A study of Brand preference among Rural and Urban consumers

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ABSTRACT:

The Fast Moving Consumer Goods (FMCG) sector is a cornerstone of the Indian economy which touches every aspect of human life. FMCG products are consumed frequently by every section of the society, rural as well as urban. Nowadays, rural consumers are also using branded products in almost all product categories. The changing marketing environment is reducing the gap between rural and urban consumers. Still, due to differences in socio-cultural environment, significant difference is observed between rural and urban consumer’s behavior. These factors may result in difference of rural and urban consumers’ brand preference. This paper discusses about rural and urban consumer’s brand preference for selected FMCG brands.

Keywords: Brand preference, rural and urban consumer, FMCG

1. INTRODUCTION:

Every human has four endowments - self awareness, conscience, independent will and creative imagination. These give us the ultimate human freedom. The power to choose, to respond and to change - Stephen R Covey.

According to David Aaker there are two ways to compete in existing markets- gaining brand preference and making competitors irrelevant. Most marketing strategists perceive themselves to be engaged in brand preference battle\[1]. American Marketing Association defined brand preference as one of the indicators of strength of a brand in the hearts and minds of customers; it represents which brands are preferred under assumptions of equality in price and availability.

Brand preference is the selective demand for a company's brand rather than a product; the degree to which consumers prefer one brand over another. Brand preference is important for business as it is one of the essential components of brand loyalty. Prediction of individual preference is a difficult and elusive task; however, it is an important task as it represents a fundamental step in understanding consumer choice. In every product category, consumers have more choices, more information and higher expectations than ever before and thus forming a preference set. In every product category these are the four or five up market brands which the consumer will consider while making a purchase decision. When building preference, the goal is to first get on the consumer’s preference sets, and then to move up the set’s hierarchy to become the most preferred brand. To move consumers from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from the consumer's existing preference set. Preference is a scale, and brands move up, down and even off that scale. The critical factors determining brand preference are brand trust, value and lifestyle, brand attractiveness, brand promotion, brand advertising, brand impulse, (me too feeling), sales differentiation, value for money, consumer satisfaction, and the period of consumer association with the brand\[2]. Customers form brand preferences to reduce the complexity of the purchase decision process\[3]. The process of forming brand preference involves: first, being exposed to many brands,
followed by a complex purchase decision process. Customers often remove some brands from their memory; then, among remaining brands of products, customers memorize brands they would consider purchasing in the future\textsuperscript{v}. As the number of brands available in the market increases, theoretically, consumers should be able to obtain higher utility. In practice, however, consumers do not evaluate all brands that exist in the market nor do they choose brands through rational decision making. Many times consumer switch brands in search of better value. The cost of switching brand is the marginal satisfaction lost when the shopper substitutes the next best brand for the unavailable favorite. The degree of marginal satisfaction lost depends upon relative brand preference. The more one brand is preferred over the available alternative; the more satisfaction is given up when forced to switch. Marginal satisfaction also varies depending upon the shopper’s brand choice behavior in the product category\textsuperscript{vi}.

Fast Moving Consumer Goods touches every aspects of human life. These products are frequently consumed by all sections of the society and a considerable portion of their income is spent on these goods. Apart from this, the sector is one of the important contributors of the Indian economy. This sector has shown an extraordinary growth over past few years, in fact it has registered growth during recession period also\textsuperscript{vii}. These products are frequently consumed in both rural and urban region. The changing environment is reducing gap between Indian rural an urban consumers but still a noticeable difference exists between socio-economic and cultural environment of both regions resulting in difference in rural and urban consumers’ behavior. Rural consumer buying behavior is need based and rational i.e. depending upon his needs, purchasing capacity and his attitude towards the product category. A rural consumer is always looking for value for money. The decision making process in rural part is collective. Rural consumers are normally reluctant for change. Infact, the perceived risk associated with the change is more among rural consumers than urban. Similar to urban consumer rural consumers are also brand conscious and brand loyal\textsuperscript{viii}. Therefore, the 4 A’s of marketing – affordability, availability, awareness and acceptability is the best approach for designing appropriate marketing strategies in rural markets\textsuperscript{ix}.

This difference in rural and urban consumer behavior may result in change in brand preference. With effective and customized marketing strategies some companies are successful in overcoming this barrier and creating same brand preference among rural and urban consumers. “Faster, cheaper, better” is the mantra for this. Resources should be expended on more effective advertising, more impactful promotions, more visible sponsorships, and more involving social media programs\textsuperscript{x}.

2. **OBJECTIVES**

- To study the concept of brand preference
- To compare brand preference among rural and urban consumers

3. **RESEARCH METHODOLOGY**

This study was conducted in both rural and urban part of Latur district. Sixteen FMCG brands which are easily available in both regions were selected after conducting a pilot study. Both exploratory and descriptive research design was used. Multi stage sampling technique was used for selection of sampling units. In first-stage, Latur district was divided into 10 clusters i.e. talukas such as Latur, Udgir, Ausa, Nilanga, Renapur, Chakur, Devani, Shirur, Jalkot and Ahmadpur. Urban consumers were selected by using systematic sampling method and interviews were conducted by mall intercepts survey method. In rural part, simple random sampling method was used for the selection of villages (Village with population less than 5,000 and at least 4 km away from city) and respondents were selected by using systematic random sampling method at the retail outlets and public places. The survey sample size was 938 and calculated using statistical formula. A structured questionnaire containing close ended questions was used for data collection. The questionnaire was designed in both
English and Marathi languages considering the profile of respondents, especially rural consumers. Balanced approach was adopted by using different types of questions and scales like dichotomous questions, multiple choice questions, Likert scale and semantic differential scale. Nominal, Ordinal and Interval scales were used in the questionnaire.

4. FINDINGS AND DISCUSSION

Table No. 1 Z-proportion test for Brand preference

<table>
<thead>
<tr>
<th>S N</th>
<th>Product Category</th>
<th>Brand</th>
<th>Rural</th>
<th>Urban</th>
<th>Z calculated</th>
<th>Null hypothesis Accepted/ Rejected</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Toilet Soap</td>
<td>Lux</td>
<td>26.441%</td>
<td>39.54%</td>
<td>-4.27</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Santoor</td>
<td>58.051%</td>
<td>40%</td>
<td>5.51</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>15.50%</td>
<td>20.45%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Detergent Soap</td>
<td>Wheel</td>
<td>70.77%</td>
<td>41.6%</td>
<td>9</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rin</td>
<td>23.85%</td>
<td>50.8%</td>
<td>-8.55</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>5.36%</td>
<td>7.58%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Detergent Powder</td>
<td>Nirma</td>
<td>52.48%</td>
<td>40.91%</td>
<td>3.53</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wheel</td>
<td>34.79%</td>
<td>34.48%</td>
<td>0.09</td>
<td>Accepted</td>
<td>No Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>12.72%</td>
<td>24.59%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Hair Oil</td>
<td>Parachute</td>
<td>85.05%</td>
<td>71.3%</td>
<td>5.23</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Navratna</td>
<td>5.76%</td>
<td>15.62%</td>
<td>-4.94</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>9.15%</td>
<td>13.33%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Fairness Cream</td>
<td>Fair &amp; Lovely</td>
<td>76.73%</td>
<td>66.89%</td>
<td>0.69</td>
<td>Accepted</td>
<td>No Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair &amp; Handsome</td>
<td>10.93%</td>
<td>17.93%</td>
<td>-3.48</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>11.92%</td>
<td>15.17%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tooth paste</td>
<td>Colgate</td>
<td>69.38%</td>
<td>67.12%</td>
<td>0.67</td>
<td>Accepted</td>
<td>No Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Close up</td>
<td>14.51%</td>
<td>20.68%</td>
<td>-2.56</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>16.1%</td>
<td>12.18%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Biscuit</td>
<td>Parle</td>
<td>71.76%</td>
<td>54.94%</td>
<td>5.35</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good day</td>
<td>23.06%</td>
<td>37%</td>
<td>-4.73</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>5.17%</td>
<td>8.04%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Tea Powder</td>
<td>Brooke Bond</td>
<td>19.68%</td>
<td>22.75%</td>
<td>-1.14</td>
<td>Accepted</td>
<td>No Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tata</td>
<td>35.98%</td>
<td>42.98%</td>
<td>-2.17</td>
<td>Rejected</td>
<td>Significant Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>44.33%</td>
<td>34.25%</td>
<td>Test not applied</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Primary Data)

Maximum brands preferred in rural area were Santoor, Wheel soap, Nirma powder, Parachute oil, Fair & Lovely, Colgate, Parle and Tata tea. The brands preferred maximum in urban area were Santoor, Rin soap, Nirma powder, Parachute oil, Fair & Lovely, Colgate, Parle and Tata tea. Most preferred brands in rural and urban region were same for toilet soap category (Santoor), detergent powder (Nirma), hair oil (Parachute), Fairness cream (Fair & Lovely), tooth paste (Colgate), biscuit (Parle) and tea (Tata). The only difference was with detergent soap category. Though most preferred brand were same in almost all product categories, a significant difference in rural and urban consumers’ brand preference was observed for Lux, Santoor, Wheel flake, Rin, Nirma, Parachute, Navratna, Fair&
Preference for size

- The preference of rural respondents (56.46%) was for smaller size toilet soap where as the preference of urban respondents (59.77%) was for larger - size toilet soap.
- The preference of both rural and urban respondents was for smaller and medium - size detergent soap (150 and 280 gm).
- Rural and Urban consumers’ preference pattern for detergent powder was almost similar. Majority of consumers prefer mid size (250, 500, 1000 gm) detergent powder.
- In Hair oil category the preference of both rural and urban consumer was more for 500 gm pack .The preference for Sachets was more in rural region.
- For Fairness cream category, the preference of urban consumer was more for 150 gm pack, and it was almost similar in sachets and 25 gm pack. The percentage of consumers preferring sachets was more in the rural area than urban.
- The preference of urban consumer was more for 150 gm pack, and it was almost similar in sachets and 25 gm pack. The percentage of consumers preferring sachets was more in the rural area than urban.
- The preference of both rural and urban consumer was more for family biscuit pack.
- More than 75% of rural and urban consumers’ preferred 250 and 500 grams of a tea powder pack. Both in rural and urban region most popular tea packs were of 250 gram.

Quantity of purchase

- Both rural and urban consumers purchase toilet soap in small quantity, and the highest percentage was four soaps per month in both regions. 66% of rural and 62% of urban consumers purchase less than five units per month.
- Similar to toilet soap, detergent soaps were purchased in small quantity and in the range of two to six soaps per month in both rural and urban region. Highest percentage was for six soaps per month for both rural and urban region.
- Both rural and urban consumers purchase soap in small quantity; the maximum preference was for one unit per month in both regions. 85% of rural and urban consumers purchase less than five units per month.
- The highest percentage for quantity of hair oil purchased per month in both rural and urban region was for one unit. The common range for number of units purchased was between one to four units per month.
- Almost 50% of rural and urban consumers’ purchase one unit of fairness cream per month. The common range for quantity of fairness cream purchased per month in both regions was less than five.
- The percentage for quantity of tea powder purchased per month was highest for one unit in both regions (Rural - 61.72% and Urban - 40.91%).
- In both rural an urban region, the majority of consumers purchase one pack of tooth paste per month; in fact, the percentage was more in rural region than urban. The common range for quantity of tooth paste purchased per month was between one to four units.
- Both in rural and urban area the quantity of biscuit packs purchased per month were minimum, as majority of consumers’ preference was for family pack. Approximately, 70% of rural and urban consumers purchase less than five packs per month.
5. CONCLUSION

- There is significant difference in brand preference (proportion) among rural and urban consumers for all brands except Wheel powder, Fair & lovely, Colgate & Broke bond.
- Among all selected FMCG categories (except biscuit category), the preference of rural consumers was for smaller size packs. In rural area sachets are more popular in hair oil & fairness cream category.
- A significant difference was observed among rural and urban consumers’ size preference for (9 out of 16 brands) Lux, Santoor, Wheel powder, Nirma, Fair & handsome, Colgate, Close up, Parle and Good day brands.
- Both rural and urban consumers purchase FMCG products in small quantities. There is no significant difference in quantity of purchase for all brands in rural & urban region.

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