Influences on Rural Purchase of FMCG in Emerging markets
– A Study in South Asian Countries

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Abstract

Emerging world lives in villages. Emerging nations have been perceived as agro-based economies mainly depending on traditional technology. With rising income levels and penetration of media, rural markets in emerging economies have become very attractive for a range of goods and services. FMCG market is one of the first to emerge in the transformation of rural areas into huge consumption markets. The current paper emphasizes on the rural consumption of FMCG in South Asian countries, India and Sri Lanka. 1849 fully completed questionnaires were received basing on which analysis was made. Awareness and availability emerged as the most influencing variables emphasizing on effective promotion and distribution of FMCG in rural markets. It was found that rural consumers seek quality and are prepared to buy high priced FMCG. Findings revealed that while product promotions have more influence on female buyers, shop keeper’s recommendation has high influence on less educated consumers. Interesting finding was that influence of low price is highly correlated with influence of attractive packaging and not with quality. It was also found that rural consumers who purchase FMCG only when need arises are not significantly influenced by attractive packaging. The current study has implications in South Asian rural markets which are emerging as massive markets for a variety of goods and services.

Key words:
Rural consumption, Trust, Emerging markets, brand visibility, shop keeper’s recommendation

Introduction

The thrust on rural development in various emerging countries have transformed their rural economies into vibrant and growing economies (Arnold & John, 1998). Rise in income coupled with increased awareness and need for possessing modern goods, has influenced the rural marketing environment (Prahalad, 2005). Penetration of media, rising aspiration of rural people and packaging revolution have contributed to the growth of rural markets in emerging economies (Bijoor, 2005). Emerging markets can be defined as economies which earlier had lower per capita income (Samuel & Douglas, 2011) and are now experiencing rapid growth in economy (MSCI Report, 2011). The contribution of the rural sector to the growth of emerging economies has been phenomenal (Central Bank of Sri Lanka, 2009) as the transition started with improvements in farming methods (The Sunday Times, Oct 11, 2009).
According to MSCI index (Figure 1), China represents 17% of emerging markets, Brazil 15% and India 9%. Rural markets are potential not only for agri-inputs like seeds, fertilizers, pesticides, cattle feed and agriculture machinery, but also for a range of goods and services (Franda, 1979). There are divergent views on the term ‘rural’. The word ‘rural’ is ‘a place far away from towns and cities’ (Collins Cobuild Dictionary, 2001) and it broadly comprises of consumer markets, institutional markets and services (Lancaster, 2003). Chart 1 presents various constituents of rural markets.

### Chart 1: Constituents of rural markets

<table>
<thead>
<tr>
<th>Consumer markets</th>
<th>Institutional markets</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast Moving Consumer Goods &amp; personal care (oral care, hair care, soaps, cosmetics and toiletries and household care-fabric wash and household cleaners)</td>
<td>Agricultural and allied activities (food processing, poultry farming fisheries, cottage industries, schools, NGO’s)</td>
<td>Banking, Insurance, Healthcare, IT, Power, Telecom</td>
</tr>
<tr>
<td>Consumer durables (home appliances, watches, bicycles, TV sets, radio, automobiles)</td>
<td>Products like agri-inputs, animal feed, fuel, engine oil etc and agri-implements like tractors, pumps sets etc.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from various sources

Major income for the occupants of rural markets comes from agriculture (Table 2).

### Table 1: Sources of rural in income in emerging countries

<table>
<thead>
<tr>
<th>Source of income</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>53%</td>
</tr>
<tr>
<td>Business, crafts, non-agri wages, salaried class, others</td>
<td>47%</td>
</tr>
</tbody>
</table>


Emerging markets are spread across the world. Though there are many other nations which are categorized as emerging markets, Table 2 presents some of them.

### Table 2: Emerging Markets in the world

<table>
<thead>
<tr>
<th>Continent</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America</td>
<td>Brazil, Columbia, Peru</td>
</tr>
<tr>
<td>Asia</td>
<td>India, China, Philippines, Sri Lanka, Bangladesh</td>
</tr>
<tr>
<td>Africa</td>
<td>South Africa, Nigeria</td>
</tr>
</tbody>
</table>

Literature review

According to Velayudhan (2002), rural Marketing includes various activities related to understanding and converting the rural purchasing power into an effective demand with the objective of creating rural customer satisfaction which essentially aims at improving their standard of living. Rural marketing is a two way process that includes the flow of goods and services from rural to urban areas and vice-versa (George & Mueller, 1955). Rural marketing is any marketing activity in which one dominant participant is from rural area (Kotler, et al., 2009).

Fast moving consumer goods (henceforth referred to as FMCG) companies like Colgate-Palmolive and Unilever have already a rural marketing strategy in place (Samantha & Budhika, 2012). One cannot ignore the social angle for one’s rural initiatives (Prahalad & Lieberthal, 1998). The rural business models can succeed only when profit and social motive are integrated into the rural strategy. Rural markets are potential for several goods and services (Chowdhury, 2009) though they pose many challenges (Prahalad & Lieberthal, 1998), the rural marketers must perform rural marketing in an effective manner (Mair, et al., 2012). The rural tastes need to be studied and safer products need to be offered to them (Kotler, et al., 2009). Rural communication must be straight and simple so that messages are communicated effectively (Bijapurkar, 2000).

Various factors influence the purchase decisions of customers (Blackwell and Talarzy, 1977). Rural consumers are forced to limit their purchases to low-priced and unbranded products (Goldman, Arieh, 1978) due to low income levels. However, marketers should not ignore the fact that their rural consumers seek quality products (Prahalad, 2005). In a rural setup female family members make purchase decisions and are likely to be influenced by promotional attempts (Chowdhury, 2009) as rural women actively participate in the rural economic activity (Gamawelagedara, et al., 2011). Rural purchases are influenced by awareness and availability, and further due to consumption of various goods the rural consumers’ modernity levels increase (Layton, 1986). According to Layton, the modernity score is calculated basing on purchase of household goods and expensive goods by rural consumers.

Every consumer as an individual is different from others (Schiffman, et al. 1978). Across the world, irrespective of the development status of the economy, urban consumer decisions are different from the rural ones (Park, C.W. & Richard J.L., 1982). Thus, it can be understood that rural and urban consumers in emerging markets too are not alike. Rural consumers are economically, socially and psycho-graphically different from the urbanites. Lifestyles, purchase patterns, consumption patterns, shopping behaviour, perception of price and almost every aspect of rural consumer profile is different from that of urban consumers (Gupta, S.L. & Pal, S., 2001). The difference can be noticed in terms of the price-value equation and consumption patterns as the meaning of ‘convenience’ differs with market the urban and rural market segments (Sivakumar, 2002).

Trust, according to Morgan & Hunt (1994) can be defined as confidence on the other party that is built due to honesty, fairness and helpful nature. And the most important aspect is that the trust factor prevails in the rural markets (Bijoor, Harish, 2005). In a rural setup retailers, village head, priest, or a teacher are trusted by the consumers as regards their purchase and consumption (Sayulu & Ramana Reddy, 1996). Pricing is one of the most important factors deciding buying behavior of rural customers (Oghojafor, et al., 2012) and hence is the most powerful marketing tool (Ying Zhao, 1994). Rural marketers must consider many issues relating to pricing such as lowering the price to cater to low-level income people (Prahalad, C.K., 2005). According to Velayudhan (2002) price attracts the rural population for trying new products.

Research gap

Studies conducted in South Asian countries attempted to understand rural consumer behaviour such as influence of source on the effectiveness of marketing communication (Bright, 2009), role of marketing in exploring and tapping the rural potential (Samuel & Douglas, 2011), market entry strategies in emerging markets (Arnold & John, 1998) but are more about consumer durables and services, but not on FMCG category. Hence a study is needed relating to understanding certain aspects
of rural consumer behavior related to FMCG purchase and consumption in the South Asian rural markets.

Objectives of the study
The current research has been carried out to achieve the following objectives:
• To identify the key variables that influence the rural purchase of FMCG in emerging markets.
• To understand the association between demographic variables of rural consumers and the variables that influence their purchase of FMCG.
• To understand the relationship between the influencing variables.

Hypotheses
From the available and accessed relevant literature it is evident that there are certain variables influencing the rural purchase (Blackwell and Talarzy, 1977; Goldman, Arieh, 1978; Schiffman, et.al. 1978; Layton, 1986). Also there are issues related to association of demographic variables and influencing variables (Bright, 2009; Chowdhury, 2009; Mair, et al., 2012). The current research attempts to validate such theories and information in the South Asian markets where the survey was conducted. Thus this study proposes following hypotheses:

Hoab : Influence of product promotions and packaging is dependent on gender
Hoabc : Influence of product promotions, low price and packaging is independent of age group
Hoabc : Influence of product promotions, packaging, shop keeper’s recommendation is independent of education level
Hoa : Influence of packaging and low price is independent of income level
Ho : Influence of low price is independent of marital status
Ho : Customers who prefer low price do not prefer quality
Ho : Customers who prefer low price do not seek products with attractive packaging
Ho : Customers who buy FMCG that appear on the shelf are also influenced by the recommendations of shopkeeper
Ho : Customers’ who purchase FMCG that they are aware of also mentioned that they buy those FMCG which are exposed most to them

Scope and limitations of the study
Scope of the current study was to understand various aspects related to rural consumer behavior in South Asian rural markets. The present study is related to FMCG and not other category of goods and services. Various critical aspects of rural consumer behaviour such as price, promotions, changing tastes and preferences, likes and dislikes, perceptions of rural consumers on quality vs price, etc. are covered in the current study. Scope of the current study is to analyse and understand the role of influencing variables on the purchase decisions of rural consumers with reference to purchase of FMCG. Scope of the study also includes, finding out the influencing variables and understanding the association between various demographic variables of rural consumers and their decisions to purchase FMCG. This study is limited to South Asian countries, India & Sri Lanka.

Research methodology
Research methodology in the current research contains critical issues such as sources of data (Primary & Secondary), sample design (sample size, sampling technique and sample unit), method of data collection (questionnaire), data analysis tools & techniques (descriptive statistics, chi-square tests & correlation analyses).

Sources of data: The study is based on both Primary data and Secondary data. Primary data is collected through administering a well-structured questionnaire consisting of 5-point scale. For convenience of respondents, the questionnaire is translated in to local languages, Telugu (India) and Sinhalese (Sri Lanka). The questionnaire contained questions on demography (gender, age group,
income level & education level) and questions on influencing variables. Secondary data was collected from various sources such as news papers, magazines, journals, company brochures, Internet and Government reports. Most of the rural demographic and economic data is picked up from Census reports of India (2011) and Sri Lanka (2012).

**Sample design:** Sample design for the current project constituted of Sample size, Sampling Technique and Sample Unit. Sample size comprised of 2000 out of which 1849 fully completed questionnaires were received (1265 from India and 584 from Sri Lanka). The respondents were selected using convenience sampling technique. Convenience sampling technique can be used when proper sampling frames are readily not available (Stanton, et al., 1982). Sample unit consisted of rural population living in villages who are both buyers and consumers of FMCG. The data was collected from two villages from Southern Sri Lanka (Kataragama & Tissamaharamaya) and two villages from South India (Venkatapur & Bejjanki).

**Data analysis tools & techniques:** The data was analysed in percentages through tables, graphs and figures. To understand the association between the rural demography and influencing variables, Chi-square tests were conducted and to understand the relationship between the influencing variables, Correlation analyses were conducted (Green et al., 2008).

**Discussion of the results**

**Sample characteristics**
Table 3 presents gender proportion in the data. Out of 1849 respondents, 973 were males (52.6%) and the 876 were females (47.4%). According to Census of India (2011) & Sri Lanka (2012), the sex ratio is 1.05 males to 1 female in India and 0.96 males to 1 female in Sri Lanka. The Next important demographic information of the respondents is their age group. Table 4 presents the distribution of age group among the respondents. More than 70% of the respondents are below 35 years age.

<table>
<thead>
<tr>
<th>Table 3: Gender composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4: Age groups of the respondents</th>
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</thead>
<tbody>
<tr>
<td>Age group</td>
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<tr>
<td>20-25</td>
</tr>
<tr>
<td>26-30</td>
</tr>
<tr>
<td>31-35</td>
</tr>
<tr>
<td>36-40</td>
</tr>
<tr>
<td>41 &amp; above</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 5: Income levels of the respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income level</td>
</tr>
<tr>
<td>500-1000</td>
</tr>
<tr>
<td>1001-1500</td>
</tr>
<tr>
<td>1501-2000</td>
</tr>
<tr>
<td>2001-2500</td>
</tr>
<tr>
<td>2501 &amp; above</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Income is one of the important demographic variables in rural areas as the income levels in rural areas are relatively lower (Samuel & Douglas, 2011). Most of the respondents are in the income group of Rs.1,001 to Rs.1,500 (42%) per month (Table 5). Table 6 presents the education levels among the respondents with illiteracy levels still appearing to be significant with 15% while majority of the respondents are only with school level educational qualifications. 88.7% of the respondents are married (Table 7).

Key individual variables that influence rural purchase of FMCG

Understanding different variables that influence the rural purchase of FMCG is crucial as this understanding can help managers in devising fruitful strategies (Katona, George, & Eva Mueller, 1955). Current study enabled us to understand and further analyse key influencing variables. The questionnaire comprised of 24 variables which were presented on a 5-point Likert’s scale. The respondents expressed their level of agreement with each of the statements on the questionnaire as Never, Rarely, Sometimes, Mostly or Always. Table 8 presents findings from the current study, details of some of the important individual variables that influence the rural purchase of FMCG. Never and Rarely are presented as having less influence, Sometimes as having moderate influence and Mostly and Always as having high influence in rural purchase of FMCG.

| Table 8: Important variables that influence the rural purchase of FMCG |
|-----------------------------|---------------------------------|-----------------|-----------------|-----------------|
| Variable                     | Description                              | Degree (%) of influence | Total |
|------------------------------|---------------------------------|-----------------|-----------------|-----------------|
| Shopkeeper recommendation    | I buy FMCG suggested by shopkeeper | 9%              | 17%             | 74%             | 100%            |
| Low price                    | I buy FMCG that are priced low | 1%              | 32%             | 67%             | 100%            |
| Need based purchases         | I buy FMCG only when needed | 4%              | 7%              | 89%             | 100%            |
| Awareness                    | I buy FMCG that I am aware of | 1%              | 7%              | 92%             | 100%            |
| Product promotions           | I buy FMCG that are advertised/promoted | 2% | 11% | 87% | 100% |
| Availability                 | I buy FMCG that are conveniently available | 1% | 4% | 92% | 100% |
| Quality                      | I buy FMCG that is of good quality | 17% | 28% | 55% | 100% |
| Packaging                    | I buy FMCG wrapped in attractive packaging | 21% | 18% | 61% | 100% |

Commitment (of shopkeepers) and trust (in shopkeepers) can be the foundation for building long lasting relationships in the markets (Morgan & Hunt, 1994). In the current research, 1368 (74%) of the respondents are married.
respondents mentioned that they would follow the recommendation of shopkeepers. Thus it can be interpreted that as middlemen play crucial role in effective supply chain (Abeysekera & Abeysekera, 2006) the ‘Trust factor’ that prevails in rural market can help managers in performing effective rural marketing. According to Prahalad, C.K. (2005) one cannot conclude that rural consumers buy only low priced and low quality goods as they started seeking good quality products and prepared to spend more. In the current research, quality emerged as one of the influencing variables with 55% of the respondents seeking good quality FMCG.

Interesting finding is that only 67% of the respondents preferred low priced FMCG. Thus from the above two findings it can be interpreted that the rural markets in South Asia are emerging as attractive markets beyond traditional view points of ‘low quality for low price’. It was also found that rural consumers do not stock goods and instead purchase goods only when needed (89% of the respondents). Awareness is key to success (Kotler et al., 2009). 1701 out of 1849 (92%) of the respondents mentioned that they would buy those FMCG products and brands that they are aware of. Advertisement sells (Arens & Bovee, 1994) even in rural areas (Surender, 2004) and in the current research it was found that 87% of the respondents’ purchases are influenced highly by product promotions and advertisements. It was also found that 92% and 61% of the respondents’ purchases are highly influenced by availability and attractive packaging respectively. Other variables that were found to be influencing the rural purchase of FMCG include, shelf display, brand visibility, friend’s or family member’s recommendation, celebrity endorsement (having moderate influence), product education and size of FMCG (having low influence).

### Association between demography of rural consumers and the variables that influence their purchase of FMCG

Available literature (Vanitha, et.al., 1999; Sakkthivel, 2009) indicates that the marketers must understand the association between the demographics of their target rural customer segments and influencing variables so that they can mould their offer accordingly. Chi-square tests of independence were conducted (Katz, 1953) for this purpose. Table 9 presents the summary of chi-square test results:

<table>
<thead>
<tr>
<th>Demographic variable</th>
<th>Influencing variable</th>
<th>Significance</th>
<th>Chi-Square statistics</th>
<th>Conclusion (cross tabs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Product promotions</td>
<td>P value: Significant at 1% Hₐ: Rejected</td>
<td>χ² Value : 18.601 Critical value:13.28 Dof: 4 α: 0.01</td>
<td>Product promotions have more influence on females ***</td>
</tr>
<tr>
<td></td>
<td>Packaging</td>
<td>P value: Not significant at 5% Hₐ:Not rejected</td>
<td>χ² Value : 7.339 Critical value: 9.49 Dof: 4 α: 0.05</td>
<td></td>
</tr>
<tr>
<td>Age group</td>
<td>Product promotions</td>
<td>P value: Significant at 1% Hₐ: Rejected</td>
<td>χ² Value : 411.175 Critical value: 32.00 Dof: 16, α: 0.01</td>
<td>Product promotions have more influence on smaller age groups</td>
</tr>
<tr>
<td></td>
<td>Low price</td>
<td>P value: Significant at 1% Hₐ: Rejected</td>
<td>χ² Value : 59.481 Critical value: 32.00 Dof: 16, α: 0.01</td>
<td>Low price of FMCG has more influence on higher age groups</td>
</tr>
<tr>
<td></td>
<td>Packaging</td>
<td>P value: Significant at 1% Hₐ: Rejected</td>
<td>χ² Value : 275.860 Critical value: 32.00 Dof: 16, α: 0.01</td>
<td>Attractive packaging has more influence on smaller age groups</td>
</tr>
</tbody>
</table>
| Education level | Product promotions | P value: Significant at 1%  
H₀: Rejected | χ² Value : 428.721  
Table value: 26.22  
Dof: 12,  α: 0.01 | Product promotions influence higher educated people more |
|-----------------|-------------------|----------------|-----------------|---------------------------------|
| Packaging       | P value: Significant at 1%  
H₀: Rejected | χ² Value : 105.333  
Table value: 26.22  
Dof: 12,  α: 0.01 | Attractive packaging influences higher educated people more |
| Shop keeper’s recommendation | P value: Significant at 1%  
H₀: Rejected | χ² Value : 67.443  
Table value: 26.22  
Dof: 12,  α: 0.01 | Influence of shop keeper’s recommendation is more on lower educated |
| Income level    | Packaging         | P value: Significant at 1%  
H₀: Rejected | χ² Value : 77.651  
Critical value: 32.00  
Dof: 16,  α: 0.01 | Attractive packaging has more influence on higher income group people |
| Low price       | P value: Significant at 1%  
H₀: Rejected | χ² Value : 663.570  
Critical value: 32.00  
Dof: 16,  α: 0.01 | Low price of FMCG has more impact on lower income groups |
| Marital status  | Low price         | P value: Significant at 1%  
H₀: Rejected | χ² Value : 302.664  
Critical value: 13.28  
Dof: 4,  α: 0.01 | Low price has more influence on married people |

From Table 9 it can be seen that gender of the respondents and influence of product promotions on their purchases are not independent (null hypothesis rejected as the critical value (13.28) is less than calculated value of chi-square (18.601) at Dof:4 and α:0.01). Thus it can be interpreted that product promotions of FMCG companies and the gender of rural customers are dependent with more effect of promotions on purchases by females (59.6% of females mentioned that they would buy FMCG that is advertised compared to 41.7% of males). As the female consumers have become an attractive consumption group in a rural set up (Velayudhan, 2005; Gopalakrishnan, 2006), the above finding attains significance in the current rural marketing scenario in South Asia. Influence on packaging is equal on both male and female buyers in rural markets (P value not significant at 1%). Age group of rural consumers and influence of low price are not independent (H₀ rejected due to significant P value at 1% and the calculated value of chi-square, 59.481 being greater than critical value, 32.0 for 16 Dof at 0.01 probability). Through cross tabulations it was found that consumers of lower age groups are more influenced by product promotions. 62.2% of respondents among the lower age groups mentioned that they would buy FMCG that is advertised or promoted compared to less than 10% of the respondents within the higher age groups.

It was found that higher age group consumers are more inclined to buy low priced FMCG. 80.8% of respondents within the higher age groups preferred to buy low priced goods as against only 64% of respondents among the lower age groups. It can be concluded that as the youth population is relatively higher across all markets, the rural marketers need not worry about offering FMCG always at low price and instead can emphasise on need and want fulfillment through effective product promotions. Further it is also found that rural consumers of younger age groups are more influenced by attractive packaging (83% of younger respondents mentioned that they would buy FMCG wrapped in attractive packaging as against only 15.3% of respondents under higher age groups). So in order to
target the youth segment in rural markets, more importance needs to be given to the packaging of FMCG.

It was found that education level of the consumers and influence of product promotions are not independent as the null hypothesis is rejected due to significant $P$ value at 99% confidence level. Through cross tabulations it was further found that influence of product promotions is more on higher educated people (91.5% of respondents under higher education category as against only 11% under low education category). As the education levels in India and Sri Lanka are increasing (Census of India & Sri Lanka), it indicates that promotions work in rural markets in this part of the world. Same with the case of influence of packaging and shop keeper’s recommendation on the rural consumer behavior with reference to purchase of FMCG. $P$ value being significant at 99% confidence level, the null hypothesis was rejected and interpreted that ‘packaging and shopkeeper’s recommendation are not independent of education level’ of rural consumers. Further through cross tabulations it was found that attractive packaging influences higher educated consumers (79.3% of respondents with university level education) while shop keeper’s recommendation influences consumers with lower education levels (77.5% of uneducated). Low price influences people with low income group (88.2% of respondents within the lower age groups) and also those who are married (81.5% of respondents who are married) mentioned that they would buy FMCG priced lower.

**Relationships between influences of the rural purchase of FMCG**

Pearson’s correlation coefficient was calculated to find out the relationship between the variables that influence the rural purchase of FMCG. Table 10 presents the summary of the correlation coefficients that were calculated for the sake of analysis.

<table>
<thead>
<tr>
<th>Table 10: Summary of correlation test results (r)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis</strong></td>
</tr>
<tr>
<td>Consumers who prefer low price do not seek attractive packaging</td>
</tr>
<tr>
<td>Consumers who prefer low price do not seek quality goods</td>
</tr>
<tr>
<td>Consumers who prefer to buy FMCG that appears on retail shelf are also influenced by shopkeeper’s recommendation</td>
</tr>
<tr>
<td>Consumers who are influenced by shop keeper’s recommendation buy only those FMCG that they are aware of</td>
</tr>
<tr>
<td>Consumers who buy FMCG that they are aware of also mentioned that they buy FMCG with high brand visibility</td>
</tr>
<tr>
<td>Consumers who buy FMCG only when needed also buy those FMCG that are conveniently available</td>
</tr>
<tr>
<td>Consumers who buy FMCG only when needed do not prefer attractive packaging</td>
</tr>
</tbody>
</table>

**Correlation is significant at 0.01 level**

*Correlation is significant at 0.05 level

It was found that rural consumers who seek low price FMCG wanted the goods to be wrapped in attractive packaging (high positive correlation with .785 correlation coefficient significant at 1%). It is
common to conclude that consumers who seek low price goods do seek quality. But it is not true in case of rural marketing. Rural marketers must work on offering world class quality goods at low prices (Prahalad, 2005). In the current study it was found that there is no correlation between influence of low price and quality. Respondents who mentioned that low price influences their purchase of FMCG did not specifically seek either high quality or low quality FMCG, as no significant correlation was found between low price and quality. This means, rural marketers cannot conclude that they need not maintain quality as they offer goods at low price. As opined by experts like, Prahalad & Lieberthal (2005), Rama Bijapurkar (2000) and Harish Bijoor (2004), the rural marketers must emphasize on quality while maintaining low prices for their goods and services.

Rural consumers who are influenced by shop keepers’s recommendation also prefer FMCG that appears on retail shelves (high positive correlation with .741 correlation coefficient significant at 0.01 level). Hence, it can be interpreted that when a rural consumer visits a rural retail outlet, the goods should be available, must be stacked in such a way that they are seen and also must be supported with shop keeper’s recommendation. Another result is that no correlation was found between influence of shop keeper’s recommendation and product/ brand awareness (.068 correlation coefficient at 5%). It can be interpreted that even if desirable brand awareness is not attained, rural marketers can push their FMCG products/ brands through shop keeper’s recommendation. This emphasizes on the importance of shop keepers in rural marketing. A highly motivated, trained and enthusiastic rural retailer can play a crucial role in rural marketing.

As high positive correlation exists between brand visibility that is created through aggressive product promotions and brand awareness (.865 correlation coefficient significant at 1%), it can be interpreted that consistence in marketing communication will prove fruitful in rural marketing. However, one cannot ignore the importance of distribution in rural marketing. Product availability is one of the important variables influencing the rural purchase of FMCG and through correlation analysis it was found that it correlates highly with rural consumer behavior of purchasing only when needed (.704 correlation coefficient significant at 5%). Another important finding is that there is no significant correlation between need based purchases and attractive packaging (Table 10). This indicates that rural marketers cannot conclude that rural buyers who make need based purchases do not prefer attractive packaging. In any case, the goods must be wrapped in attractive packaging. For this purpose, rural marketers need to follow the sachetization strategy (Sakkthivel & Mishra, 2005 & Krishnamacharyulu C. S. G. & Ramakrishnan L., 2011) and also ensure effective distribution.

**Conclusions**

Rural marketing has become an area of specialization. The current research on marketing of fast moving consumer goods to rural consumers in South Asian countries has provided important insights. As rural consumers are influenced by shop keeper’s recommendations (Table 8), it is suggested to make rural retailers an integral part of rural promotion. Though price plays a very important role in the buying decision of rural customers, consumers in high-income group are not very much influenced by low-price (Table 9). As the income levels are rising, marketers need to work on issues other than price along with serious pursuit of low-price strategy. Strong bondings in villages may be a cause for the influence of friend’s recommendation on FMCG purchase by a rural consumer. Hence, it is recommended to create customer satisfaction through superior performance so that satisfied customers can suggest FMCG products/brands to their friends and relatives.

As influence of quality is not correlated with the influence of price, managers marketing in rural areas must devise cost effective strategies while maintaining quality. Rural customers (61% of respondents) are influenced by attractive packaging with equal influence on both males and females (Table 9) and attractive packaging having more influence on higher educated and high income people. A great deal of effort must go into packaging in the form of sachetization. This also caters to the rural consumer behavior of not stocking the goods and buying in small quantities when required (Table 8). Rural marketers need to create awareness of their products and brands among their target consumers as the awareness influences the rural purchase of FMCG (Table 8). Also as awareness strongly correlates with the brand visibility that is created through effective marketing communication rural marketers...
need to devise effective communication strategies along with effective distribution (Table 10). Advertising and product promotions create visibility and in turn influence the rural purchase behaviour favorably (87% of the respondents influenced with more influence on female buyers, consumers of smaller age groups and higher education levels). Main task of managers marketing FMCG in rural markets is to create high impact visibility of their products and brands.

**Scope for future research**

Future is bright for rural research particularly in FMCG category not only in South Asian markets but also across the world. Research can be done to suggest how marketing of FMCG in rural areas can also be done through encouraging rural entrepreneurship. Existing business models can be studied and improvised models can be suggested. Also in future, research can be oriented towards each sub-category of FMCG like, hair care, child-care, house cleansers, premium product categories like, colour cosmetics and body deodorants, etc.

**REFERENCES**


