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A Study on Factors Affecting Purchase decision Based on 4 A's (i.e. Awareness, Affordability, Adoptability and Availability) in reference to FMCG Companies in Rural India. (A Case Study of Hindustan Unilever Limited in Bhopal)

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Abstract: The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of fast-moving consumer goods (FMCG) in India. The market size of the fast moving consumer goods sector is projected to more than double to US$ 23.25 billion by 2010 from the present US$ 11.16 billion. As a result, it is becoming an important market place for fast moving consumer goods as well as consumer durables. Also the Purchasing patterns have been changing which can be seen as an evolutionary approach. As per the analysis by ASSOCHAM, Companies like Hindustan Unilever Ltd and Dabur India originates half of their sales from rural India. While Colgate Palmolive India and Marico constitutes nearly 37% respectively, however Nestle India Ltd and GSK Consumer drive 25 per cent of sales from rural India. From last few years, the growth of Indian economy registered substantial increase in purchasing power of rural India which attracts the Indian Inc. & MNCs. Simultaneously in reference to FMCG products, the saturated urban market forced to companies to tap the virgin Indian rural market.

This paper highlights factors responsible for the boom in rural marketing, consumer's preference for FMCG products based on 4 A's (i.e. Awareness, Affordability, Adoptability and Availability). The study is an analytical in nature. Convenient sampling method has been adopted for administering the questionnaires. Questionnaire / schedule have been administered to total 200 in Respondents of rural areas of Bhopal district. Secondary data have been collected from reputed journals, websites and magazines. Indian rural market has a huge size and demand base. The rural market has changed significantly in the past one decade. In today's scenario, Consumer is the king because he has got various choices around him. If you are not able of providing him the desired result he will definitely switch over to the other provider. Therefore to survive in this competitive competition, you need to be the best.

Key words: Consumers` Preference, FMCG Products, Rural India

INTRODUCTION

The Indian rural market has a huge demand base and offers great opportunities to marketers. India is one of the largest emerging markets with a population of over one billion. Out of which 68.84% are living in rural areas (census 2011). Level of urbanization increased from 27.81% in 2001 census to 31.16% in 2011 census. As there lies more than 68% Indian consumers that live in rural areas, almost half of the national income is generated from here. The rural markets in India have assumed significance in the recent past with the growth of the Indian economy. The improved economic situation of both the rural and urban consumers has helped FMCG companies to further expand their market to the hinterlands of the country. The companies are looking for new opportunities and avenues, as they are witnessing a decline in their growth rates in urban markets due to market saturation and they do have a huge, untouched and untapped rural Indian market.

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The Indian FMCG companies enjoy a diverse industrial base and offer a variety of products to consumers, namely toiletries, personal care products, soaps, detergents, oral hygiene, packaged foods, beverages, grooming products, healthcare products, plastic products, bulbs, batteries, glassware etc. It is the fourth largest sector in India, creating employment for more than 3 million people in the country with a market size of over Rs 110,000crore (around $22 billion) and is estimated to grow to over Rs 185,000crore (around $37 billion) by 2014. The potentiality of rural markets is seen by MNC`s as a 'woken up sleeping giant'. In those days, Most Fast Moving Consumer Goods (FMCG) companies in India are introducing customized products especially for rural population.

The conference highlighted Data from an AC Nielsen survey, stated that the rural sector in India accounts for about 33% of the total revenue every year. According to a study by McKinsey Global Institute (MGI), incomes in India are likely to grow 3 times over the next two decades and India will become the world's fifth largest consumer market by 2025.

The population of Madhya Pradesh is 72 million (2011 census), an increase of 24.34% and the population density is 196 people per square kilometer. More than 75% of state population resides in villages whose main occupation is agriculture, while the rest of the population lives in towns.

In 2011, Bhopal the District of M.P had population of 2,371,061 of which male and female were 1,236,130 and 1,134,931 respectively. In 2001 census, Bhopal had a population of 1,843,510 of which males were 972,649 and remaining 870,861 were females. Bhopal District population constituted 3.26 percent of total Maharashtra population. In 2001 census, this figure for Bhopal District was at 3.05 percent of Maharashtra population. There was change of 28.62 percent in the population compared to population as per 2001. In the previous census of India 2001, Bhopal District recorded increase of 36.40 percent to its population compared to 1991.

The initial provisional data released by census India 2011, shows that density of Bhopal district for 2011 is 855 people per sq. km. In 2001, Bhopal district density was at 665 people per sq. km. Bhopal district administers 2,772 square kilometers of areas. Average literacy rate of Bhopal in 2011 were 80.37 compared to 74.61 of 2001. If things are looked out at gender wise, male and female literacy were 85.42 and 74.87 respectively. For 2001 census, same figures stood at 81.94 and 66.37 in Bhopal District. Total literate in Bhopal District were 1,660,690 of which male and female were 920,314 and 740,376 respectively. In 2001, Bhopal District had 1,159,823 in its district.

REVIEW OF LITERATURE

The ORG Survey (2011) indicated that the major items which accounted for about 45-50 percent of the rural market were washing soaps, cleaning materials, toiletries and food and beverage .But the survey also observed that the growth rate was very significant in certain items like cosmetics and toiletries over the period of five years. The growth rate observed in the case of cosmetics indicated that the rural women were not lagging behind their urban counterparts. It also mentions that many rural consumers in rural areas lack the prejudices that make their urban counterparts resistant to change. Rural market is one of the best opportunities for the FMCG sector. In some sense we can say that rural market is future of FMCG.

Sastry et al (2007) have studied the pertinent issues in rural market such as uniqueness of the rural consumer, uniqueness of the structure of rural markets and the peculiarities of distribution infrastructure in rural areas. These are special to rural markets and hence, require unique handling. Practically in every aspect of marketing, rural markets pose certain special problems, but the following are found to be important form the marketing point of view: Distribution logistics, storage, transport and handling, Location and degree of concentration of demands, dealers' attitude and motivation, consumer motivation and buying behaviour, Transmission media, their reach and impact, & organizational alternatives. Thus, the rural market bristles with many problems and to achieve a firm footing, a marketer has to grasp these problems and provide innovative solutions to them.

Bhattacharya (2007) studied the impact of spurious brands in rural market and how it chokes the market for authentic items .The color and almost identical cover graphics are used for passing off spurious products as original. Even the names may sound similar. Many distinctive features between the original and fake versions cannot usually be detected by the unwary and average customer anywhere in the market. Blockages - at present, most products reach the rural customers generally through wholesale channels. These intermediaries are not sufficiently under the control of manufacturing firms, which intend to enter the rural market in a big way. Skewed Distribution of Outlets - not surprising therefore, 76% of the estimated 3.7 million rural outlets are concentrated in seven states. They have all sprouted in relatively sizeable and well-off villages where sufficient

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consumer demand exists to sustain them. Then again, there are about 60,000 villages which do not have even a shop each. Poor infrastructure for most villages in most areas which chronically suffer from lack of periodic supply of goods, poor availability of credit and capital and low purchasing power of patrons.

Bhattacharya (2005) also studied that the FMCG companies change the track of distribution to attract customers .Several FMCG companies have taken to unconventional modes of distribution. CavinKare Pvt. Ltd. has created two separate brands - Chinni for smaller pack sizes and Priya for larger packs - And instead of using the conventional distribution route, they have created a `sachet' sales force that sells only sachet packs to small retailers, including cigarette and pan shops. Emami Ltd. tied up with the Post and Telegraph Department to place its products across 5,000 post offices. Wipro Consumer Care and Lighting (WCCL) have been using the Andhra Pradesh Government's e-seva project, which aims at enhancing the common man's interface with the Government. Coupled with traditional distribution methods, this approach allows WCCL to reach consumers who otherwise may not come to a retail point. Alternative distribution channels do not offer better margins and are, at best, tools to gain accessibility in certain areas. Also, distribution margins across these channels are identical to those in conventional routes, so there is little cost saving. So, while alternative distribution options are gaining acceptability, it may be some time before these become a rage.

Rajagopal (2009) reported that the performance of global brands in low-profile consumer market segments is constrained by high transaction costs and coordination problems along the brand promotions, consumption and consumer value chain. Hence, firms looking towards managing brands in Bottom of the Pyramid (BoP) market segments need to reduce brand costs by increasing the volume of sales and augmenting consumer value. Brands of BoP market segments are socially and culturally embedded. They are co-created by consumers and firms, and positioned with the influence of brand equity of the premium market. Unlike traditional brands, BoP brands may be sufficiently malleable to support brand interpretations in the rural and suburban consumer segments. The paper offers new business strategies to managers on brand positioning and targeting in suburban and rural markets with convenience packaging, pricing and psychodynamics.

Khicha (2007) studied that television and direct marketing activities help rural consumers learn about different brands, ensuring product availability is even more critical. Marketers in rural India claim that setting up a supply chain that reaches the remotest rural areas is extremely arduous given the infrastructure in the country. HUL Project Shakti targeted rural women from existing self-help groups to work as “direct-to-home” distributors for HUL products, and helped the company break into a market they were unfamiliar with.

A “hub and spoke” model of distribution is the “future.” As he explains Dabur has successfully adopted the hub and spoke model in India and it has worked very well. Here, feeder towns, primarily on the highways serve as hubs, where companies can rent a warehouse and stock their products. Spokes are comprised of ‘cyclist salesmen’ who then distribute products to small retail outlets in nearby rural pockets.”

Sarangpani et al (2008) studied that one set of rural consumers is less educated or even illiterate among the two distinct segments of customers in rural market. They cannot read, write or understand with ease. They do not buy branded products. They have their own method of identification of products and communication with the retailers. For instance, they ask for Erra Sabbu (for Lifebuoy), Pacha Sabbu (for Nirma), Neeli Sabbu (for Rin), etc. Rarely do they purchase branded packaged goods and values associated with them. On the contrary, there is a different segment of consumers, the younger 18-35 years age group; they are educated, more mobile and have urban exposure. They are brand conscious. They ask for brands of their choice. Their brand usage and recall rate is comparable to their counterparts in the urban areas.

Banumathy, S. and Hemameena, M (2006) studied on brand preference of soft drinks in rural Tamil Nadu by using Garrets ranking technique, to rank factors influencing the soft drinks preferred by rural consumer. They found that, the product quality was ranked as first, followed by retail price. Good quality and availability were the main factors, which influenced the rural consumer of a particular brand of a product.

Sampath Kumar (2003*)* studied the brand preference of soft drinks. The study was carried out in rural areas of Telangana region and urban areas of the capital city of Andhra Pradesh. Of which 200 respondents were rural consumers. It revealed that more than 65 per cent preferred Thumps –up and Coca-cola while less than 2 per cent preferred Orange flavored drinks like Frooti and Miranda. The findings revealed that 26 per cent of the consumers purchased

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soft drinks from Super bazaars and 73 per cent make their purchases at the nearest kirana stores.

Maruthamut*hu et.al*, (2006) conducted a study on consumer behavior and brand preference of Britannia biscuits. The study revealed that 41 per cent of the respondents purchased for brand image, 31 per cent for quality and 24 per cent for its low prices while 12 per cent of the respondents were influenced by parents to make purchase decisions, 49 per cent by children and 21 per cent and 9 percent of the respondents were influenced by friends and neighbors respectively. They suggested that introduction of new product line and offering gifts would keep the sale constant. Also introduction of hygienic and attractive packaging without increasing the price may attract more consumers.

C. Muthuvelayutham (2012) in his study titled "The Study of Consumer Brand Loyalty on FMCG- Cosmetic Products with Special Reference to Madurai" analyzes the relationship between demographic variables on the brand loyalty of the consumers and tries to identify the consumer's switching factors in respected selected product category. This study is essentially a correlation study. A randomly selected sample of 600 from Tamil Nadu State, South India, particularly Madurai, Tuticorin, Kanyakumari districts were selected to analyze. To indicate the amount of correlation between the variables, Chi-square test was used in this study. Results show that among the variables age, education level and gender have the most significant impact on consumer's brand loyalty.

B.V.N.G. Chandrasekhar (2012) in his study "Consumer Buying Behaviour and Brand Loyalty in Rural Markets: FMCG", aims to study brand loyalty of various brands in rural markets and identify the presence and the importance of local brands. The primary data was collected through a questionnaire. This study was conducted on a sample of 60 respondents in the village's Satanapalli, Tadipattri and Mallapur.

SURESH BHAGWAT (2011) in his e article "FMCG Markets to contribute in Indian rural Economy perspective in global era" This study focuses their efforts on empowering the rural consumer with the latest trends and technology and teaches them ways to improve their standard of living.

GIHAN WIJESUNDERA (2010) in this article "Factors influencing the demand of beauty soap among female consumers in the greater Colombo region" Purpose of this study is to explore how the marketing mix & demographical factors influence the brand preference & purchasing behavior of beauty soap among the female consumers in the greater Colombo region. The results indicated that there were statistical relationships between price, product, education, occupation and band preference and there was no statistical relationship between place, promotion, age, income level, marital status, skin type, social factors, and substitute product with the brand preference.

Thus the research concludes that the price, product, education & occupation are only having a statistical relationship with the brand preference of female consumers in the greater Colombo region.

NUNTASAREE SUKAT (2009) in this article "A model of male consumer behaviour in buying skin care products in Thailand" The study purpose of the research was evaluated in some depth the phenomena of male consumer behaviour in buying skin care products in Thailand. In order to cope with the research purpose, Fishbein and Ajzen's theory of reasoned action model is employed as a theoretical framework and modified by adding the self-image construct. The research objective was find out the "To what extent do beliefs in product attribute, self-image, Normative influences, and attitudes toward applying skin care products, affect Thai male consumers' purchase intention and purchase behaviour in buying skin care products. The researcher was find out the result or confirm that beliefs, self-image, normative influences, and attitudes have impacts on purchase intention and purchase behaviour in buying skin care products among Bangkok male consumers. The modified theory of reasoned action is appropriate to explain male consumer behaviour in the purchase of specific cosmetic product in the Thai setting.

Hence to understand the buying behavior of rural consumers, we must go to the factors that influence their choice, buying behavior and finally the decision making. The factors include: Social Environment, Cultural Environment, Education, Occupation, Media and Involvement of the users. All the above factors influence and trigger the buying behavior of rural consumer and helps in decision making as well.

Objectives of the Study

In this research work, the following specific objectives have been tried to achieve:

1) To study consumer preference in reference to fast moving consumer goods companies in rural India.

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2) To analyze various factors affecting the rural consumer buying behavior towards H.U.L. products.
3) To find out the motives of the purchase and the factors affecting purchase decision based on 4 A's (i.e. Awareness, Affordability, Adoptability and Availability) for the Survival of FMCG Companies in rural India.

ANALYSIS AND FINDINGS

Survey reveals that Weighted mean and standard deviation was used to find that consumer preference towards FMCG products of company like HUL in rural areas of Bhopal district based on 4 A's (i.e. Awareness, Affordability, Adoptability and Availability). The product factors that affect the purchase of consumers like Design, Quality, Packaging, Durability etc. Similarly the factors like Small size products, Low priced sample packets, Price scheme in case of price of any product.

While in case of Promotion**,** consumer prefer some promotional offers like Buy 1 get 1 free, Prize contests etc. are variables under 4 A`s which affect the consumer preference in FMCG in rural areas is showing in the table no 1.2.

The Table No. 1.1 is presenting the profile of respondents.

Table No. 1 .1
PROFILE OF RESPONDENTS

Basis	Category of Respondent	No.	%
Age (Years)	**20-30**	**60**	**30**
	30-40	**70**	**35**
	40-50	**50**	**25**
	50-60	**20**	**10**
	Total	**200**	**100**
	Less than 2000	**25**	**12.5**
Monthly Income	**2000-5000**	**75**	**37.5**
	5000-10,000	**50**	**25**
	Above 10,000	**50**	**25**
	Total	**200**	**100**
Occupation	**BUSINESS**	**100**	**50**
	FARMER	**25**	**12.5**
	PRIVATE SERVICE	**25**	**12.5**
	GOVT. SERVICE	**50**	**25**
	Total	**200**	**100**
Education	**Illiterate**	**50**	**25**
	Below SSC	**25**	**12.5**
	SSC	**50**	**25**
	Graduate/PG	**25**	**12.5**
	Others	**50**	**25**
	Total	**200**	**100**
Expected Monthly Income	**Less than 4500**	**60**	**30**
	4500- 9500	**70**	**35**
	9500- 14500	**50**	**25**
	Above 14500	**20**	**10**
	Total	**200**	**100**

Source: Survey Data(Table No. 1.1)

Table No. 1.2
The Motives of the Purchase for FMCG Products

MOTIVES	Freq.	%		Freq.	%
A. Personal Wash			D. Oral care		
1. Fragrance	40	20	1. Taste	30	15
2. Skincare	30	15	2. Bad Breath	40	20
3. Medicinal	15	7.5	3. Whiteness	30	15
4. Enhance beauty	25	12.	4. Check germs	40	20
5. Brand	30	15	5. Fragrance	20	10
6. Price	20	10	6.Freshness	40	20
7. Packaging	10	5	TOTAL	**200**	**100**
8. Small size	30	15			
TOTAL	**200**	**10**	E. Hair Care		

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			1. Brand	40	20
B. Laundry			2. Price	20	10
1. Fragrance	25	12.	3. Fragrance	40	20
2.Remove strains	75	37.	4. Small size	30	15
3. Cleanliness	50	25	5. Hair care	40	20
4. Skin friendly	50	25	6. Good look	30	15
TOTAL	**20**	**10**	TOTAL	**200**	**100**
C. Skin Care			H.Deodorants		
			1. Brand	75	37.5
1. Brand	30	15	2. Price	25	12.5
2. Price	25	12.	3. Packaging	70	35
3. Packaging	40	20	4. Small size	15	7.5
4 . Small size	30	15	5. Fragrance	15	7.5
5. Fragrance	15	7.5	TOTAL	**200**	**100**
6.Enhance beauty	30	15			
7. Skincare	30	15			
TOTAL	**200**	**10**			

Source: Survey Data (Table no.1.2)

FINDINGS

On the basis of survey analysis the following findings have been observed:

It gauges that the skincare & fragrance have been found as the prime reasons for using bathing soaps (personal wash). However, minor numbers of respondents have mentioned that they use it for medicinal purpose and enhance beauty (table no. 1.2).

It can be traced from table no. 1.2 that the utilitarian aspect of detergent (laundry) i.e., removal strains has been found the most dominating reasons for its purpose. The few respondents bought it for its fragrance value. The consumers buy detergent due to its primary function for cleanliness & few respondents buy it for its fragrance.

Table no. 1.2 highlights that the cleanliness followed by freshness have been as the primary motives for the purpose of toothpaste (oral care). Some of the respondents also purchase its for the purpose of protection of germs and whiteness value.

Table no. 1.2 gauges into the reason for buying hair oil & it is found that the respondents have been buying it for hair care and good looks.

Table no. 1.2 discusses the factors influencing the purchase decision of the respondents consumers buying is influence the most by the product factor due to design, quality, durability but few respondents are not satisfied with the product range , packaging, image and size of the product.

Malls and super markets, Greater mobility, Shop is conveniently located, Product display is attractive, Value for price paid, Cash discount, and pricing policy, the consumers are showing their dissatisfaction.

Appealing shop atmosphere & décor, Shop has the lowest price in the area, Product display is attractive, Well-known shops, Use of transport like autos, camel carts and Haats and Mandis are some factors are good and satisfying to consumers.

CONCLUSION

From the above all data calculation it can be concluded that, there are different factors like Price of the product , variety in size of the product, main sources of the product knowledge, advertisement, which plays an important role in rural buying decision. Moreover that it can be said that majority of the respondents are happy with the selected products of HUL. According to them it can be said that advertisement plays an important role against spurious products available in the market. And they preferred more extra quantity in the same price as favorable promotional scheme. Over all it can be said that products are easily available in the rural areas of Bhopal district of M.P State, and respondents are happy with the pricing policy, quality and variety of size availability.

Also as the Indian rural market has a huge size and demand base and rural market has changed significantly in the past one decade. In today’s scenario, Consumer is the king because

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he has got various choices around him. If you are not able of provide them the desired result he will definitely switch over to the other provider. Therefore to survive in this competitive competition, you need to be the best. Consumer is no more loyal in today's scenario, so you need to be always on your toes. Hence the consumers are Fish Where Fish Are "Reaching villages that offer better potential". In the last I am thankful to the respondents for their responses and the officials of HUL for giving their precious time to make my study achievable.

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