

A Study on Consumer Brand Awareness of Fast-Moving Consumer Goods (FMCG)

(With Special Reference to Rural- Urban Hhs of Erode District of Tamilnadu)

Dr.V.T. Dhanaraj M.Com., M.Sc (FCA)., M.Com (CA) Ph.D

Principal Investigator –UGC-MRP- Project &

Head, Department of Commerce

Rathinam College of Arts & Science (Autonomous),

Coimbatore, Tamil Nadu, India - 641021.

Introduction

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, 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 Rural as well as of urban 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 an enormous growth opportunity 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 constitutions a big market for industry. At present Indian FMCG sector is worth Rs. 1,300 billion and expected to be around a whopping value of Rs. 4,000 to Rs. 6,000 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.

Objectives of the Study

The objective of the study was to understand the buying perception of the rural and urban consumer towards FMCG Products. For this, the objectives of the Research Work are as under:

- ❖ To study the brand influence of SED (Socio Economic Demographic) of consumers on purchase behavior of FMCG in selected Rural-urban respondents.
- ❖ To examine the brand preference, awareness and intention of rural and urban consumer

towards FMCG products.

- ❖ To study the impact brand awareness & preferences of FMCG products.
- ❖ To offer appropriate suggestions and conclusions to the FMCG Products

Review of literature and revision theory

FMCG Scenario

The term FMCG (Fast Moving Consumer Goods), although to the rising living standards and modern values of the rural consumer along with better infrastructure facilities by way of mobile and internet communication, roads and rail connectivity fosters higher acceptance and sales of FMCG products in the rural areas of erode district of Tamilnadu. The outflow of families from rural to the urban population of erode district of Tamilnadu has been on the rise in search for better jobs/career, and the current trend has been that most urban people are settling down in the rural areas for pure habitat and peaceful living. Currently, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. Among the packaged food segment, it is estimated that processed foods, bakery, and dairy have long-term growth potential in erode district of Tamilnadu in both rural and urban areas due to dependence on neighboring states. Today the Personal care products, except those in oral care category, are seldom regarded as luxury items. Both premium and popular segments in the FMCG products are positioned catering the income class of the rural consumers as well. With the increase in rural income and improvements in infrastructure-roads & bridges network product the penetration levels have increased substantially.

FMCG Sector in India

Fast Moving Consumer Goods (FMCG) can be defined as packed goods that are consumed or sold at regular and small intervals. The prices of the FMCG are relatively less and profits earned through such sales are more volume based. The organized FMCG retailing in India is a new concept and is fast catching up in rural and urban in India. The FMCG Sector in India has witnessed a range of recent developments. Tax deductions on various items, rise in the penetration levels and per capita consumption are some of the major Developments in FMCG.

Consumer Behavior of FMCG

The decision making of the consumer is determined by the pre purchase behavior, which is preceded by the intention to buy/consume and a host of other antecedent factors. Some of these factors are intrinsic to the consumer like the personal aspects – beliefs/evaluation based attitude towards the act(purchase),while the extrinsic variables like social aspects- subjective norms and the perceived /actual behavioral control etc., conditioned within the situational construct, influence the consumer's behavioral intention.

Statement of the Problem

In a competitive world, there are many problems in marketing of goods. Some problems can be solved, but many problems may not be solved. India is a developing country. So, most of the people are living in rural areas. Rural and Urban marketing is important for developing a country's economy. Manufacturers industries face many problems in marketing their product in rural areas because most of the rural consumers earn low incomes, have low levels of literacy, low levels of brand awareness, communication and transportation facilities. The consumers are facing various problems in selecting their fast moving consumer goods. It is identified that there is a need for research work in the field of consumer behavior of FMCG in the rural areas of Erode District of Tamilnadu.

(iv) Research Methodology**Data Collection**

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 structured interview schedule, The secondary data are collected from journals, magazines, publications, reports, books, dailies, periodicals, articles, research papers, websites, company publications, manuals and booklets.

Sampling size and design

The study area comprises of four divisions of erode district and they are classified by the researcher to justify the sampling procedure adopted in the research. Proportionate random sampling methods have been used to collect various perceptions of consumers of FMCG in rural and urban areas in erode district. Erode District consists of 14 block in which 10 villages were selected through lottery method from each block. The sample size of 600 respondents, representing 10 from 60 villages has been proportionately chosen from sampling.

Area of the study:

The area of the study refers to rural respondents spread across selected remote villages and urban respondents spread across the outer edge of major selected twenty towns of erode district.

Analysis of Data

The primary data collected from the consumers will be analyzed by using SPSS V-15 (Statistical Package for Social Sciences) to obtain the results concerning the objectives of the study. Factor analysis, Cluster analysis, t-test, One Way Analysis of Variance, Multiple Regression and Correspondence and Association Analysis are applied for analyzing the responses of FMCG consumers of Erode District.

Review of Literature

Md. Abbas Ali¹, Venkat Ram Raj Thumiki² and Naseer Khan¹(2012) states that Companies marketing FMCG to rural consumers cannot merely extend their general marketing strategies to rural markets. Instead, they need to devise rural specific strategies. In this process, they need to understand crucial issues relating to rural consumer behavior and more specifically relating to different geographic regions of the country. This paper focuses on understanding factors that affect the rural purchase of FMCG in South India.

Mohammad Ali Daud (2013), explore in his study 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.

Anupam Jain and Meenakshi Sharma (2012) revealed that brand awareness in rural areas particularly in respect of beauty care possible due to continuous and steady improvement in consumer and health care products is showing an increasing tendency. 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. Brand quality, Price, Easy availability, Family liking, advertisement, variety and credit attributes have been taken as variables for the measurement of Brand perception in the study.

Dr. Mohammad Naquibur Rahman(2012),found that consumers considered advertisement as a reliable source of knowledge as compared to others, (friend, neighbors, reference group) opinions. Advertisement play a very important role to affect any high or low income group, but expensive products and the repetition of advertisement did not affect the consumer buying behavior.

Srivastava and Kumar (2013) analysed that FMCG sector is a vital contributor to India Gross Domestic Product. It has been contributing to the demand of lower and middle-income groups in India. Over 73% of FMCG products are sold to middle class households in which over 52% is in rural India. Rural marketing has become the hottest marketing arena for most of the FMCG companies. The rural India market is huge and the opportunities are unlimited. After saturation and cutthroat competition in urban areas, now many FMCG companies are moving towards the rural market and are making new strategies for targeting the rural consumer. Therefore, a comparative study is made on growth, opportunity, and challenges of FMCG companies in rural market. One of the most attractive reasons for companies to tap rural consumers is that an individual's income is rising in rural areas and purchasing power of lower and middle income groups is also rising and they are eager to spend money to improve their lifestyle. This research paper provides detailed analysis about the contribution of FMCG industry in growth of Indian rural market and aims to discuss about customer attitude towards

better purchasing decision for FMCG products in rural market with growing awareness and brand consciousness among people across various socio-economic classes in rural market.

Mrs.P.Banumathi& Dr.S.Mabel Latha Rani(2018) in his study reveals the perception towards Fast Moving Consumer Goods in particular reference ton Thoothukudi District from the point of view of the customers. The experiences of the customers are the major source for the study that emphasizes the entry of the number of outlets at an easy reach. The quality Products should not afraid of the higher pricing. The health and hygiene are important for the growth of FMCG products. The sales outlets and their service with good facets attract more customers. The customers are to be provided with all details of the products sold either at outlets or retail shops. In this view, the researcher has concluded the study with the inferences and suggestions. This work is carried due to the increasing competition of the retail markets and outlets. In this modern age of business arena, the Fast Moving Consumer Goods are consumed continuously by all the types of customers irrespective of the discrimination of the income, residence, status etc. Hence the researcher has enacted to describe the utility of all the manufacturers of fast moving consumer goods to sustain the market. The groceries and toiletries are at the fast in sales and they are followed by the others in the modern market. Hence, it is concluded that this sort of study is significant to draw the market potentials of the Fast moving consumer goods particularly the Thoothukudi like city. In future, the retail outlets and shops are fine-tuned with several facilities to reach the consumers and their interest.

Research Hypothesis

Null Hypothesis (H₀) There is no significant relationship between age of the respondents and the level of influence in purchasing FMCG brands.

Table – 1.1
Factors Influencing the Purchase of FMCG Brands by the Rural Consumers
(Chi-Square Test)

Factor	Calculated Value	Table value	D.F	Remarks
Respondent Age	13.301	12.592	6	Significant at 5% level

Source: Primary Data

Interpretation

It is surmised from the above table 1.1 shows that the calculated chi-square value is greater than the table value and the result is significant at 5% level. Hence, the null hypothesis (H₀) is rejected. The hypothesis, “Age of the respondents and the factors influencing the purchase of FMCG brands by the rural consumers” are associated, holds good. From the analysis, it is concluded that there is a close relationship between age of the rural respondents and the factors influencing the purchase of FMCG brands.

Table – 2.1

ANOVA- Results of Rural and Urban Consumers Regarding Their Priorities over Different Types of Brand Awareness

Ho: There is no significant difference between rural and urban consumers regarding their priorities over different types of Brand awareness.

Source of Variation	SS	df	MS	F	F crit*
Between Groups	4.099648	1	2.049824	8.17	3.84*
Within Groups	8.273221	599	0.250704		
Total	12.37287	600			

Source: Primary Data *Significance at 5 per cent level

Interpretation

From the above table 2.1 it is observed that the calculated F value is 8.17. The F table value of $df_1=1$, $df_2=599$ and $\alpha=5$ per cent level of significance is 3.84. Since calculated value of F is greater than its critical value. Hence, the null hypothesis is rejected which concluded that there is a significant difference among the rural and urban consumers regarding their priorities over different types of Brand awareness. As customer Experience is the main focus for brand marketers looking to strengthen their brand marketing strategy.

Table – 2.2

ANOVA Results of Rural and Urban Consumers Regarding their Considerations

For the most Attractive Benefits Products.

Ho: There is no significant difference between rural and urban consumers regarding their considerations for the most attractive benefits products.

Source of Variation	SS	df	MS	F	F crit
Between Groups	1.65291	1	0.826455	0.45	3.84*
Within Groups	60.33708	599	1.828396		
Total	61.98999	600			

Source: Primary Data *Significance at 5 per cent level

Interpretation

From the above table 3.1 it is observed that the calculated F value is 0.45. The F table value of $df_1=1$, $df_2=599$ and $\alpha=5$ per cent level of significance is 3.84; Therefore, calculated value of F is less than its critical value. Hence, the null hypothesis is accepted which concluded that better benefits are promoting the product in both rural area and urban areas. So they are considering the attractive benefits equally.

Multiple Regression Analysis

The regression model describes the relationship between the dependent variable and independent variables. In a regression model a response variable Y is expressed as a function of one or more predictor variables. The Multiple Regression Analysis has been used to find the degree of relationship between variables affecting the Consumer Brand Awareness & Intention.

Multiple Regression model has been used to identify the degree of relationship of Consumer Brand Awareness & Intention of FMCG Products Rural Hhs of Erode District of Tamilnadu by using various predictor variables (independent variable). Eight variables have been identified for regression analysis. The general form of Multiple Linear Regression Equation is given as:

$$CBAI_{\beta 0} = (NTTAF_{\beta 1}) + (IFFB_{\beta 2}) + (PE_{\beta 3}) - (TAPASS_{\beta 4}) - (IIAL_{\beta 5}) + (CONP_{\beta 6}) + (PB_{\beta 7}) + (QOTP_{\beta 8}) + K(\beta_n)$$

Where y is the dependent variable

K is error term.

$\beta_n, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \dots + \beta_n$ are

$$CBAI_{\beta 0} = -.013 -.129(NTTAF_{\beta 1}) + .009(IFFB_{\beta 2}) + .005(PE_{\beta 3}) - .184(TAPASS_{\beta 4}) - .012(IIAL_{\beta 5}) + .321(CONP_{\beta 6}) + .226(PB_{\beta 7}) + .012(QOTP_{\beta 8})$$

Whereas

$NTTAF_{\beta 1}$ = To Adopt New Trends and Fashion

$IFFB_{\beta 2}$ = Interest to try FMCG brands

$PE_{\beta 3}$ = Product Explanation

$TAPASS_{\beta 4}$ = To attain prestige and social status

$IIAL_{\beta 5}$ = Increase in awareness level

$CONP_{\beta 6}$ = Categorization of New Products

$PB_{\beta 7}$ = Product Benefits

$QOTP_{\beta 8}$ = Quality of the Product

It is necessary to check whether the variables entering into the regression are having multi collinearity problems or not. Because the high inter correlation (Multi collinearity effect) might affect the consistency of the regression analysis. For this purpose correlation matrix was created and VIF (Variance Inflation Factor) employed to assess the collinearity problem.

The highly correlated variables are removed from regression analysis and the remaining selected variables are included in the regression analysis. The validity of the model has to be tested by ANOVA.

Multiple Regression Analysis was employed to gauge the factors which affect the Consumer Brand Awareness & Intention of FMCG Products of the selected Brands.

Hypothesis:

Ho: There is no significant contribution of variables in predicting the Consumer Brand Awareness & Intention of FMCG Products.

To find out the significant relationship between the dependent and independent variables multiple regressions analysis has been employed. The results of fitting a multiple linear regression model are related to Consumer Brand Awareness & Intention of FMCG Products Rural Hhs of Erode District of Tamilnadu. The results of the analysis are given in the following tables.

Table -2.3

Multiple Regression Analysis of Consumer Brand Awareness & Intention of FMCG Products Rural Hhs of Erode District of Tamilnadu)

Regression Coefficient

Variables	Unstandardized Coefficients		Standardized Coefficients	‘t’ Value	Sig.
	B	Std. Error	Beta		
(Constant)	-.013	.038		-.349	.728
To Adopt New Trends And Fashion	-.129	.061	-.082	-2.116	.038*
Interest to try FMCG brands	.009	.001	.529	6.741	.000*
Product Explanation	.005	.007	.082	.801	.426
To attain prestige and social status	-.184	.060	-.172	-3.063	.003*
Increase in awareness level	-.012	.061	-.008	-.202	.841
Categorization of New Products	.321	.051	.416	6.239	.000*
Product Benefits	.226	.044	.317	5.176	.000*
Quality of the Product	.012	.027	.047	.428	.670

*Significant at 5 per cent level

$$CBAI_{\beta 0} = -.013 -.129(NTTAF_{\beta 1}) + .009(IFFB_{\beta 2}) + .005(PE_{\beta 3}) - .184(TAPASS_{\beta 4})$$

$$.012(IHAL_{\beta 5}) + .321(CONP_{\beta 6}) + .226(PB_{\beta 7}) + .012(QOTP_{\beta 8})$$

Interpretation

Regression Equation

The fitted multiple regression models involving the explanatory variables are given below:

$$CBAI_{\beta 0} = -.013 -.129(NTTAF_{\beta 1}) + .009(IFFB_{\beta 2}) + .005(PE_{\beta 3}) - .184(TAPASS_{\beta 4}) - \\ .012(IHAL_{\beta 5}) + .321(CONP_{\beta 6}) + .226(PB_{\beta 7}) + .012(QOTP_{\beta 8})$$

From the model it is observed that there is a positive relationship and also negative relationship between independent and dependent variables. The table shows the contributing variables

Table – 2.4
Contributing Variables

Variables	Positive co-efficient	'P' Value	Remark
Categorization of new products	.321	.000	S
Product benefits	.226	.000	S
Quality of the product	.012	.670	NS
Interest to try FMCG brands	.009	.000	S
Quality of the product explanation	.005	.426	NS
Variables	Negative co-efficient	'P' Value	Remark
Increase in awareness level	-.012	.841	NS
To adopt new trends and fashion	-.129	.038	NS
To attain prestige and social status	-.184	.003	S

S: Significant **NS:** Not Significant

The regression equation shows the positive relationship between the dependent variable (Consumer Brand Awareness & Intention) and the independent variables (**Categorization of new products, Product benefits, Quality of the product, Interest to try FMCG brands and Quality of the product explanation**).

One unit change in each of these variables will make respective positive changes equal to its co-efficient value in the Consumer Brand Awareness & Intention. The regression equation also shows that there is a negative relationship between the dependent variable (Consumer Brand Awareness & Intention) and independent variables (Increase in awareness level, To adopt new trends and fashion and To attain prestige and social status).

One unit change in each of those variables will make a respective negative change equal to its co-efficient value in the Consumer Brand Awareness & Intention. The significance or non-significance of the contributions is also shown in the table no.5.50. On the positive contribution side (**Categorization of new products, Product benefits, Quality of the product, Interest to try FMCG brands and Quality of the product explanation**).

The validity of the model has been tested by ANOVA. The output of the ANOVA is presented in table 4.46

Table – 2.5
Regression ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.072	1	.009	89.78	.000
Residual	.008	599	.000		
Total	.080	600			

***Significant at 1 per cent level**

Since the P-value in the ANOVA table is less than 0.05, there is a statistically significant relationship between the variables at the 95.0% or higher confidence level. Hence, fitted model is the most suitable model to describe the relationship of the variables.

Table -2.6
Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.952	.905	.895	.01002

Source: Primary Data

Interpretation

The R-Squared statistics indicates that the model as fitted explains 90.5 per cent of the variability in Consumer Brand Awareness & Intention. The standard error of the estimate shows the standard deviation of the residuals to be 0.01002. It is inferred from the results, the Consumer Brand Awareness & Intention, **Categorization of new products, Product benefits, Quality of the product, Interest to try FMCG brands and Quality of the product explanation** are highly positively significant with Consumer Brand Awareness & Intention of the Multiple Regression Analysis of Consumer Brand Awareness & Intention of FMCG Products Rural Hhs of Erode District of Tamilnadu.

Conclusion

Brand awareness and brand preference of rural consumers towards FMCG brands is the topic of the study selected because rural areas are the untapped market in India with high potential. Urban market to some extent is stagnant and highly competitive. To sustain their business and growth companies operating in urban market should go rural. Modification in the marketing mix elements attractive and suitable to the rural market is certainly beneficial to the FMCG players. This study focused mainly on the rural consumer behaviour towards selected Fast Moving Consumer Goods (FMCG) brands with reference to Dabur India, cadbury India, Nestlé India, ITC (Indian Tobacco Company) and Hindustan Unilever Ltd. This study is helpful for the FMCG brand players to understand the differences between rural and urban customers behaviour. An important contribution through this research study is that it proposed and tested hypothesis establishing the relationship between the various factors affecting consumers and their awareness preferences in buying FMCG brands using

rural buyers as sample. This research study also identifies the factors influencing consumer preferences in making decision to buy FMCG brands. Studying differences among consumers of diverse socio-economic categories on factors influencing their awareness and preferences for FMCG brands is a significant contribution to examine the differences among users with various levels of exposure and preferences.

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