

An empirical investigation on the Effects of Rural Marketing on Purchasing Behavior

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Abstract

More than 70% of the population today lives in rural regions, and there are more than 600,000. Fast-moving consumer goods (FMCG) are becoming popular in rural regions. Companies selling fast-moving consumer goods (FMCG) need just adapt their standard strategies for reaching rural consumers. Alternatives tailored to rural areas should be prioritized. Rural consumers, particularly those from diverse sections of the country, have distinct needs and concerns that must be addressed. Consumer tastes for fast-moving consumer goods (FMCG) in rural India are influenced by a number of factors. In order to determine what matters most, researchers examined data from eight different Indian regions. We used factor analysis to break down 24 variables into 5 main groups (drivers of change). One of the most important aspects of establishing credibility is the importance placed on referrals from existing customers by stores. According to the report, the majority of rural Indians believe that consuming FMCGs enhances their quality of life.

Keywords: *Price points, brand awareness, and trust factor Money well spent, Product Education, Rural Purchase*

Introduction

Since the 1950s, it has placed a strong emphasis on rural development, making it one of the rural markets in the country that is sought for the most. According to Velayudhan (2002), a paradigm change has taken place in rural marketing as a consequence of increasing public awareness and successful economic outcomes. (Bijapurkar, Rama, 2000; Kotler et al. 2009) Increasing rural demand, the reach of the media, and the revolution in packaging were all factors that contributed to the expansion of rural markets. According to Kashyap, Pradeep, and Raut, Siddharth (2007), rural India has the potential to become a new market for India's fast-moving consumer goods

(FMCG). According to Kumar and Madhavi (2006), it is essential for a rural fast-moving consumer goods (FMCG) marketing plan to offer a diverse selection of product categories, price ranges, and sizes. In contrary to what is often believed, rural communities in India may have more to offer than only agricultural goods. According to Khosla and Ashok (2000), there are a number of different ways that goods and services might be advertised in public places. The sales of FMCG products in India's rural areas grew by 15% in 2011, compared to 2010. According to the Nielsen Company (2012, page 8), the rural population of India contributed at least 425 billion dollars in market value in the year 2008. This information comes from 2008. The CII-Technopak's Quarterly Report is available here. The FMCG industry is expected to earn \$43 billion in sales and \$72 billion in profits by 2018, according to projections made by FICCI Technopak in 2009..

Rural Market and Rural Marketing

The term "rural" is used by both individuals and institutions in a number of different contexts. In order to be deemed "rural," one must be "far from towns and cities," as stated by the Collins Cobuild Dictionary (2001). (2001). According to Dogra and Ghuman (2008), a rural market comprises not only the retail but also the institutional and service sectors. This is supported by the findings of two separate pieces of research. According to Velayudhan (2002), rural marketing encompasses all activities with the goals of assessing, promoting, and converting rural buying power into an effective demand for specific commodities in the interest of elevating the quality of life in rural areas. Two-way marketing takes place when goods and services go from rural to urban regions and then back again. (George & Mueller, 1955) [George & Mueller] The names George and Mueller 1955 was the year it was first published. According to Kotler et al. (2009), an activity is considered to be rural marketing if at least one of the key actors originates from the countryside. According to Kotler and colleagues' (2009) findings,

The Vaswani et al. Rural Buyer-Seller Matrix (Producer) is a useful tool for illustrating the scope of rural marketing (Producer). Products that are produced and consumed only in rural areas make up the contents of Shelf-I. To name a few examples, there is pottery, handcrafted textiles made of wool, cotton, and silk, as well as fresh fruit. items that are manufactured in metropolitan areas but sold to rural areas are found on Shelf-II. Some examples of these items are vehicles, motorcycles, and agricultural equipment. Shelf-III is where you will find things that come from

rural regions, such as vegetables, items from horticulture, and products from cottage industries. Shelf-IV is never mentioned when people are talking about marketing to rural customers.

Literature Review

A legislation that liberalized the circumstances of the market in India was passed in the early 1990s (Gopaldaswamy, 1997). This law had a significant impact on marketing in India. According to Habib-Ur-Rahman (2007), it is now possible to sell a wide variety of packaged goods and product categories in rural India's marketplaces since it is believed that the great majority of rural India's markets are still mostly unexplored. In the Indian state of Rajasthan, the name of the town is Rama Bijapurkar (Bijapurkar, Rama, 2000). According to Anand and Krishna (2008), businesses in rural regions need to separate themselves from those located in metropolitan areas in terms of the value and quality of the items they sell. According to Krishnamoorthy (2008), the first stage in rural areas is to determine what motivates customers to acquire fast-moving consumer goods (FMCG). According to research conducted by Blackwell and Talarzy in 1977, several factors influence the decisions that consumers make about their purchases. According to the findings of the study, buyers in rural areas take into account a variety of factors before making their purchase decisions. These factors include the product's packaging, brand name, quality (Rashmi & Venu Gopal, 2000), price, and promotions (Bhatt & Jaiswal, 1986). Sayulu and Ramana Reddy (1996) found that the opinions of public opinion leaders had an effect on the consumption patterns of rural residents. As a result of this trend, stores have emerged as the most significant impacts on the purchase of fast-moving consumer goods in rural areas (Ying Zhao, 1994).

Research Gap

There is a need for more study in rural markets (Jha and Mithileswar, 2003; Bijoor and Harish, 2004), despite the fact that the existing body of literature on the elements that influence behavior is sufficient. This is as a result of the fact that the buying behaviors of rural customers differ based on the product category and the local market (Sinha, 2008). Even after twenty years, we only have a surface-level grasp of rural clients, according to a specialist in rural marketing in India who states that statement. There is a need for additional research on the factors that have an effect on rural marketing, such as the difficulties that are experienced by rural markets (Khatri, 2002), the requirement of creativity in developing and delivering messages to rural markets (Bansal & Easwaran, 2004), and the general issues that are associated with rural markets

(Bijapurkar & Rama, 2000). Regarding fast-moving consumer goods, as far as I am aware, there has been no study conducted on the shopping and consumption patterns of people living in rural areas of India. As a direct result of this, an inquiry on the consumption trends of fast-moving consumer goods among rural Indian consumers was initiated..

Objective of the Study

This study's major objective is to identify the factors that impact rural Indian consumers' purchases of FMCG.

Research Methodology

The primary data was collected via the use of a well-structured questionnaire based on a 5-point scale. The questionnaire is also provided in Hindi for the convenience of those who want to participate in the study. The probe will only cover a certain region in India at this point in time. Using this calculation, we were able to determine that the sample size should be 1080.

Table 1 Titles of affecting variables and their related factor loadings

Factor	Variables	Factor Loadings
PROMOTION FACTOR	• Promotions	0.951
	• Relationship marketing	0.912
	• Product education	0.903
	• Free offers/sales promotions	0.896
	• Brand endorsement	0.871
	• Shelf display	0.810
LIFESTYLE FACTOR	• Brand awareness	0.847
	• Packaging	0.847
	• Dignity	0.816
	• Brand visibility	0.799
	• Lifestyle	0.750
TRUST FACTOR	• Friend's recommendation	0.883
	• Brand loyalty	0.791
	• Government promotions	0.790
	• Shop keeper's recommendation	0.784
	• Availability	0.746
VALUE FACTOR	• Intended benefits	0.880
	• Affordability	0.862
	• Need based	0.827
	• Low price	0.760
PRODUCT FACTOR	• More features	0.780
	• Size	0.726
	• Quality	0.713
	• Long lasting	0.624

Participants in this research were recruited from a representative sample of rural residents who often purchase and consume fast-moving consumer goods (FMCG). Participants in this study were also required to live in rural areas. The questionnaire is currently being evaluated for accuracy. It is very necessary to do an analysis on the questionnaire in order to determine whether or not it is valid and reliable (McClave et al., 2008; Malhotra, 2007). A pilot study was conducted to evaluate the effectiveness of the questionnaire (details of the pilot research may be provided upon request). The following is a list of tools and methods that may be used for data analysis: Using the SPSS program, Luck and Rubin (2007) were able to find out which aspects impact the purchasing choices of rural clients when it comes to FMCG. The secondary data comes from a wide range of trustworthy sources, such as the websites of FMCG companies, books and articles on rural marketing, reports from consultancy business, and data from government agencies that can be accessed in public libraries. These fall under the category of secondary data sources. The Internet is a main source for material that is found elsewhere on the web..

Data Analysis and Interpretation

It was the purpose of this research to identify the factors that impact rural consumers' FMCG purchasing choices. Rural FMCG purchases are influenced by the following twenty-four factors.:

Test Statistic

In Bartlett's sphericity test, no connection could be detected between the variables tested. According to the KMO Statistic, the sample adequacy is 85.55%. For factor analysis, these two values might be used (Malhotra, Naresh, 2007). When the "eigenvalue larger than 1" condition was applied to evaluate the data, 5 variables accounted for 71.057 percent of the variation. The five factors in Table 1 were chosen based on the Rotated Component Matrix loading and the similarity between variables in the same column..

Analysis and Interpretation of the Factors and Variables

Factor 1: Promotion Factor

With a factor loading of 0.951, the priority that was placed on promotions and advertisements was shown to be a significant component in the Promotion Determinant. (Shapiro et al., 1987) suggests that as a result of this, the advertising industry should be given the greatest priority. The

use of relationship marketing by merchants as a means of influencing the purchase choices made by their rural customers (0.912 factor loading). According to Arens (2006), the primary focus of a company's public relations (PR) activities should be on the cultivation and upkeep of beneficial working relationships with the firm's target audiences. Interpersonal communication may serve as a platform for the implementation of promotional strategies in rural marketing. According to Krishnamurthy and Jagadeesh (2009), the efforts that rural marketers make to educate customers about different elements of the product or brand influence the purchasing choices of rural consumers. The same is shown via the use of experiments in this research. The loading for this variable in the Promotion Factor is calculated to be 0.903. When it comes to luring clients from rural areas, several sales promotion tactics, such as offering free incentives (Dhunna and Mukesh, 1984), are highly successful (Dhunna and Mukesh, 1984). Anand and Hundal (2008). Anand and Hundal. Recent studies have shown that this particular variable has a factor loading of 0.896 and has a significant amount of effect on the Promotion Factor. It has been shown that celebrity endorsements of brands are quite important. Shelf displays are beneficial to the sales of FMCG items. The fact that this has a factor loading of 0.810 demonstrates that it is a significant contributor to the Promotion Factor. According to Young and Robinson (1992), the importance of visibility to a retail establishment cannot be emphasized. According to Rakesh et al. (2008), the prevalence of an FMCG product on shop shelves influences the purchase decisions of consumers.

Factor 2 = Lifestyle Factor

A recent research found that rural customers equate the acquisition and consumption of fast-moving consumer goods (FMCG) with a better quality of life. In rural marketing, brand awareness is considered to be the "key" (0.847 Factor Loading), according to Ramana Rao (1997). According to Sehrawet and Kundu (2007), packaging impacts purchase choices in rural areas. It is reasonable to suppose that rural customers identify their way of life with more elegantly packaged commodities (factor loading: 0.847), given that this research demonstrates that the method in which products are packed has a significant influence on rural lives. A recent survey found that people who live in rural areas are more likely to purchase, acquire, or make use of FMCG that is seen as respectable. Consequently, they have a better quality of life (0.816 factor loading), which contributes to their success. Another factor that must be taken into account in this equation is the visibility of the firm (with a loading of 0.799). It is possible that rural

consumers' quality of life would improve if FMCG companies could increase the exposure of their brands, which would assist rural consumers become more aware of the things these companies sell. Customers believe that the introduction of FMCG products into rural areas would improve the overall quality of life in these areas.

Factor 3 = Trust Factor

The Trust Factor was loaded with a factor loading of 0.883 when it came to referrals from friends and family. When it comes to making purchases or experimenting with new fast-moving consumer goods (FMCGs), consumers in rural areas depend on and place a high value on the advice of their friends and family. Customers in rural regions are more likely to show loyalty to a brand by choosing to purchase FMCG products that they have already tried (factor loading of 0.791). The government is able to provide a vast array of services to those living in rural areas. Businesses and products that have been granted approval by the government often find favor with people of rural areas. There is a possibility that consumers in rural areas would alter their shopping habits in response to government-backed items and brands. (Khatri, 2002) found that people living in rural areas had a high level of trust in their neighborhood stores because of the close relationships they have developed with such stores. A recent research found that recommendations made by shopkeepers had a significant impact on purchasing decisions made in rural areas (factor loading of 0.784). According to Ramanathan (2007), the availability of goods and services is the single most essential aspect in rural marketing. Accessibility was one of the aspects that were considered while determining trust. FMCG companies risked losing the faith of rural customers if their products were difficult to get.

Factor 4 = Value Factor

According to a recent poll, consumers in rural areas are looking for value when making their purchases of FMCG products. A fast-moving consumer good (FMCG) is considered to be a "value item" if it is both fairly priced (factor loading = 0.862) and moderately priced (factor loading = 0.760), in addition to providing the advantages that were promised (factor loading = 0.880) (factor loading = 0.880). It has also been demonstrated (0.827 factor loading) (0.827 factor loading) that rural clients would only acquire FMCG when they have a really pressing need for it.

Factor 5 = Product Factor

Rural purchases are influenced by features (0.780), FMCG size (0.726), better quality (0.713), and long-lasting FMCG (0.624). As a consequence, rural customers need a wide range of product qualities, as well as larger-sized FMCG. Another example has emerged of rural communities' preference for high-quality products (Pralhad, 2005).

Table 2 Factors influencing rural FMCG purchase reliability

Reliability	Cronbach's Alpha	No. of variables
Overall reliability	0.821	24
Reliability of factor 1	0.953	6
Reliability of factor 2	0.886	5
Reliability of factor 3	0.859	5
Reliability of factor 4	0.860	4
Reliability of factor 5	0.711	4

Reliability Analysis

During the reliability research, Cronbach's Alpha was determined to assess the instrument's internal consistency and dependability (Simon & Burstein, 1985). Overall, the Cronbach's Alpha for the present study's 24 variables is 0.821. Cronbach's Alpha for each of the components is more than 0.7, which indicates that the model is statistically significant. To learn further more, go to the data in Table 2.

Conclusions and Recommendations

Their purchases show their trust in local businesses. Even though merchants know consumers listen, the "Trust Factor" was found during field trips. Businesses must train rural shopkeepers on new marketing strategies for best outcomes. Rural FMCG marketers should utilize a low-cost approach since price is important. Low prices must be achieved via cost-effective promotion and distribution. Selling products using a price plank is possible. Buying a rural-focused FMCG is smart. The research suggests pushing FMCG along acceptable lines rather than cheap pricing.

Rural marketers need new strategies to contact the public that are acceptable to their target audience. FMCGs should last longer. Rural customers link longevity with product size and hardness. Promoting FMCG items this way is advised. Rural FMCG purchases and consumption are important because rural clients want high-quality FMCG. Scholars like Harish Bijoor, C.K. Prahalad, and Rama Bijapurkar have argued this. No shortcuts should be used while making

FMCG products. Quality cannot be sacrificed at low pricing. Rural marketing uses packaging extensively. Rural consumers are more likely to purchase products with appealing packaging. Rural residents will recall fast-moving consumer goods packaging. Designing attractive packaging at reasonable rates takes time and effort. Rural FMCG items may be marketed with appealing packaging. Rural marketers should align their aims with the government's rural development programs and incorporate information about them in their marketing materials. This is because rural populations trust government promises. Product demos may educate rural customers and demonstrate product functioning. Promotion employing animated celebrity figures is encouraged since celebrity endorsements work in rural marketing. Maintaining quality, designing and implementing efficient marketing campaigns, using retail methods like shelf display, and using customer relationship management strategies like consumption points are also important..

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