



Rural Customer's Mindset: A Study of Soap and Detergent Categories

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Abstract:

Rural Market is the most attractive market for FMCG product as this market is still untapped and the increased disposable income and brand preferences it is now becoming the preferred market for the entire FMCG market ruler In this research we have put an effort to understand the consumer mindset towards the purchasing of FMCG products in rural market especially in soap and detergent category in wagodiya district of Gujarat. During research 230 respondents from different villages in the district was examined using a structured questionnaire, with closed-ended questions, employing a convenient sampling technique.

The outcome of the research is in continuation with earlier research that price is still a prevailing factor for rural population. Awareness of products is below average in rural consumer. It also gives us idea that rural consumer is becoming brand consciousness and preferring to continue with their existing product they are using than to switch new brands. Rural consumer prefers to purchase from local shop keeper due to availability of their local product on cheaper rate and credit facility provided from their end. A rural person spends nearly 5% of his income on soap and detergent segment which indicates good opportunity for rural consumers targeting companies

Keywords: *Rural Customer's Mindset*

1. Introduction

Rural consumers are primarily different from their urban consumers. The lower levels of literacy and limited exposure to product and services are well-known, but there are also differences in occupation options, with a direct impact on income levels and income flows, and a high level of inter-dependency affecting the dynamics of rural community behavior. All contribute to make rural consumer behavior starkly distinct from the urban. As any consumer research study must understand the consumer in the context of his environment and society, Rural Market Research must overcome the challenge of respondents with lower literacy and exposure levels, where conventional market research tools may not be easily comprehended by villagers. MART, a specialist organization in rural, has innovated tools to overcome these limitations in conducting rural consumer research.

“Rural marketing can be defining as a function which Managers all those activities in ascertaining, stimulating and converting the purchasing power of rural people into effective demand for specific product and services and thereby achieving the goal of the company.

Since 2000, per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres: 6.2 per cent CAGR (compounded annual growth rate) versus 4.7 per cent. Rural incomes are growing, and consumers are buying discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers. Between 2009 and 2012, spending in rural India reached \$69 billion, significantly higher than the \$55 billion spent by the urban population. The rush to rural markets is not a recent phenomenon and companies have been testing these markets for some time.

2. Attractiveness of Rural Market

- The rural population is large and its growth rate is also high. Despite the rural urban migration, the rural areas continue to be the place of living majority of Indians
- Growth rates of the FMCG market and the durable market are higher in rural areas for many products.
- The rural market share will be more than 50% for the products like toilet soaps, body talcum powder, cooking medium (oil), cooking medium (vanaspati), tea, cigarettes and hair oil.
- Conventional wisdom dictates that since rural consumers are dispersed, reaching them is costly. However, new research indicates that the selling in Rural India is not expensive.
- Remoteness in a problem but not insurmountable. The rural distribution is not much developed for the reasons, = Lack of proper infrastructure such as all-weather roads, electrification and sanitation, and= Lack of marketer's imagination and initiative.

Table 1. Evolution of rural marketing

Phase	Origin	Function	Major products	Source market	Destination market
1	Before mid-1960 (from independence to green revolution)	Agricultural marketing	Agricultural produce	Rural	Urban
2	Mid – sixties (green revolution to pre-liberalization period)	Marketing of agricultural inputs	Agricultural inputs	Urban	Rural
3	Mid-nineties (post-liberalization period on 20 th century)	Rural marketing	Consumable and durables for consumption and production	Urban and rural	Rural
4	21 st century	Developmental marketing	All products and services	Urban and rural	Urban and rural

3. 4 A'S OF RURAL MARKET

The 4A Approach The rural market may be alluring but it is not without its problems: Low per capita disposable incomes that is half the urban disposable income; large number of daily wage earners, acute dependence on the vagaries of the monsoon; seasonal consumption linked to harvests and festivals and special occasions; poor roads; power problems; and inaccessibility to conventional advertising media. The attitudes, aspirations and demands of rural consumers are very different from other their urban counterparts. Companies are connecting to this base afresh and are together to cater to this market effectively and efficiently.

However, the rural consumer is not unlike his urban counterpart in many ways. The more daring MNCs are meeting the consequent challenges of availability, affordability, acceptability, awareness.

3.1 Affordability

The first challenge is to ensure affordability of the product or service. With low disposable incomes, products need to be affordable to the rural consumer, most of whom are on daily wages. Some companies have addressed the affordability problem by introducing small unit packs. Godrej recently introduced three brands of Cinthol, Fair Glow and Godrej in 50-gm packs, priced at Rs 4-5 meant specifically for Madhya Pradesh, Bihar and Uttar Pradesh.

3.2 Availability

The second challenge is to ensure availability of the product or service. For making the products available to consumers, companies adopt a variety of means such as direct selling, using company delivery vans, syndicated distribution between non-competitive marketers, setting up of temporary stalls in rural melas or haths etc.

In the rural areas with places far flung and well connected with proper roads, delivering the product to the rural consumers can be a challenge. Companies have realized this and are trying to be creative in this situation.

The company, BPCL initiated specially designed 'Rural Marketing Vehicle', which moved from villages to villages for filling cylinders on spot.

3.3 Acceptability

The third challenge is to gain acceptability for the product or service. Therefore, there is a need to offer products that suit the rural market. One company, which has reaped rich dividends by doing so, is LG Electronics. In 1998, it developed a customized TV for the rural market and christened it Sampoorna. Because of the lack of electricity and refrigerators in the rural areas, Coca-Cola provides low-cost ice-boxes - a tin box for new outlets and thermocol box for seasonal outlets.

3.4 Awareness

Mass media is able to reach only to 57% of the rural population. Creating awareness then, means utilizing targeted, unconventional media including ambient media. For generating awareness, events like fairs and festivals, Haats, etc., are used as occasions for brand communication. Cinema vans, shop-fronts, walls and wells are other media vehicles that have been utilized to increase brand and pack visibility. Innovative media used by personal wash like Lux and Lifebuoy and fabric wash items like Rin and Wheel. Idea was to advertise not only at the point of purchase but also at the time of consumption.

4. Methodology/Approach

Descriptive research design was implicated and data was collected from 230 respondents. The sampling convenient sampling technique (non-probability) in the village of Limda and Pipadiya as the we had selected the nearby village for study. Using a structured questionnaire, with closed-ended questions, both in English and regional language for the better understanding of the respondent.

5. Discussion

Data was analyzed using statistical tool SPSS.19. The following hypothesis weres tested using non parametric tests.

5.1 Chi-Square

The sample included 230 respondents results with $X^2(9, N=230) = 7.876$ 'p value =0.547 which means that value of p is more than 0.05 It does not statistically significant. Monthly income & Monthly purchase are independent and the difference is not due to chance.

X2 (3, N=230) = 3.463 'p value = .326 which means the value of p is less than 0.05. It does statistically significant. Purchaser opinion on local product or branded product is dependent on qualification and the difference is due to chance.

X3 (3, N=230) = .861 'p value = .835 which means the p value is greater than 0.05. It does not statistically significant. Gender will not affect the purchasing behavior during non availability of particular brand and the difference is not due to chance.

X4 (12, N= 230) =33.586 'p value = .001 which means the value of p is less than 0.05. It does statistically significant. Monthly expenses on soap or detergent categories are dependent on monthly income and the difference is due to chance.

6. Limitation of the Study

In the study we have chosen only 230 from nearby 3 Villages which may purely reflected the rural population. Another problem which we face was that people were hesitating to give information as rural people are not aware of these studies. As the study was based on non probability sampling technique which limits the equal chance of respondent being selected in the sample

7. Conclusion

From our study for rural consumer mindset for soap and detergent category we derive the conclusion that rural consumer are becoming brand consciousness and has started preferring to continue with their existing brand but as earlier studies concluded price is still a prevailing factor as their income is not up to the mark.

Purchase in these segment is made quite often they spend nearly 5% of their total spending on soap and detergent segment and Purchase from local shop keeper are still prevailing in the rural area due to availability of their product with credit facility.

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