchal belt covering 2<sup>nd</sup> District Varanasi and suburbs. In both districts the suburbs are basically a rural oriented region and about 60% population are living in villages. Lucknow and Varanasi are chosen to survey the comparison of Rural and Urban consumer behavior, their age groups classifying them on the basis of literacy with the help of structured and unstructured interviews and discussions.

#### LIMITATION OF THE STUDY

Two limitations have been identified in this study.

- A. Only 7 villages and 2 districts have been covered on research work.
- B. People don't share their personal information.

- C. Taking interviews of rural female is tough as they belongs to conservative culture

#### DEMOGRAPHIC PROFILE OF RESPONDENTS

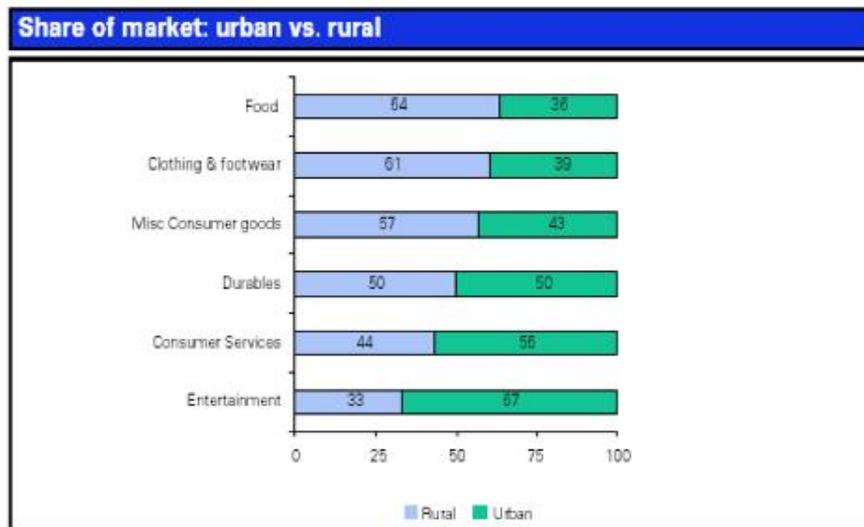
DEATAILS	FREQUENCY N
Male below 40	66
Female below 40	38
Male above 40	31
Female above 40	12
Childrens below 18	22
Professionals	36
Illiterates	52
Type of product prefers	41
Product knowledge	22
Reason not to use specific product	9
Quality choosers	66

#### INCREASING BRAND PREFERENCE IN RURAL MARKET

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The rural market is zooming ahead at around 25 per cent annually. "The rural market is growing faster than urban India now," says Venugopal Dhoot, chairman of the Rs. 989 crore (Rs billion) Videocon Appliances. "The urban market is a replacement and up gradation market today," adds Samsung & aposs director, marketing, Ravinder Zutshi.

In survey the following attributes on brand preferences have been identified:-

- A. **Increase in incomes** – As highlighted by the graph above, the incomes for the relevant groups, i.e. low income and mass affluent is also on the rise signifying a greater purchasing power.
- B. **Mindset** - Rural consumers are upgrading from locally made substances to (eg. sand mix for washing hands) to convenience products (eg. soaps) which may be unbranded. This signifies an effort to move towards better and easy to use products. However, this change is only reflected in the buying patterns of the younger sections of the family. The elders still prefer to use age-old natural solutions.
- C. **Awareness** – Several modes of communication, both conventional and unconventional, have made their way through the hinterlands of India. The rural consumers are today exposed to a variety of entertainment sources and other stimuli because of the extensive media reach and scope. Around 35% of rural India watches television, which attempts to influence consumer patterns.
- D. **Consuming potential** – According to the Central Statistical Organization (CSO), India is a consumption led economy because of its high private final consumption expenditure (PFCE) levels of 60% of its GDP. The chart below highlights the share of the rural market in terms of consumption of various products and services. It is clearly evident that contribution of the rural markets cannot be ignored.



Source: NSSO 5th round; KPMG Analysis

### INTERNAL ANALYSIS

- a. **Rural income generation** – Even if rural consumers do have the aggregate monthly income to purchase branded products, they tend not to have enough money at one point of time to actually make the purchase of an item. This is why in areas where branded products are available, they are often sold in loose quantities since they fall into the purchasable range. There is no significant difference on income group attitude towards brand, thus we can conclude that income does not effect the attitude towards brand.
- b. In this survey It has also been identified that on brand selection there is no any specifications on age, gender or academic qualification. As in Rural Areas people are now well versed with the communication they have TV in all houses , also in last 10 years big retail shops or kirana stores also established in maximum small places of Uttar Pradesh.
- c. In this survey we have also identify that now people of the rural areas and now becoming educated and developing their lifestyle as in easy mode, This study may provide the useful information in the direction of designing the clutter breaking sales promotion schemes, also the importance of nature and behavior of rural area came out in this research.
- d. In this survey it has been observed on the basis of consumers feedback that Electronic media has played a important roll to roll out the awareness of the FMCG products in rural areas, it becomes a status to use the branded product for them

### CONCLUSION

The brand awareness in rural areas is increasing. Most people both from illiterate and literate groups prefers branded products with belief that quality is assured as the manufacturers are from the reputed companies e.g. Colgate toothpaste, Dove Soap, etc. People are not much worried about the price of the product. They are showing willingness to use the branded product, it also evaluate theirs status as well as in theirs village. The change in attitude to spend more on highly priced branded products among high income group in rural areas clearly suggest

that there is a ample scope of such products to capture the markets in this areas by increasing the supply of these products. The marketing agencies are advised to conduct the healthy awarness programs by educating the people about the need to use the health care products to arrest tooth decay, hair fall, dry skin etc.

### THE FUTURE WORK

This research has considered FMCG products to measure the status of Brand in rural market and increasing customer preference, this type of research can be performed to non FMCG products also This research has taken limited numbers of demographic variables as independent variable -therefore considering more demographic variables. Further the research can be conducted at the national level, Brand equity, price, Easy availability, Family linking, advertisement, variety and credit attributes have been taken as variable for the measurement of brand perception in the study. Adding more variables to this future study can be conducted.

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