RETAILER’S CHOICE IN INDIAN RURAL MARKET – AN IMPULSE TO FMCG SECTOR

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ABSTRACT : Indian rural market is the most attractive market to the world’s manufacturers and they are back on this marketplace. Because retailers have known of rural Consumer behavior. All marketers and researchers are interested to know the key problems of rural market and consumers. Few studies focus problems retail sectors. In India, there is no appropriate study conducted to know the retailer’s behavior and problems of retailer, retailers are fighting various kinds of troubles such as lack of credit facility, low volume of product, low quality of products and low margin of products etc. marketers are not concentrating on these problems. The aim of this study is aware marketers / manufactures to the genuine status of rural retailers.

Key Words: Rural Market, Retailer, Consumer, retail, rural marketer

INTRODUCTION
India is one of the most attractive places for retailer across the world. It is a fifteenth largest market in the world day by day, changing of lifestyle which influence of western culture, large number population and increasing per-capita income of rural people is acting upon the retailer choice in the rural market (Rathod, 2015). In the rural area, people's lifestyle and consumption patterns have fundamentally altered over the past few years, resulting in unmatched pressure on the environment. Relocation to more sustainable use and manufacture patterns was adopted as the cornerstone of sustainable growth. Small retailers play a significant role in the distribution goods and the success of marketing efforts of FMCG companies in rural markets (Sarkar, 2016). Equally, we know that retailers sell products to terminal consumers, which helps as well as an important space in the distribution network. Due to lack of retailers, the consumers cannot find essential products at one shop. The retailer is an agent or a business entity, whose major concern is selling openly to final consumers for ultimate utilization. Retailers perform various marketing activities such as purchase, sales, grading, bear marketing risk, and developing information about a consumer’s wants. They shall sell products to industrial users, but these sales are wholesale transactions, not retail sales. In other words, we can say "retailers are the final and most important link of supply chain management" without retailer supply chain cannot successes and achieve their goals.

Characteristics of Rural Retailers
- Retailers are the final link in the chain of distribution.
- Retailer purchases products in the large amount from the trader and sells in the small amount to the consumer.
- Retailer develops a good relationship with the consumer.
- The principal purpose of retailers to providing more satisfaction to the consumer.
- The retailer has a limited sphere in the market. (Puranik, 2015)

In rural India, retailers are the backbone of the market because they supply all fundamental goods that are used every day by the consumer. At that point is no other medium available for distribution of goods except retailers. Due to deficiency of basic installations such as transportation and non-availability of distribution channels etc, online shopping sites could not provide inspection and repair in the rural region. So retailer plays an important role in rural markets and without following to rural retailer, marketers cannot survive in this market.

Challenges of retailer in rural area:-
Current scenario, retailers are facing some common troubles in the rural region. Many people would not be willing to start their own retail shop in a small village for a number of reasons and these reasons discussed under.

I. Under-develop people: as we know society is established by tradition, old custom, practices, etc. The advanced technology has extremely less impact on traditional beliefs which are even going on. People can’t take on technological advancement because they don’t desire to adopt all changes and they intend that these technological changes are western culture’s rituals. This result, rural people are under-developed. (Hopkins, J. 1998, Kashyap, P., & Raut, S. 2005)

II. Scatter Market Size: In rural India, the size of the rural market is very vast but this market is scattered in nature. The distribution of the population in the villages is very heterogeneous. Most villages have less than 500 people in a village. This result, that demand for goods is extremely low and retailers cannot earn good profit even daily wages (Velayudhan, S. K. 2007)

III. Shortage of Credit Facilities: There is very shortage of appropriate credit facility. In India, both sources of credit that are government and nongovernment are not concerned rural area. They provide finance only rich and urban peoples. Rural retailer and consumers are depending on local moneylenders for credit and money-lender charge very high rate of interest for credit.
The shortage of adequate credit is very critical in the rural area. Generally, whole sellers can’t sell their product for long-term credit. Due to lack of credit, retailers do not develop in the rural area.

IV. Seasonal Demand: The main occupation of rural people is farming and almost income of rural people comes from farming. Rural people have two sessions of agriculture namely Khariff and Rabi. By and large, rural peoples have money in this time of year. As rural income is seasonal. Rural demand is seasonal also (Kumar, KP et al 2013).

V. Shortages of Warehouse: Appropriate warehouse facility is not available in the rural area. The available warehouses are not properly applied to have goods incorrect conditions. This is the most significant problem. Due to the shortage of warehouse, the storage cost is very high in rural India (Chand, 2015) and whole seller cannot store require the quantity of commodities.

VI. Lack of Proper Infrastructure: The road and railway network both are exceedingly miserable in rural India. That creates transportation problems in this area. Transportation is a significant aspect to move of products from urban production centers in small towns. Due to under-develop infra-structure, nearly 50 percent villages are not accessible to the manufacturers. In India, there are 6,00,000 villages. Almost 50 per cent villages of them are not linked by road at all. A majority of villages in the rural area have only seasonal roads. At the time of the monsoons, these roads become unserviceable. Rail transportation has the second biggest railroad network in the macrocosm; merely oodles of percentages of rural India however, stay outside the track network. The transportation of goods is a very complex task (Sivanesan, 2014).

VII. Unavailability of Appropriate Media: It has been calculated that overall media in India put together can achieve only 30 % of the rural population and print media reaches only 18 % of the population. The radio and TV network covers 90%, but actual position is much less. TV is famous, and it is a good medium for connecting with the rural masses. But, TV is not accessible in all interior parts of the rural area. Due to un-availability of appropriate media, the awareness of rural consumers and retailers are very low regarding product promotion. This situation increases counterfeit product in the rural market because lack of awareness, rural consumer and retailers don’t recognize original products (Rao, S.L., (1973)).

Literature Review

In the rural area, retail sector focuses FMCG Goods, agricultural inputs, durable goods and vehicles such as mopeds, tractors etc. The share of the rural retail sector is around the 40 percent of whole Indian retail market. Present scenario of rural retail is not very encouraging. The penetration of organized rural retail is extremely low. Approximately ten thousand (10000) out of 0.6 million villages have accesses to organized rural retail (Krishanacharyulu, 2011).

Retailers open gateways to the consumer markets. Therefore, information about retailers’ and whole seller’ buying behavior has become significant to marketers. The literature on retailer’s choice and we find that studies results appear scattered and dissimilar. Nearly all of the previous studies have been focused on creating lists of criteria used by retailers when deciding to accept new product. In another hand that has caught the interest of investigators is the role of buying teams, the link with marketers the use of information, retailer’s task, sales staff influences, country or origin effects and new IT technology (Hansen et al, 2011).

In the rural area, retailers are major communication medium between marketers and rural consumers. But generally, it complains that retailers do not provide actual information. Actually the majority of rural retailers are not well informed by companies or dealers. They have also requested that dealers of company or agents must ensure that satisfactory knowledge that producers and customers get on new products. Sufficient information should be provided in this regard. Retailers whose are working in the rural market? Generally follow the methods “sales on credit” because the demand for products is closely related to agriculture income and the total volume of sales depends on agricultural income (Sarwade, 2000). Retailers don't have sufficient resources to get heavily involved in supply chain system and the opportunities for them to collaborate with suppliers are limited.

Every day the large numbers of retailers offer product and services to a huge amount of consumers in India. Generally, retailers and the retail market simply dominate the economy. Popular retailers such as Easy Day, Big Bazaar, and Reliance Fresh generate the more revenue in India (Grewal, 2014). But they also left rural market opportunities because they don’t offer their service in the rural area they considered on urban market.

In the rural area, consumer loyalty to the retailer is more than the urban area. Retailer’s stores good that consumers buy and he is reluctant to the stocks new goods. This behavior creates yet barriers to the marketers (Kashyap et al 2009). Present time, rural retailers are facing various problems such as communication, distribution channels, poor infrastructure, and culture etc. these problems create big barrier for rural retailers (Vinayagamoorthy et al, 2014).

Producers engage in retailing when they sale of their products to consumer through their own stores or door-to-door canvass, Even wholesaler engages in retailing when sells directly to an ultimate consumer, although the wholesaler's main business may still be wholesaling.

Rural Market are very attractive and offered huge opportunities to marketers but a very few of retailers have actually made success entry into this marketplace. When marketers are understand the marketing issues and retail products in rural areas that he can survive in this market. In rural market, there are various challenges such as lack transportation, less educated people, and under developing infrastructure these challenges determine the successes and failures of a business (Bansal, P et al 2013).

Generally, there are four categories of products sold by rural retailers in the rural market. These contain food, personal care like shampoo, shops etc, stationary and others general use products (Hudson, M. 2017). In the rural area, there is more demand for basic require good such as soap, shampoo, candles, powder, hair oil, matchstick, so on and so forth. Generally, retailers have local food and drink sold loose items i.e. Biscuit, sweet, eggs, shops, soft drinks etc (Daharwal, A. et al 2013)

Need for the Study

Retailers hold the key position, especially in the rural market. There is no other medium of the route to deliver goods to the consumer without retailer. Online sales are dismal low in the rural area. Unfortunately, most marketers and researchers focus rural consumer only and not retailers. In India, there is few researcher focused on retailers choice or behavior. Retailers influence all aspect of product promotion and the major factor in the success of a particular product. So without understanding retailers need, marketers can’t the performance of rural retailer diminishes. In this market, retailers are struggling with various kinds of problems. Previous researchers focus both consumer and market problems. But there is very paucity of studies that light sheds on challenges faced by retailers in the rural area.
Objective of the Study

1. To find out variables influencing retailer’s choice in the rural market.

Research Methodology

This study is based on primary data that is collected from rural retailers through an exploratory sample survey of 100 rural retailers from two division of western Uttar Pradesh (i.e. Meerut and Saharanpur) by using structured questionnaire containing close-ended questions. These questions used seven point Likert scales to confine data relating to 11 preference variables and 4 demographic parameters were also noted. For this study hypothesis was developed and tested using chi-square, T-test and factor analysis were also carried out. Data analysis was carried out through SPSS Version 23.0. Since the purpose of the study is to understand the choice of rural retailers in the rural market. We tried to understand the below-mentioned points.

1. Data Analysis

Sample Descriptions: Demographic profile of respondent

Demographic Profile of Respondent

The demographic profile of respondents discussed as under

<table>
<thead>
<tr>
<th>Table 1 Distribution of Demographic Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
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<tr>
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<td></td>
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<tr>
<td></td>
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<tr>
<td>Gender</td>
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<td></td>
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<tr>
<td>Education</td>
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<td></td>
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<tr>
<td></td>
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<tr>
<td>Family Occupation</td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

Source: Compiled from Primary Data

The table 1 table indicates the demographic profile of respondent.

Age: For these study, three categories of age is selected. These categories are less than 20, 21-30, 31-50 and above 51. The age category indicates often rural retailers age group is between 21-50. And few retailers age are less than 20 extremely least number of retailers age is above 51.

Gender: the share of female retailers is very low and the male retailers are dominant in the rural market. The primary data indicates. Only 17 percent female hold rural shops to support their family and 83 percent shops hold by male retailers. This situation indicates “the foundation of rural society is based on the male person” and share of female persons are extremely low in the rural area.

Education: there is no debate the rural people are less educated and the literacy rate of rural area is extremely low. According to primary data 33 percent rural retailers are illiterate. They do not differentiate between original and fake product. They identify the product on the basis of their price. These category retailers that believe high price products are good quality. They don’t maintain the quality of goods but they always say “we don't compromise with quality” it is a standard tagline. That is used by every on the retailer in the world. These retailers focus on high margin products.

The primary data indicates that 48 percent retailers are matriculate and intermediate passed but very few retailers have higher educated. Only 19 percent retailers are Graduate. Less educated retailers are not capable to read product name in the English language they cannot differentiate between kir kat and kit kat because of counterfeit producer design their product like the original product. Almost markets/manufacturer are tag product level in the English language. This is a big challenge for the marketer.

Result and discussion

To achieve the objective of this study we collected primary data through simple questionnaire and data shows with help of tables and pie-chart. The result of this study is discussed as under:-

The product you want to sale.

<table>
<thead>
<tr>
<th>Table 2 Frequency Distribution of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>High Margin Products</td>
</tr>
<tr>
<td>Low-Cost Product</td>
</tr>
<tr>
<td>High-Quality Products</td>
</tr>
<tr>
<td>More Volume Products</td>
</tr>
</tbody>
</table>


Table 2 indicates sales choice of the respondent of rural area. The primary data shows that 31 percent seller sales the high margin products. They should to more income. Again 31 percent respondent’s sale low-cost products. The key reason sale of low-cost product is low income of rural people. Only 25 percent of respondent sales high-quality product they don’t compromise their quality. Only 13 percent sale high volume product. The reason may be the large family size and low income of the rural consumer.

![Pie Chart](chart.png)

Source: Primary Data

The pi-chart indicates that more than 60 percent rural retailer sales the high margin and low-cost products. The reason is low income of rural retailer and consumer’s and. rural retailers should high income at low investment and the rural consumer should product at low cost. Only 25 percent retailers are sale high quality and branded products. In a rural area, there are very few rich people and they demand high-quality product for this fulfillment rural retailers are sales high quality and branded products. A very least number of retailer sales high volume products. Nowadays, nuclear family replaces the joint family but some area have more joint family in this area or joint family consumers buy high volume product to fulfill the family requirement.

Q2. Factor influencing Retailer’s Choice in Rural Market.

In the rural area, there are so many problems and challenges that affect the retailer’s choice. But form the literature review, we find several most important variables. Those variables influence retailer’s choice especially in rural area. Those variables are consumer education, transportation, Product popularity, Advertisement, Price, quality, Design, demand, brand name and taste of products. These variable are decided that what should sale in the rural market and what should not sale in this area.

To know the impact of these variable dimension reduction techniques is used. Generally, we call this technique as factor analysis. In this, we calculate KMO value.

KMO (Kaiser-Meyer-olkin) and Bartlett's test

These tests are used to calculate the sampling adequacy, which also chooses the need to conduct factor analysis. After significant KMO Bartlett's test, factor analysis was used.

<table>
<thead>
<tr>
<th>KMO and Bartlett's Test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
<td>.612</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>87.350</td>
</tr>
<tr>
<td>DF</td>
<td>66</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Primary Data

The KMO calculates the sampling adequacy (which decides if the response given with the sample are satisfactory or not) which should be closer than 0.5 for adequate factor analysis to proceed. Kaiser (1974) suggested 0.5 (value for KMO) as barely accepted, values between 0.7-0.8 adequate, and values higher than 0.9 are excellent. Looking at the table, the KMO measure is 0.612, which is more than 0.5 and therefore it can be hardly accepted (Table 3).

The KMO test indicates the value of KMO is .612 which is the significant value. So the nature data is symmetrical and this data is desirable for research purpose.

Total variance explained

Eigenvalue really reflects the number of removed factors whose sum should be the same to the number of items which are subjected to factor analysis. The subsequent item explains all the factors extractable from the analysis along with their eigenvalues.
Table 4. Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Loadings</th>
<th>Rotation Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>3</td>
<td>1.216</td>
<td>17.366</td>
<td>57.473</td>
</tr>
<tr>
<td>4</td>
<td>.976</td>
<td>13.937</td>
<td>71.410</td>
</tr>
<tr>
<td>5</td>
<td>.743</td>
<td>10.611</td>
<td>82.021</td>
</tr>
<tr>
<td>6</td>
<td>.685</td>
<td>9.401</td>
<td>91.422</td>
</tr>
<tr>
<td>7</td>
<td>.600</td>
<td>8.578</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Source: Compiled from Primary Data

The Eigenvalue table has been separated into three sub-parts, i.e. Initial Eigen Values, Extracted Sums of Squared Loadings and Rotation of Sums of Squared Loadings. For interpretation and analysis purpose. This study is only concerned with Extracted sums of Squared Loadings. Here anyone should note that Notice that the first factor accounts for 21.730% of the variance, the next 18.377% and the third 17.366%. All the remaining factors are insignificant (Table 4).

Table 5 Factor Loading

<table>
<thead>
<tr>
<th>Factor</th>
<th>Component</th>
<th>Factor Loading</th>
<th>Eigen Value</th>
<th>Percentage of Variance</th>
<th>Factor Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Product popularity</td>
<td>.672</td>
<td>1.583</td>
<td>19.791</td>
<td>Product Promotion</td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advertisement</td>
<td>.593</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F2</td>
<td>Consumer Education</td>
<td>.718</td>
<td>1.475</td>
<td>18.433</td>
<td>Consumer Perspective</td>
</tr>
<tr>
<td></td>
<td>Price, Quality And Design</td>
<td>.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F3</td>
<td>Demand</td>
<td>.595</td>
<td>1.229</td>
<td>16.240</td>
<td>Product Quality</td>
</tr>
<tr>
<td></td>
<td>Brand’s Name</td>
<td>.610</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taste of Products</td>
<td>.776</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from Primary Data

The idea of rotation is to decrease the number factors on which the variables under study have elevated loadings. Rotation does not really transform anything but makes the interpretation of the analysis easy. Looking at Table 5, we can see that product popularity, transportation and advertisement are substantially loaded on Factor (Component) 1 while consumer education, price, quality, and demand are substantially loaded on Factor 2. All the remaining variables are substantially loaded on Factor 3. These factors can be used as variables for further analysis (Table 5).

Table 5 Indicates factor loading status. This table indicates that so many variable influences of retailer's choice in the rural market. These variables make three factors i.e. promotional, Consumers perspective and product quality.

These factors play the significant role in the rural market. and without considering these factor, the manufacturer doesn't survive in this market so marketers must concede this factor when he entered the rural market and prompt for new product and services.

Findings and suggestion

Some common and valuable suggestion discusses as under:-

1. Male retailers are dominant in the rural market and the little number of female shares in the rural retail sector. The reason for this condition is traditional lifestyle of rural people, low literacy, religion and cast barrier etc.

2. Generally, rural retailers sale high margin, low cost and high volume products and few retailer sales high quality and branded product because the reason is lack of literacy, low income, large family size, and unawareness.

3. Due to lack of literacy, retailers and consumer don't recognize originals product and originals products is high quality and low quantity. So rural retailers' sale local made product which has low price and high quantity. In this condition, marketers should enlarge the volume of their products.

4. Due to the low income, people can’t purchase well recognize branded goods such as Lakme, Good Day, Dairy Milk and labor etc and lack of demand, retailers don’t sell this brand. To complete this gap, marketers should introduce good at an affordable price with more volume. We can say thoda jayada Matra me. Due to Large family size, consumers demand more quantity product and they can't accept the low-quality product.

5. There is no appropriate mode of awareness. Retailers don’t know to the original product. They demand to the whole seller “5 rupee vale biscuit,ke dus packet, 1 rupee vali match ke do packet pack kart do etc” this condition indicates the awareness level of rural retailers. This result, the retailer does not sale the branded products.

6. Marketers focus only consumer needs. They are ignored retailers needs. If marketers. Don't understand retailer needs than he doesn't survive in the rural market. The retailers play a vital role in the rural market. He is the mediator between consumer and manufacturer/ whole seller.
Conclusion:

As we know that retailers are the backbone of markets in rural as well as the urban market. Especially rural retailers play a variety of roles in the rural market. The retailer is the mediator between the whole seller and end user of the product. Retailers are facing various problems such as lack of credit facility, poor infrastructure, improper communication network, low-quality product, counterfeit products, poor distribution system, and so many others problems. Unfortunately marketers and government both do not understand these challenges. Without understanding these problems, the government cannot develop the rural area and marketers could not survive in the rural market.

There is no debate that the per-capita income of rural people is extremely low and people is not capable to fulfill their basic needs such as food, cloth, and shelter etc. for fulfilling these needs, people want to earn more money. This result, rural retailers want to earn good profit. They want the high margin of every product.  There are low income and big family size of rural people so rural consumers demand low cost and high volume products. This is the serious challenge of rural area. Counterfeit product producers are well aware of this condition. They produce counterfeit product at low cost and high margin. They also offer high volume products at low cost to fulfill consumer needs in the rural area.

There are several variables which affect retailer's choice in the rural area. These variables divided into to three factors. That is Product promotion, Consumer perspective, and product quality. These variables are highly influenced the retailer's choice in the rural market.

People have unlimited wants and limited resource to fulfill these wants. It is a universal fact. That cannot ignore anyone. This fact is applicable to all living being. But we should not misuse this fact to earn more income/resource because survival is a natural right of every living being.

So marketers and government should understand the needs of rural consumers as well as retailers and produce the product to fulfill needs of rural people. The government also introduce new scheme to focus the needs and wants of rural people.

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Website

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[10] www.iima.com