

MARKET PENETRATION OF FMCG IN RURAL MARKETS WITH SPECIAL REFERENCE TO PERSONAL CARE PRODUCTS

¹Dr.M. Inbalakshmi, ²Dr. R.Balasubramani, ³Mrs.B. Jesintha

¹Associate Professor, ²Assistant Professor, ³Full time research scholar

Dept of Commerce G.T.N. Arts College, Dindigul

Abstract

In today's competitive environment where the customer has got tremendous choice for selecting brands, it is a very challenging task for a marketer to attract new customers and to retain the old customers. For this purpose, the marketer of any product especially FMCG products, uses market penetration to position their product in the mind framework of the customer and established their brand image in the market. Previously FMCG companies focused only the urban market. But national and international companies changed their focus to tap the potential market, that is, Rural market. Today rural India is attracting every corporate house in India and around the world and has been considered as the most lucrative market. Many FMCG companies and regional companies compete with one another but FMCG companies has a lion's share in the rural market. Many factors influence the rural consumers to go for FMCG. This study focuses on the market penetration of FMCG in rural market, the factors influencing the customer preference towards FMCG and to analyse the impact of loaded factors on the satisfaction of rural consumers towards FMCG. Primary data is collected from 175 respondents. The focus of the study is limited to the Personal care products offered by the FMCG.

Key Words: Rural Market, Market Penetration, FMCG, Factor analysis, Multiple Regression

1. Introduction

The Indian economy has witnessed various changes after the New Economic Policy 1991 which encouraged a large number of companies from various parts of the world to enter into all sectors of the Indian economy. Because of this, the economy has totally changed its dimensions in different spheres thus offering products and services of multinational companies. As the company has opened up and permitted international corporations to set up their business ventures in India. Fast Moving Consumer Goods (FMCG) sector plays a significant role in the Indian economy and touches every aspects of human life. Fast Moving Consumer Goods (FMCG) also known as Consumer Packaged Goods (CPG) are non-durable goods in common which can be consumed in a short period of time after which they are necessarily to be replaced. Just like other industrial sectors, FMCG industry has got various sub-segments. Some of them are Personal care products, Household care products, Food and Beverage products and so on. Personal care products include oral care, hair care, skin care, personal wash (soaps), cosmetics and toiletries, deodorants, perfumes and feminine hygiene products¹. Previously FMCG companies focused only on the urban markets assuming their increasing purchasing power and enormous sources of information. But at present, they have changed their focuses into the rural market. Rural India is attracting every corporate house to India since it has an abundant and a relatively untapped market. Apart from the Fast Moving Consumer Goods companies, many regional companies play in the rural market. In general, rural people buy the products locally available called 'Regional products' produced and marketed by the cottage and micro industries. After the entry of FMCG companies the role of regional products have started to fade up and the FMCG companies have started to dominate. The penetration level of FMCG companies in the rural market is on the increase for the Personal Care Products. In the present day situation rural market is flooded with various types of Personal Care Products which include Bath soaps, Shampoo, Hair oil, Tooth paste, Tooth Brush, Talcum Powder, Face cream, Safety razors, Shaving creams and so on. Both FMCG and regional companies offer range of products in this category. But knowingly or unknowingly

various rural consumers buy only FMCG products to fulfill their Personal Care Products requirements. Thus it is essential to study to what extent Personal Care Products of FMCG companies penetrate rural market, what are the factors considered while purchasing these products, their satisfaction toward FMCG products and the problems they have encountered while using FMCG products. The present has made an attempt to study the market penetration of FMCG in rural markets with special reference to Personal Care Products.

2, Review of Literature

Dattatray P. More (2015)² has taken efforts to know the basic characteristics of consumer behaviour in rural market. **Pramod Patil (2016)**³ aimed to understand the concept of FMCG sector. **Saranya (2016)**⁴ attempted to find the awareness about the FMCG products, to understand the overall satisfaction level of respondents using FMCG and their attitude towards buying products. **Sreedevi (2016)**⁵ focussed to find out the challenges and strategies of rural marketing and also the effectiveness of current marketing strategies adopted by the marketers. **Singh A.P and Mukesh Kumar Sahu (2016)**⁶ have evaluated the opportunities available for MNC's (FMCG) products in rural market. **MahaboobBasha A.M (2016)**⁷ aimed at analyzing the consumer behavior towards purchase decision, their behavior at the time of purchase and analysed the factors that influence consumer behavior regarding FMCG goods in Nellore District. **Anandarajan S. and Manikandan A (2016)**⁸ have made an attempt to analyse consumer behavior towards FMCG. **Mohd Shuaib Siddiqui (2017)**⁹ concluded that instead of manifold advancement in technology, still advertisements through television, internet and social media are more liked and understood by people in rural topography. **Sharanya (2017)**¹⁰ has mentioned that the FMCG market remains highly fragmented with almost of the market representing unbranded, unpackaged home-made products, which can prompt consumers to use their branded products.

3. Objectives of the Study

- i, To analyse the market penetration of Personal Care Products of FMCG companies in rural areas
- ii, To analyse the factors influencing the consumer preference towards the purchase of Personal Care Products of FMCG companies
- iii, To analyse the factors influencing the level of satisfaction towards the usage of Personal Care Products of FMCG companies

4. Hypotheses of the Study

- i, There is no significant relationship between the loaded factors and overall satisfaction level of the respondents towards the use of Personal Care Products of FMCG.

5. Scope of the Study

The present study covers villages located around Dindigul only. This study is confined to market penetration of Personal Care Products of FMCG companies in rural areas, factors influencing the purchase of Personal Care Products of FMCG companies and the satisfaction level of the rural consumers towards Personal Care Products of FMCG companies.

6. Methodology

This is an empirical study based on survey method. An interview schedule was administered and Convenient sampling method was used to collect data from 175 respondents in the villages around Dindigul covering the respondent from six categories such as, Unemployed, Farmer, Labour, Private Employee, Government Employee, and Business. Percentage analysis, Factor analysis and Multiple Regression analysis have been used to analyse the primary data.

7. Analysis and Interpretation of Data

A, Socio-economic Profile

The socio-economic profile of the respondents shows that regarding personal details, out of 175, 109 (62.30%) are males, 76 (43.4%) fall under 40 to 50 years age category, 122 (69.7%) are married, 50 (28.57%) have the educational qualification upto Higher Secondary level, and 146 (83.4%) are employed. As regards Spouse occupation, 38 (21.7%) are professionals, 140 (80%) live in nuclear familiars, 83 (47.4%) have the family members of 2 to 4, and 71 (40.6%) of the respondents have the monthly family income of Rs.10,000 to Rs. 20,000. As far as the details regarding personal care products are concerned, 90 (51.4%) of the respondents spend Rs.501 to Rs.1,000 per month for the purchase of these products, more than one-third 933.7%) buy from the nearby retail shops and a great majority (73.1%) of the respondents get information about FMCG products from T.V. advertisements.

B, Market Penetration of Personal Care Products of FMCG.

The brand preference of rural consumers is an important variable influencing the usage of the FMCG and Regional products by the respondents which in turn decides the market penetration. Five items such as Bathing soap, Shampoo, Hair oil, Tooth paste and Talcum powder of Personal Care Products have been taken to analyse the market penetration.

I, Bathing Soap Out of 175 respondents, 160 () buy only FMCG products and their order of priority is Hamam, Dove, Cinthol, Mysore Sandal, Lux, Lifebuoy, Nature power and so on and the remaining 15 buy the bathing soaps of regional products like herbal products and unbranded products. The market penetration of Bathing soap is presented below in Fig.1.

Fig 1. Market Penetration of FMCG and Regional Products - Bathing Soap

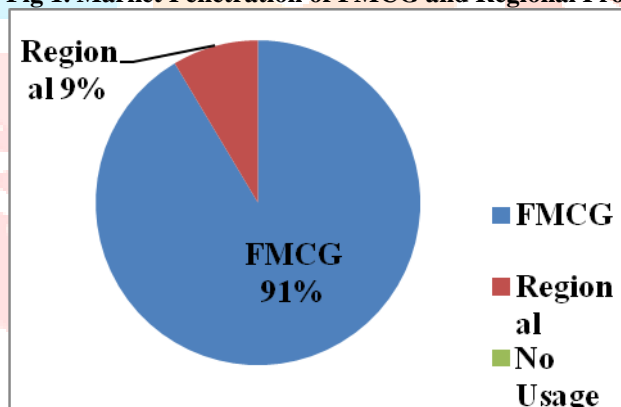


Fig 1 clearly shows that regarding market penetration of bathing soap is 91% is dominated by FMCG products and 9% is penetrated by regional products.

II Shampoo Out of 175 respondents, 79% buy shampoo of only FMCG products and their order of priority is Clinic Plus, Dove, All Clear, Sunsilk, Chik, Karthiga, Meera Herbal , 8% buy unbranded shampoo of regional and the remaining 13% are not using any shampoo as they use only Sshikakai and Arappu thool. The market penetration of Shampoo is presented below in Fig.2.

Fig 2. Market Penetration of FMCG and Regional Products - Shampoo

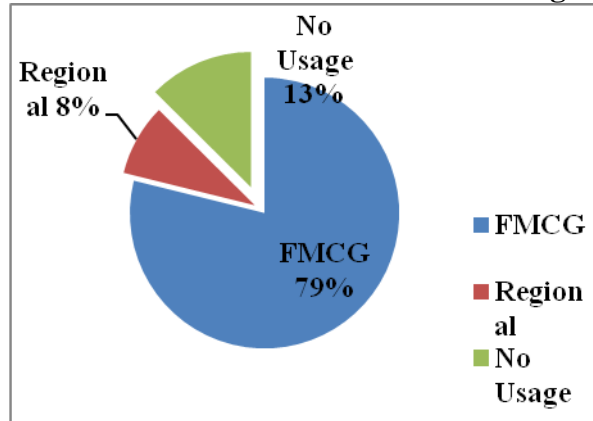


Fig 2 clearly shows that regarding market penetration of shampoo is 79% is dominated by FMCG products, 8% is penetrated by regional products and the remaining 12% is not at all using Shampoo.

III Hair Oil Out of 175 respondents, 122 buy Hair oil of FMCG products and their order of priority is Parachute, Amla red Dabur, VVD, Ashwini, Vatika and so on. 30 respondents buy regional products such as Tropicana Herbal, Arul Sivam organic, Jeevalayam herbals, 13 respondents buy coconut oil from the oil stores and 5 respondents are not using any hair oil at all. The market penetration of Hair oil is presented below in Fig 3.

Fig 3. Market Penetration of FMCG and Regional Products – Hair Oil

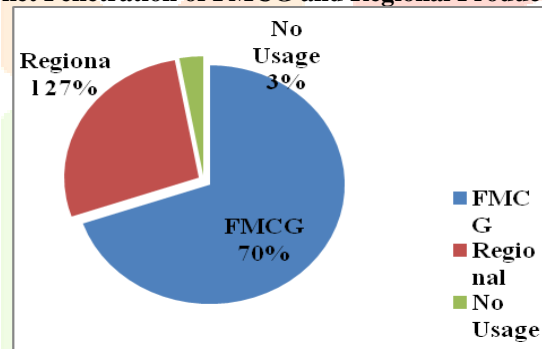
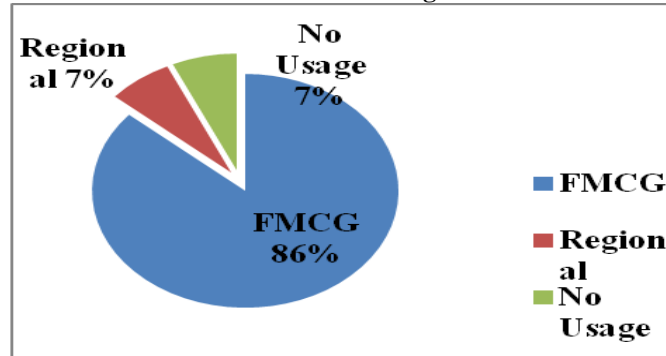


Fig 3 clearly states that regarding market penetration of Hair oil, 70% is dominated by FMCG products. 27% is penetrated by regional products and the remaining 3% is not at all using any branded or unbranded hair oil.

IV Tooth Paste Out of 175 respondents, 151 buy Tooth paste of FMCG product and their order of priority is Colgate, Close-up, Herbal Dabur, Pepsodent, Vicco and so on 3 respondents do not know the brand name and the remaining 12 respondents are not using Tooth Paste as they are still using brick powder and ash for cleaning their tooth. The market penetration of Tooth Paste is presented below in Fig 4.

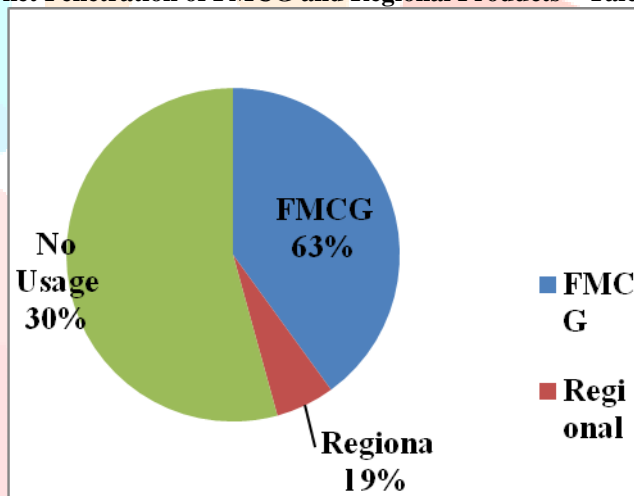
Fig 4. Market Penetration of FMCG and Regional Products – Tooth Paste



It is clear from Fig 4. that market penetration of Tooth paste is dominated by FMCG (86%) and only 7% by regional products. The remaining 7% is not using tooth paste.

V Talcum Powder Out of 175 respondents, 110 buy Talcum powder of FMCG and their order of priority is Gokul Sandal, Ponds, Yardlie, Spinz, Patanjali and so on. Without knowing the brand name 50 respondents are using any brand of Talcum powder available, nobody is buying any regional products regarding Talcum Powder

Fig 5. Market Penetration of FMCG and Regional Products – Talcum Powder



It is clear from Fig 5 is . that market penetration of Talcum powder is dominated by FMCG (63%) and only 19% by regional products. The remaining 30% is not using any type of talcum powder.

From the above analysis it may be concluded that as regards Personal Care products, FMCG companies are penetrating more in rural market leaving a meager share to the Regional products.

C. Reliability Analysis

Reliability is the fact that a scale should consistently reflect the construct it is measuring. In statistical terms, reliability is based on the idea that individual items should produce the consistent with the overall interview shceduled¹¹. As a reliability test, Cronpach's alpha is used and the value derived is 0.771 which is greater than the standard measure of 0.7 which indicates that the questions asked can be relied upon.

D. Factors Influencing the Consumer Preference Towards the Purchase of Personal Care Products of FMCG – Factor Analysis

The researcher has selected 25 factors influencing the brand preference of Personal Care Products of FMCG which have been used in the interview schedule to collect the opinion of the respondents. The result of the KMO measure of sampling adequacy shows the value of 0.769 which indicates that there is a high value of sampling adequacy. Barlett's test of sphericity shows the result of 725.941 and significant at 0.000 which supports that sample is fit for further analysis. The Eigen values of the factors along with the cumulative percentage of the variance are presented in Table 1.

Table 1. Total variance Explained for Factors Influencing the Consumer Brand Preference of Fast Moving Consumer Goods and Regional Products

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	3.989	15.955	15.955	3.989	15.955	15.955	2.120	8.482	8.482
2	1.873	7.492	23.448	1.873	7.492	23.448	1.742	6.966	15.448
3	1.542	6.168	29.616	1.542	6.168	29.616	1.738	6.951	22.399
4	1.432	5.728	35.344	1.432	5.728	35.344	1.646	6.584	28.983
5	1.378	5.513	40.856	1.378	5.513	40.856	1.626	6.505	35.488
6	1.258	5.030	45.887	1.258	5.030	45.887	1.570	6.279	41.767
7	1.197	4.788	50.675	1.197	4.788	50.675	1.526	6.103	47.869
8	1.104	4.416	55.090	1.104	4.416	55.090	1.464	5.856	53.725
9	1.039	4.158	59.248	1.039	4.158	59.248	1.381	5.522	59.248

Extraction Method: Principal component Method

Source: Primary Data.

The Eigen values associated with these 9 factors are again shown in the columns labeled Extraction and Rotation.

Table 2 Rotated component Matrix for the Factors Influencing the Consumer Brand Preference of Fast Moving Consumer Goods and Regional Products

S.NO	Factors and variables	Factor Loading	Percent age of variance	Cumulative %
1	Product		15.955	15.955
	Colours stimulate to buy	0.723		
	Long lasting fragrance and freshness	0.650		
	Assured quality	0.616		
2	Price		7.492	23.448
	Affordable pricing	0.691		
	Quantity is reasonable to the cost	0.515		
3	Packaging		6.168	29.616
	Attractive packaging size	0.681		
	Specific design are attractive and convenient	0.620		
	Very compact packaging	0.507		
4	Product Benefits		5.728	35.344
	Good Aroma	0.773		
	Healthy to use	0.751		
	Long shelf life	0.748		
	Suitability to the life style	0.632		
	Fulfill personal uniqueness	0.524		
	Features of the brands are good	0.513		
5	Promotional schemes		5.513	40.856
	Promotional schemes are attractive	0.666		
	Offers and discounts	0.479		
	Attractive packaging materials (container, jar, sachet etc.,)	0.406		
6	Others ' Influences		5.030	45.887
	Desired products are suggested by my family members / friends	0.732		
	Retailer patronage	0.645		
	Products are recommended by doctors	0.381		
7	Replacement		4.788	50.675
	Available to return items for replacements	0.752		
8	Advertisements		4.416	55.090
	Celebrity impressed me to use the product	0.646		
	Advertisement creates good awareness	0.543		
9.	Variety seeking		4.158	59.248
	The Products make the shopping easy	0.745		
	Variety of product extensions provide opportunities to a wider selection	0.731		

Source: Primary Data

The above Table 2 indicates the dominating factors influencing the brand preference of Personal Care Products of FMCG which are grouped under nine groups such as Product, price, Packaging, Product Benefits, Promotional Schemes, Others' Influences, Replacement, Advertisements and Variety seeking.

E, Factors influencing the level of satisfaction towards the usage of Personal Care Products of FMCG companies

Multiple Regression Analysis has been used to test the relationship between single dependent variable, namely, level of satisfaction and several independent variables loaded as factors influencing the brand preference of FMCG. Table 3 states the impact of different dimensions for consumer brand preference of Personal Care Products of FMCG.

Table 3 Impact of Different Dimensions for Consumer Brand Preference of Personal Care Products of FMCG.

S.NO	Independent Variables	Standardized coefficients			Collinearity Statistics	
		Beta	t-value	Sig-p value	Tolerance	VIF
1	(Constant)		124.263	.000		
2	Product	.572	9.149	.000	1.000	1.000
3	Price	.007	.114	.910	1.000	1.000
4	Packaging	-.039	-.616	.539	1.000	1.000
5	Product Benefits	.009	.138	.891	1.000	1.000
6	Promotional schemes	.140	2.233	.027	1.000	1.000
7	Other's Influences	-.039	-.622	.535	1.000	1.000
8	Replacement	.001	.018	.986	1.000	1.000
9	Advertisements	.066	1.049	.296	1.000	1.000
10	Variety seeking	.035	.554	.580	1.000	1.000
	R Square = .355, Adjusted R Square = .320					
	F Value = 10.099, sig = .000					

Source: Primary Data

The following Table 5 presents the overall results of Multiple Regression Analysis showing the hypotheses which are supported and hypotheses which are not supported.

Hypotheses Testing (Multiple Regressions)

S.No	Hypothesis	Beta	t- value	Result
1	Product will have no significant impact on the level of satisfaction of the respondents	.572	9.149	Supported
2	Price will have no significant impact on the level of satisfaction of the respondents	.007	.114	Not Supported
3	Packaging will have no significant impact on the level of satisfaction of the respondents	-.039	-.616	Supported
4	Product Benefits will have no significant impact on the level of satisfaction of the respondents	.009	.138	Not Supported
5	Promotional Schemes will have no significant impact on the level of satisfaction of the respondents	.140	2.233	Supported
6	Other's Influence will have no significant impact on the level of satisfaction of the respondents	-.039	-.622	Supported
7	Replacement will have no significant impact on the level of satisfaction of the respondents	.001	.018	Not Supported
8	Advertisements will have no significant impact on the level of satisfaction of the respondents	.066	1.049	Supported
9	Variety seeking will have no significant impact on the level of satisfaction of the respondents	.035	.554	Not Supported

10. Conclusion

The present study has made an attempt to study the market penetration of Personal Care Products of FMCG in the rural market. Due to the large size of the market, market penetration level is high in case of Personal Care Products which is very much larger than regional products. It may show that the regional products have low market penetration but actually regional products have high potentiality in the rural market. By providing reduced price and increased product benefits one can increase the market share. At the same time when replacement benefit is provided and variety of products are offered every product can succeed in the rural market.

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