

Understanding Brand Awareness of Customers in Rural Areas towards Indian FMCG Products

¹Lalitendu Mohanty, ²Prof.(Dr.) Bidhu Bhusan Mishra

¹Ph.D. Scholar, Department of Business Administration, Utkal University, Bhubaneswar, Odisha

²Professor, Department of Business Administration, Utkal University, Bhubaneswar, Odisha

Email – ¹m.lalitendu@gmail.com , ²bidhu.mishra@gmail.com

Abstract: *The current study aims to examine the brand awareness of rural consumers in branded Fast Moving Consumer Goods (FMCG) categories. To accomplish the goals of the current research paper, previous articles on brand awareness in Fast Moving Consumer Goods was taken up for examination. This research has considered FMCG products to measure the status of brand in rural market and increasing customer preference. Similar type of research can be performed to non FMCG products also. Further research can also be conducted at the national level on brand equity, price, easy availability, family linking, advertisement, variety and credit attributes. Adding more variables to this study for future research work is highly advisable.*

Key Words: *Brand Awareness, FMCG products, Consumer Goods, Brand Equity, Attributes.*

1. INTRODUCTION:

The term FMCGs refers to those retail goods that are generally replaced or fully used up over a short period of days, weeks, or months, and within one year. This contrasts with durable goods or major appliances such as kitchen appliances, which are generally replaced over a period of several years. FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs – such as meat, fruits and vegetables, dairy products and baked goods – are highly perishable. Other goods such as alcohol, toiletries, prepackaged foods, soft drinks and cleaning products have high turnover rates. An excellent example is a newspaper - every day's newspaper carries different content, making one useless just one day later, necessitating a new purchase every day. A major portion of the monthly budget of each household is reserved for FMCG products. The volume of products circulated in the economy against FMCG products is very high, as the number of products the consumer uses, is comparatively very high. Competition in FMCG sector is very high resulting in high pressure on margins. The introduction of sachets made rural people who are traditionally not accustomed for bulk purchase to buy branded FMCG products like Rs 1- Shampoo, nut powders, oils detergents, cleaning powders and liquids, toothpaste etc, in rural shops. This change the pattern of buying from traditional products to branded products. The Indian FMCG sector is the fourth largest sector in the economy with an estimated size of Rs.1,300 billion. The sector has shown an average annual growth of about 11% per annum over the last decade. Unlike the developed markets, which are prominently dominated by few large players, India's FMCG market is highly fragmented and a considerable part of the market comprises of unorganized players selling unbranded and unpackaged products. There are approximately 12-13 million retail stores in India, out of which 9 million are FMCG kirana stores. The fast moving consumer goods (FMCG) sector, is a corner stone of the Indian economy, this sector touches every aspect of human life. The FMCG producers have released that there is ample scope for them to enter into the rural markets. Today we notice this shift towards branded FMCGs in rural areas as a result of socio economic and political changes in the last five years this has made the rural areas more viable markets, even compared to urban areas, the socio economic and political changes contributed to a great extent for changes in life styles of country side people. The Government policies to promote education in rural areas enhanced their brand awareness due to the presence of at least one higher education, pursuing student in their family or neighboring family. The different Govt. policies are also being helpful for rural people contributing in enhancing people's income followed by their change in life style resulting in patronizing the branded products. According to the National Council of Applied Economic Research (NCAER) about 70% of Indian Population is living in Villages. India has the largest potential rural market in the world. It has many as 47000 congregation markets compared to 35000 super markets in the U.S and of the Total FMCGs demand in India, nearly 53% comes from the rural markets, at presents Indian FMCGs sector is worth Rs 1300 billion and expected to be around a whopping value of Rs 4000 to Rs 6000 billion by 2020.

1.2. Top FMCG Companies in India:

All our lives depend on FMCG (Fast Moving Consumer Goods) products that satisfy our basic needs. FMCG products are those that have a short shelf life that is produced in high volumes with low cost and are made for rapid consumption.

This industry includes household items, over-the-counter medicines, food, personal care items, stationery and consumer electronics, etc. The fast-moving consumer goods (FMCG) sector is India's fourth-largest sector and has created employment for more than three million people.

Following are the top 5 FMCG companies in India that are responsible for keeping over 1.3 billion Indians on their feet every day.

- Hindustan Unilever Limited- Market cap: Rs 5,45,762.50 Cr
- ITC Limited- Market Cap: Rs 2,61,993.75 Cr
- Nestlé India- Market Cap: Rs 1,68,800.78 Cr
- Britannia Industries- Market cap: Rs 82,414.29 Cr
- Marico- Market Cap: Rs 60,816.91 Cr

1.3. Brand Awareness:

Brand Awareness is the extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product introduction. Brand awareness is the degree of familiarity among consumers about the life and availability of the product. Brand awareness is the extent to which the consumer associates the brand with the product he desires to buy. It is the brand recall and the brand recognition of the company to the consumers. Brand recall is the ability of the consumer to recollect the brand with reference to the product where as brand recognition is the potential of the consumer to retrieve the past knowledge of the brand when enquired about the brand or shown an image of the brand logo. Brand awareness is an essential part of brand development which helps the brand to stand out from the others in this monopolistically competitive market.

1.4. Types of Brand Awareness:

i) Aided Awareness- This type of awareness is generated in a consumer. When asked about a product category, if the consumer is aided with a list of company names and he recognises the company from the given set it is categorised as aided awareness.

ii) Top of the mind Awareness- When the name of the company is automatically recollected because the consumer very promptly associates the brand with the product category, it is called a top of the mind awareness of the product.

iii) Consumer Preference- The underlying foundation of demand, therefore, is a model of how consumers behave. The individual consumer has a set of preferences and values whose determinations are outside the realm of economics. They are no doubt dependent upon culture, education, and individual tastes, among a plethora of other factors. The measure of these values in this model for particular goods is in terms of the real opportunity cost to the consumer who purchases and consumes the good. If an individual purchases a particular good, then the opportunity cost of that purchase is the forgone goods the consumer could have bought instead. Consumers' preferences are defined at the subjective (Individual) tastes as measured by utility of various bundles of goods. They permit the consumers to rank these bundles of goods according to the levels of utility they give to the consumers. Note that the preferences are independent of the income and price. Ability to purchase goods does not determine a consumer's likes or dislikes. This is used primarily to mean an option that has the greatest anticipated value among a number of options. Hence we can also say that Brand preference occurs on the basis of Company's market value and quality preference, whereas in Consumer Preference the Impact of brand is no having much Importance.

2. REVIEW OF LITERATURE:

The two important measures of brand awareness are Brand recognition and recall (Hoyer & Brown, 1990; Kapferer, 2008). As per Laurent et al. (1995), "Top of mind awareness is critical as it captures the consideration set in a given purchase situation". Studies on recall of pictorial advertisement as compared to non-pictorial advertisement indicate how much more effective they are for rural consumers as compared to urban consumers (Velayudhan, 2007). In some studies brand preferences have been equated with brand loyalty (e.g., Rundle-Thiele & Mackay, 2001). In other studies it has been evaluated as a precursor to brand loyalty (e.g., Odin et al. 2001). Ben-Akiva et al. (1999) define preference as "comparative judgements between entities. "Additional reasons (Other than promotions) why consumers may purchase other brands, despite a stated brand preference include a desire to try and learn more about different brands in the category; changing need or a situation's variety seeking and changes; in the available alternatives due to the new products or improvements of existing products. (Coutler et al., 2003). Alba and Hutchison (1987) propose that experts are more likely to search for new information because (a) Expertise increases the awareness of the existence of potentially acquirable information and Familiarity reduces the cost of information acquisition. Dun et al. (1978) viewed advertising from its functional perspectives. Beverland (2001) analyzed the level of brand awareness within the New Zealand market for zespri kiwi fruit.

3. OBJECTIVES OF THE STUDY:

The objective of the present study is to understand the brand awareness of the rural consumer towards FMCG Products. For this, the objectives of the research study are:

- To study the perception of the rural consumer towards FMCG products.
- To test the effect of various demographic variables on brand awareness among rural consumers.

3.1. Hypothesis of the Study

H₀₁: There is no significant difference in brand awareness between male and female groups

H₀₂: There is no significant difference in brand awareness among different age groups

H₀₃: There is no significant difference in brand awareness among different educational qualification groups

H₀₄: There is no significant difference in brand awareness among different income groups

4. RESEARCH METHODOLOGY:

4.1 Population of Study

The study is confined to selected 3 villages i.e. Baliana, Jatani, and Tangi of Khordha District, Odisha State.

4.2 Data Collection

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a structured non disguised questionnaire.

4.3 Sampling

The sampling method chosen is Convenience sampling which is a type of non probability sampling. In all 100 respondents are chosen from different age groups classifying them on the basis of literacy with the help of structured & unstructured interviews & discussions with these respondents the information for this survey is gathered.

The information gathered through the questionnaires will be analyzed with the help of SPSS software by using the Tabular Presentation, t-test and Analysis of Variance (ANOVA).

5. DATA ANALYSIS AND INTERPRETATION:

5.1 Demographic Profiles of the Respondents

Variables	Details	Respondents	Percentage
Gender	Male	50	50%
	Female	50	50%
Age	Less than 20	8	8%
	Between 20-40	25	25%
	Between 40-60	40	40%
	More than 60	27	27%
Educational Qualification	Class 12	34	34%
	Graduation	40	40%
	Post graduation	22	22%
	Professional	4	4%
Monthly Income	Less than Rs.10000	24	24%
	Between Rs.10000-Rs.20000	21	21%
	Between Rs.20000-Rs.40000	22	22%
	More than Rs.40000	33	33%
Types of Products Preferred	Prefer brand	25	25%
	Prefer non-brand	37	37%
	Prefer quality of product over brand	38	38%

6. Interpretation through Inferential Analysis (T-Test and ANOVA):

To analyze the impact of brand across demographics, the following hypothesis has been tested through T- test and ANOVA.

6.1 Gender V/S Brand:

H₀₁: There is no significant difference in brand awareness between male and female groups

T-Test : Test of Significance in brand awareness between male and female groups				
Gender	N	Mean	Std. Deviation	Std. Error of Mean
Male	50	1.72	0.751	0.107
Female	50	2.04	0.781	0.111

Attitude	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Significance	T	DF	Sig. 2 Tailed
Equal Variance Assumed	0.328	0.568	0.208	8	0.04
Equal Variance not Assumed			0.208	97.901	0.04

Interpretation: The above table indicates that Significant value is 0.04 which is less than ($P < 0.05$), hence the null hypothesis is rejected. Thus, there is a significant difference in brand awareness between male and female groups.

6.2 Age V/S Brand:

H₀₂: There is no significant difference in brand awareness among different age groups

Test of Significance in brand awareness among different age groups					
Variable	Sum of Squares	DF	Mean square	F	Sig.
Between Groups	4.883	3	1.628	2.769	0.046
Within Groups	56.247	96	0.588		
Total	61.13	99			

Interpretation: The above table indicates that Significant value is 0.046 which is less than ($P < 0.05$), hence the null hypothesis is rejected. Thus, there is a significant difference in brand awareness among different age groups.

6.3 Educational Qualification V/S Brand:

H₀₃: There is no significant difference in brand awareness among different educational qualification groups

Test of Significance in brand awareness among different educational qualification groups					
Variable	Sum of Squares	DF	Mean square	F	Sig.
Between Groups	6.626	3	2.209	3.932	0.011
Within Groups	53.934	96	0.562		
Total	60.56	99			

Interpretation: The above table indicates that Significant value is 0.011 which is less than ($P < 0.05$), hence the null hypothesis is rejected. Thus, there is a significant difference in brand awareness among different educational qualification groups.

6.4 Monthly Income Vs Brand:

H₀₄: There is no significant difference in brand awareness among different income groups

Test of Significance in brand awareness among different income groups					
Variable	Sum of Squares	DF	Mean square	F	Sig.
Between Groups	1.826	3	0.609	0.995	0.399
Within Groups	58.734	96	0.612		
Total	60.56	99			

Interpretation: The above table indicates that Significant value is 0.399 which is greater than ($P > 0.05$), hence the null hypothesis is accepted. There is no significant difference in brand awareness among different income groups. Thus, we may conclude that only income does not affect brand awareness.

7.. LIMITATIONS OF THE STUDY:

Data for the study was collected from only three villages based in Khordha district, Odisha state and hence can't be generalized for the entire country. Also Convenience method of sampling being a non probability sampling method has its own limitation. The sample size of 100 is also too small to draw a general conclusion.

8. CONCLUSION:

The brand awareness in rural areas is increasing. Most people both from illiterate and literate groups prefers branded products with belief that quality is assured as the manufacturers are from the reputed companies. People are not much worried about the price of the product. They are showing willingness to use the branded product, it also evaluate their status as well as in their village. The change in attitude to spend more on highly priced branded products among high income group in rural areas clearly suggest that there is a ample scope of such products to capture the markets in this areas by increasing the supply of these products. The marketing agencies are advised to conduct the healthy awareness programs by educating the people about the need to use the health care products to arrest tooth decay, hair fall, dry skin etc.

REFERENCES:

1. Alba, J. W., & Hutchinson, J. W. (1987). Dimensions of consumer expertise. *Journal of Consumer Research*, 13(4), 411-454. <https://doi.org/10.1086/209080>
2. Ben-Akiva, M., McFadden, D., Gärling, T., Gopinath, D., Walker, J., Bolduc, D., Börsch-Supan, A., Delquié, P., Larichev, O., Morikawa, T., Polydoropoulou, A., Rao, V. (1999): Extended framework for modeling choice behavior. *Marketing Letters*, 10, 187-203. <https://doi.org/10.1023/A:1008046730291>
3. Beverland, M. (2001). Contextual influences and the adoption and practice of relationship selling in a business-to-business setting: an exploratory study. *Journal of Personal Selling and Sales Management*, 21(3), 207-215.
4. Coulter, R., Price, L., & Feick, L. (2003). Rethinking the origins of involvement and brand commitment: Insights from Postsocialist Central Europe. *Journal of Consumer Research*, 30(2), 151-169. <https://doi.org/10.1086/376809>
5. Hoyer, W. D., & Brown, S. P. (1990). Effects of brand awareness on choice for a common, repeat-purchase product. *Journal of Consumer Research*, 17(2), 141. <https://doi.org/10.1086/208544>
6. *India rural market the fortune at the BOP*. (n.d.). Scribd. <https://www.scribd.com/document/138316355/India-Rural-Market-the-Fortune-at-the-BOP>
1. Kapferer, J. (2008). *The new strategic brand management: Creating and sustaining brand equity long term*. Kogan Page Publishers.
7. Keller, K. L., Heckler, S. E., & Houston, M. J. (1998). The effects of brand name suggestiveness on advertising recall. *Journal of Marketing*, 62(1), 48. <https://doi.org/10.2307/1251802>
8. Laurent, G., Kapferer, J., & Roussel, F. (1995). The underlying structure of brand awareness scores. *Marketing Science*, 14(3_supplement), G170-G179. <https://doi.org/10.1287/mksc.14.3.g170>
9. Odin, Y., Odin, N., & Valette-Florence, P. (2001). Conceptual and operational aspects of brand loyalty: An empirical investigation. *Journal of Business Research*, 53(2), 75-84. [https://doi.org/10.1016/s0148-2963\(99\)00076-4](https://doi.org/10.1016/s0148-2963(99)00076-4)
10. Prahalad, C. K., & Ramaswamy, V. (2004). *The future of competition: Co-creating unique value with customers*. Harvard Business Press.
11. Rundle-Thiele, S., & Maio Mackay, M. (2001). Assessing the performance of brand loyalty measures. *Journal of Services Marketing*, 15(7), 529-546. <https://doi.org/10.1108/eum0000000006210>
12. Shahid, Z., Hussain, T., & Zafar, F. (2017). The impact of brand awareness on the consumers' purchase intention. *Journal of Marketing and Consumer Research*, 33. <https://doi.org/10.4172/2168-9601.1000223>
13. Velayudhan, S. K. (2007). *Rural marketing: Targeting the non-urban consumer*. SAGE Publishing India.
14. Watson, D. S., & Barban, A. M. (1978). *Advertising: Its role in modern marketing* (4th ed.). Hinsdale, Illinois: The Dryden Press.
15. Zenor, M. J. (1994). The profit benefits of category management. *Journal of Marketing Research*, 31(2), 202. <https://doi.org/10.2307/3152194>