

A COMPARATIVE ANALYSIS OF URBAN AND RURAL CONSUMER BUYING BEHAVIOUR WITH REGARDS TO FMCG

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Abstract :

Consumer, whether located in city or village, buy products and consume them. However, the locale has influence on their buying behaviour and some dissimilarity has been noticed in their purchase, decision making process and use of the products. Hence this study would enable to throw light on the consumer buying behaviour of urban and rural areas. It would help to formulate marketing strategies with an insight into the buying behaviour of urban and rural consumers. With better understanding of the needs and expectations of the urban and rural consumers, it would be possible to design and bring into the market. This study would also shed light on the differences and similarities of urban and rural consumers and their buying process, their purchase determinants enabling the researcher to draw source generated conclusion about buying behaviour.

IndexTerms - Consumer, similarity, purchase determinants.

1.1 Introduction:

The FMCG industry in India is divided into the demographics of rural and urban India. The urban market contributes 60% of the consumption revenue of the FMCG market in India. . While urban areas have spearheaded the growth of the FMCG industry in India, semi-urban and rural segments are also growing. These semi-urban and rural segments contribute over 40% of the overall revenues of the FMCG sector in India. The rural markets of India hold importance for multinationals as it mainly composed of wide and untapped markets for many products and products which are being marketed for the urban masses. The efforts of the government in rural areas to improve agriculture and other inputs, knowledge of new technologies in agriculture, use of possibilities, better quality seeds, improved farming methods etc. have changed the face of rural India. Changes took place not only in villages transformed the traditional thinking i.e. 'simple living' to 'material well-being'.

Hence consumer, whether located in city or village, buy products and consume them. However, the locale has influence on their buying behaviour and some dissimilarity has been noticed in their purchase, decision making process and use of the products. This study focuses on the similarities and differences between the rural and urban customers. Irrespective of the kind, the customers are of equal importance to the marketers and it is imperative that one understands the differences between the two categories of customers to serve them well and for the effective use of the resources.

1.2 Objectives of the study:

In this study, the researcher has set the following objectives:

1. To study successful case studies related to FMCG in rural areas
2. To study the similarities and differences between urban and rural consumer buying behaviour regards to FMCG.
3. To offer meaningful suggestions if needed.

1.3 What is rural?

It is obvious that a customer from a rural area is called a rural customer. What is not clear is the term 'rural'. The term 'rural' is defined differently by different people. Government of India has defined rural area as that which is not urban and urban area is defined as:

- All locations within a municipality/corporation, cantonment board or a notified town area committee,
- All other locations satisfying all of the following criteria:
 1. Minimum population of 5,000

2. At least 75% of male workforce engaged in non-agricultural activities, and a population density of over 400 persons per sq.km

I Research Methodology:

The research is exploratory and descriptive, because the research explores the consumer purchasing while making a buying decision and it is descriptive because there is a detailed description of the various consumers in the urban and rural areas. Due to the researcher convenience, Satara city has selected for primary data collection.

3.1 Population and Sample :

Sample is represented of the total population, so valid inferences can be drawn from the sample. Satara is divided into 4 subdivisions and 11 talukas and the researcher has divided Satara district in two distinct areas i.e. urban and rural. From each area, 10% of urban counterparts and 10% of total number of villages from rural areas has calculated. After this, each calculated figure is multiplied by 5

representative families from each region. During the actual survey, some of the respondents from rural and urban regions could not be interviewed due to their reluctance to participate in interview. Hence the 5 respondents from rural and 10 respondents from urban region were not interviewed and therefore the final sample size is 860 respondents from rural and 90 from urban area have been taken. The sampling technique used in the study is proportionate, purposive and convenience sampling.

Other type of respondents are retailers i.e. intermediaries to sell company's products to ultimate consumers. Any five retailers randomly selected from each urban and rural region of Satara district. Thus sample of retailers from urban were 55 and from rural were 55. Therefore total number of retailer respondents is 110.

The study is related to selected fast moving consumer goods. Thus the researcher has classified FMCGs into three categories as

a. Essential products b. Convenience products c. Premium products.

a. Type I (Essential products): The researcher has considered four edible products here i.e. Tea, Coffee, Edible Oil and salt which are essential to every body. b. Type –II (Convenience products): The consumer purchases these products according to his convenience, as per above products these are not essential. Here the researcher has considered five products i.e. soaps, detergent powder, toothpaste, hair oil and shampoo. c. Type- III (Premium products): These are not essential nor convenient products. Malted drinks, soft drinks, face creams; perfumes and skin lotions are the chosen products in this category.

3.2 Data and sources of data :

In the first part of questionnaire, the researcher has asked about family background of the respondents. The next part of questionnaire is focused on consumer behaviour while purchasing FMCG. The purpose is to find out who purchases what, why and when the purchase is made. The questionnaire gauges the impact of seasons, festivals, stores on their buying behaviour. The idea is to find out if there is any change in the buying pattern in urban and rural areas, whether this pattern varies according to seasons or festivals, the problems that they face etc.

Other questionnaire was prepared only for retailers. From these questions, the researcher has gathered retailer's views, opinions and suggestions about buying behaviour. From these responses of retailers, the researcher has collected data about effective promotional tools, seasonal and festival demand of customers, influential persons in urban and rural areas etc.

3.3 Computer Analysis:

After collection of primary and secondary data, it was scored and analyzed with the help of a computer for the purpose of arriving at various statistical inferences and to find out various outcomes of buying behaviour.

Before going towards findings, the researcher has also studied some successful cases in rural areas. which are as follows :

3.4 Successful Cases in rural area:

Some companies have realized about real India, thus some companies have implemented the strategies and they got a great success. Some famous and successful case studies in rural areas are as follows:

CavinKare : Chik shmpoo: The success story of Chik: CavinKare is a pioneer in rural marketing. The store was started in 1983 by CavinKare at a time when the market was flooded with seventy odd small labels, mostly of low quality with little differentiation. The company understood that there were more consumers in small towns and villages than in urban areas. Though these consumers don't spend much money, their numbers would more than compensate for the lower prices needed to reach them.

The company captured the rural sachet market when it introduced its Chik sachet shampoo priced at Rs. 1. It targeted the segment of females 16+ age group having Rs.1500-3000/month income and created a product using French Perfume and differentiated on the plank of superior fragrance. It was fortified with the ad strategy of innovative Radio Ads using film dialogues and jingles, roped in popular stars and innovative Trade Schemes. Product team traveled into rural pockets, conducted demonstration with schoolboys on how to lather, wash and comb etc., apt to fit in to the targeted segment. It becomes aggressive by launching floral fragrances; rose & jasmine. It also introduced a single –use perfume at Rs. 2. Then the company again broke the price barrier offering shampoos at 50 paise.

Thus this success story proved the vision of C K Prahlad that "The Market at the Bottom of the Pyramid" (C.K. Prahlad) and created the capacity to consume and converted the rural BOP (Bottom of Pyramid) into a consumer market.

Coca-Cola: The rural marketing strategy of Coca-Cola is based on three aspects: availability, affordability and acceptability. While the company transported directly the cold drinks from the bottling plant to the retailer for the urban market, it opted for a hub and spoke distribution system, for the rural market. It worked this way: Coke bottles were transported from the bottling plants to hubs and from the hubs to the spokes situated in small towns.

These spokes then supplied the drinks to retailers who catered to demand in rural areas. Coca-Cola launched affordable 200 ml 'Chota Coke' bottles as the rural markets was price sensitive. The company also promoted the product with an aggressive rural communication campaign consisting of hoardings in villages, participation in weekly mandis and annual haats and TV commercials.

HUL's Marketing Initiatives in Rural India

1. **Clinic plus jatra :** A jatra is a 400-year-old form of traditional folk-theatre. The Clinic Plus Jatra program was started in October 2008. Here, brand communication is integrated into the story of the play, keeping in mind the local culture. The Jatra is publicized through extensive van or cycle promotions in very small villages. All merchandise carry Clinic Plus branding. The biggest attraction for the villagers is the performance of their favorite local stars in the Jatra. The celebrities add local nuances to the brand's message of how Clinic plus protects your hair from "dirt, dust and pollution." The result is that the Jatra takes the Clinic Plus message to more than 500 central villages in and around West Bengal. Each show attracts an audience of 5,000 to 1.4 lakh people. The Jatra has given the brand exposure to a core target audience of 35 lakh.

2. **Lifebuoy haat:** A haat is essentially the rural equivalent of an urban hypermarket. To communicate the message of health and hygiene, Lifebuoy set up stalls at central locations in a haat and organized games embedded with health messages, such as the 'Lifebuoy Swasthya Pariwar jigsaw puzzle.' All visitors were then informed about a movie screening to be held in the evening. The result is that about 4 lakh people who were otherwise unreachable by conventional media were touched over a period of one and a half months.

3. **SHG: Self help group:** "We're using our network of 45,000 Shakti ammas and 23,000 Shaktimaans to reach consumers in villages where it's not economical for our wholesale distributors to service. This was one of the major steps in helping us triple our rural reach in 2010-2011, equalling what we had done in the last 75 years of business in India," a top HUL official told Financial Chronicle. HUL estimates that India has more than 630,000 villages, most of which are 'hard to reach' and offer relatively lower business potential. Reaching them through the

conventional distribution system is a challenge. Distribution is a big challenge due to the wide geographic coverage of rural areas. Project Shakti is a rural distribution initiative that targets small villages populated by less than 5,000 individuals. "It is a unique win-win initiative that catalyses rural affluence even as it benefits business. Project Shakti benefits business by significantly enhancing HUL's direct rural reach, and by enabling its brands to communicate effectively in media-dark regions." They implemented this tactic in 2000 to get their products into some of the most remote rural areas Douglas Bullis calls this a multilevel marketing system, where independent distributors sell products directly to consumers and earn a commission on the products they sell, plus for other distributors they recruit

Using Self-Help Group (SHG) members, HUL extends its direct reach into untapped markets and builds its brands through local influencers. Shakti started with 17 women in two states in the year 2000 and now helps HUL reach over 100,000 villages and over three million households every month. Project Shakti contributes to 10 per cent of the company's rural turnover nationally. In most Shakti markets, claims HUL, it's dominant and enjoys a market share, which is qualitatively better as compared to non-Shakti markets.

The Shakti ammas and Shaktimaans are not paid employees of the company. HUL gives Shaktimaans (male members), a bicycle, to be able to service villages within a 3 to 5 kms radius and hence cover a larger area than a woman, Shakti amma, can cover on foot. Thus on an average a Shaktiman does approximately double the business of a Shakti amma and helps reach media-dark regions which no other large FMCG company has penetrated.

Distribution in these small villages helps build its brands and creates category usage for bottom-of-the-pyramid consumers through entry level packs such as Rs 2 Kissan jam sachets and detergent sachets priced at Rs 1. HUL estimates that its unconventional direct-to-consumer distributors channel could break even within a year or so of sales. By 2015, HUL plans to have a total of 75,000 Shakti ammas and Shaktimans operating in the field. According to their plan, villages around the 'Shakti' families are tracked and based on this, Shaktimaans are allotted five to six villages. They go to these villages and sell HUL products. Project Shakti contributes significantly to rural sales and is growing in double digits.

HUL is also undertaking initiatives such as 'Khushiyan ki doli' through which it reaches 50,000-70,000 villages with a set of five to seven relevant brands and emphasis on washing hands before meals, washing clothes with a soap or detergent, among others. HUL this year will also roll out its brilliant solution, which enables salesmen to record orders for outlets on an automated handheld device that connects directly to the system and helps retailers reduce the incidence of stock outs.

IV: RESULTS AND DISCUSSION

4.1 Findings:

After collection of data, following table is showing comparative analysis of urban and rural consumer buying behaviour with regards to FMCG. Last column of the table represents the retailer's opinion about consumer buying behaviour.

These are similarities and differences between urban and rural consumers. The retailer's opinion is also important aspect of this comparison.

Sr. No.	Attributes	Similarities	Differences	Retailers opinion about consumer behaviour
1.	Educational level	The consumers are educated. But major share of customers have learned upto 12 th class.	--	Retailers (urban and rural) interact with customers having different literacy levels. According to their views while purchasing both educated and illiterate consumers consume a lot of time.
2.	Earning Member	--	In urban area number of two earning members is more, while in rural region number of one earning member is more in the families.	N.A.
3.	Decision Authority	In urban and rural region either husband or wife making decision and both of them implement the same.		N.A.
4.	Product features: Type-I	For tea, both consumers prefer first 'taste' and then brand name. For edible oil, nutritional value is important for both of them.	For coffee, the difference in preferences i.e. in between Taste and brand name in the purchase of coffee. For salt, urban consumer prefers brand name and nutritional value while rural consumer prefers taste and then brand name.	N.A.

	Type-II	In case of soaps, detergent powder, toothpaste, both the customers opt for cleanliness and brand name.	In the purchase of hair oil, urban customers choose first brand and rural customers choose no side effect. For shampoo urban customers consider no side effect and rural customers consider cleanliness.	N.A.
	Type-III	For malted drink and soft drink, face creams, skin lotions, quality is considered first by both the customers.	For perfumes, urban customers choose brand name first and then quality. While rural customers prefer quality first and brand name on second position.	N.A.
6.	Quality	The consumer's opinion about quality is 'good'. 'Very good' opinion is comparatively less in both the regions.	--	Quality awareness is more in urban area compared to rural area.
7.	Price	Consumer's feel that the prices of all products is 'High'.	A large number of urban customers think that prices are 'moderate' and rural consumers feel it is 'very high'.	Retailers observe that all consumers are price conscious but rural consumers are more price conscious than urban consumers.
8.	Adequacy	The consumers are satisfied with availability of product.	'Totally satisfied' rural consumers are comparatively less towards adequacy.	N.A.
9.	Packaging	For packaging all the customers are totally satisfied.	--	Retailers stated that the consumers can identify the products because of its packaging.
10.	Brand awareness	Majority of consumers are aware about brand	A significant number of rural customers are unaware about brand name.	Retailer's opinion is that most of the consumers are brand aware, but product identification due to its colour and images on packing is more in rural region.
11.	Brand loyalty	--	A large number of customers are brand loyal. But urban consumers are slightly more brand loyal than rural customers.	Retailers observed that rural consumers are brand loyal than urban customers.
12.	Brand preference	Quality is the first preference in the purchase of product brand.	In the selection of brand, the urban customers opt for convenient size and always availability is important for rural consumers.	Retailers stated that association with the same brand insists customer to purchase that product. As brand assures its quality and reliability.
13.	Brand switch	Price hike does not affect customer's brand loyalty.	In out of stock situation, urban customer goes to other shop and rural consumer prefers to go to town for the purchasing the same brand.	N.A.
14.	Brand satisfaction	All the consumers moderately satisfied about product brand in both the regions.	Urban customers are 'highly satisfied' than its rural part.	N.A.

15.	Recommend the same brand to others	--	Most of the rural consumers recommend the same brand to others.	N.A.
16.	Shopping frequency	Monthly purchase of Type-I and Type-II products and premium products purchase according to requirement.	--	N.A.
17.	Mode of payment	The customers use cash first as mode of payment and then credit.	--	N.A.
18.	Festivals effect	Diwali is the prime festival for high purchasing.	The impact of Ganesh festival in urban and 'Yatra' in rural region is significantly seen.	Retailers have opined that Diwali is the best occasion for high sale. According to them Ganesh festival in urban and Yatra in rural region also contributed more in high sale. Summer season affects more on the purchasing followed by winter season. Diwali comes in winter and yatras in summer season is the reason of high sale.
19.	Decision influencers	--	Friends and relatives have influence on decision making in urban area and in rural area celebrity's role is most influential. Urban consumers have faith on celebrities after friends / relatives on the other hand rural consumer considers salesperson / shopkeepers advice.	Retailers said that celebrities are most influencers and then friends / relatives opinion in the purchase decision of the consumers.
20.	Sales promotional tools	The three popular tools are same price with increased quantity, buy one get one free and low priced pack.	--	Retailer's opinion is same about sales promotional tools.
21.	Media influencers	TV and radio are most media influencers in the decision making of the consumer.	--	Retailers stated that TV, radio, newspaper, word of mouth influences more in the purchase only cinema influences comparatively less.
22.	Type of shop	The consumers prefer kirana shop prominently for the purchase.	The urban consumer gives priority towards malls and rural consumers prefer weekly bazaar after kirana store.	N.A.
23.	Parameters in the selection of shop	Convenient location is vital important in the selection of retail shop.	The urban consumers prefer cleanliness and storage layout while rural consumers choose credit facility offer by the retailers after the location.	N.A.
24.	Free samples / Gifts	Free samples /Gifts do not change the consumer decision making.	--	N.A.
25.	Reaction after dissatisfaction	Consumer's first action is to replace the defective product.	--	Retailers also give priority towards replacement with

				providing true information about defect and offer compensation to the consumer also.
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4.2 Suggestions:

From the above analysis and findings, the researched has suggested following communication programme to marketers:

- ❖ The language of communication should be simple and easily understood.
- ❖ The marketers can make better use of advertisements to create brand awareness through various medium like TV, radio with all FM brands, newspaper, magazines etc.
- ❖ Hoardings and visual displays are also useful to aware the brand.
- ❖ The point of purchase advertising at super market and malls for creation of brand awareness is effective.
- ❖ Nowadays mobile advertising and internet advertising is also effective to create awareness about the brand name.
- ❖ To sponsor the popular sports event in local level. e.g. Kabbaddi, wrestling, kho-kho, other sports events

With these conventional Media, the use of non-conventional Medias only for rural people is also effective.

- ❖ To broaden the scope of region audio-video mobile vans can be used along with free samples of the product.
- ❖ The rickshaw announcement is also effective in semi-urban areas.
- ❖ To arrange different folk programmes, sponsor the bullock cart race and other traditional races on the yatra days.
- ❖ Wall paintings also honour of the house owner. The consumer can see it 24 hours.
- ❖ In the launching of new product and any innovation in any existing product, the marketers should select specific villages and in those villages, products related group should be selected and use of product demonstrated. In that demonstration, marketers can offer sample of the product and get a feedback after specific duration. This feedback is important to the marketers to improve the features of the product.
- ❖ To visit weekly bazaar of each villages as the days are fixed, in one day marketers can cover two or three villages and get feedback about availability, sales promotions and for that announcement vehicle can be used.
- ❖ To provide helping aids to 'warkari' in the 'wari schedule'. As Pandharpur wari is the special holy program for 10 to 20 days in Maharashtra. To offer a pouch of personal care products (either free or in reasonable rate) to 'warkari', as these products are essential to them in the wari days.
- ❖ To spread positive word of mouth through declares the award to the lady conductors for her best duty whole in the year. This is beneficial to Personal Care Product Company.

4.3 Conclusion:

The conclusion of this study is that the rural and urban consumers are becoming very quality conscious and very selective about the product features. There are differences in the educational and family structures. Joint families are more prevalent in the rural areas and comparatively the earning is less making the disposable income small in rural areas. This affects the purchasing capacity of the rural consumers. Naturally, the rural consumer gives preference to lower prices or low price packs. The promotional tools that appeal to the rural consumers are slightly different from those that appeal to the urban consumers. It is observed that the rural consumers have definite preferences and choice; they take a lot of time to analyze and then make their choice. The rural consumers are less privileged in that some of the schemes and incentives do not reach them and hence they do not get the benefits offered to them by the marketers. The products are also many times not available in the market which makes them switch over to other brands. All these realities in the market place are depriving the marketers of many potential customers. Hence proactive initiatives by the businesses will help them tap a large section of the untapped rural market.

Apart from these small differences the urban and rural consumers are following the same path leading to the purchase decision. The stark differences in the urban and rural consumers appear to be getting more and more blurred.

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