

Evaluation Of Fast-Moving Consumer Goods (FMCG) Advertising Effectiveness In Rural Market

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Abstract:

Advertising is a costly investment that demands significant financial resources as well as substantial effort, imagination, and time. The stakes are significant. When an advertising campaign does not produce the intended outcomes, the mistakes can be quite costly for both the advertiser and the advertising firm. Therefore, it is natural for the marketer to assess the efficacy of advertising. Finding advertising effectiveness assesses the efficiency and triumph of a campaign. To assess the efficacy of advertising, its impact must be separated from that of other promotional and marketing efforts. Indian villagers have consistently shown an inclination towards fast-moving consumer items. Manufacturing enterprises are seizing this opportunity to expand and diversify their businesses due to the saturation of urban demand for commodities. Major FMCG firms, including international organizations, are creating plans to enter the large and growing rural market.

Keywords: Rural Market, Fast moving consumer goods, Advertising effectiveness

Introduction:

(CPGs) Consumer packaged goods, also called as fast moving consumer goods (FMCGs), are products those have a rapid turnover rate and are priced inexpensive. Consumers tend to purchase FMCGs with less deliberation compared to other products. FMCG products typically sell in high volumes, resulting in significant overall profits despite their relatively tiny individual profit margins. FMCGs include a range of consumer goods such glassware, bulbs, batteries, paper products, and plastic items, as well as non-durables such as detergents, soap, cosmetics, teeth cleaning products, and soap. Pharmaceuticals, consumer electronics, packaged food products, and drinks fall under the category of Fast-Moving Consumer Goods (FMCGs), while often being grouped separately.

The Indian FMCG industry has a market value above US\$ 13.1 billion, making it the fourth largest in terms of economic size. Its extensive network of distribution, high competition between unorganized and organized sectors, and minimal operational expenses contribute to its significant multinational corporation (MNC) representation. India possesses a competitive edge because of the abundance of crucial raw materials, reduced labor expenses, and involvement across the complete value chain. The FMCG market is expected to quadruple from US\$ 11.6 billion in 2003 to US\$ 33.4 billion in 2015. Many product categories in India, such as jams, toothpaste, skin care, and hair wash, have low penetration rates and low per capita consumption, suggesting an unexplored market. India's expanding middle class and rural population present an opportunity for manufacturers of branded items to appeal to buyers. Moreover, consumers upgrading within established product categories are expected to boost development. By 2010, it is expected that 200 million people in India will transition to processed and packaged foods, requiring an investment of around US\$28 billion in the food-processing industry (IBEF Report, 2006).

The following paragraphs discuss the various traits of the Indian FMCG industry, some of which are universal while others are specific to India:

High launch costs: Several procedures, including as product creation, market research, test marketing, promotion, and brand building, are part of the launch process. A substantial initial investment in launch expenditures is required, often ranging from 50 to 100 percent of revenues.

Unorganized Markets: About 60% of the Indian FMCG market is unorganized due to reasons such as low brand recognition, low capital investments, and minimal fiscal incentives from the government, which result in low entry barriers.

Distribution System: The FMCG business in India distributes its goods to about one million retail locations, requiring a robust and efficient logistics infrastructure along with a multi-tiered distribution network.

Consumption Capacity: Rural demand is less consistent than urban demand due to the uncertain impact of the monsoon on rural income levels. Businesses targeting rural markets must build the capacity to cater to consumers living below the poverty line in order to increase their customer base.

Building a brand: Leading Indian consumer goods firms dominate the Indian market due to their strong brands. Successful companies allocate significant resources to research and development in order to maintain and enhance their competitive edge.

Rise of Regional Brands: Regional brands are currently fighting with established brands by employing geographically or need-based flanking strategies. Challengers target underserved markets through geographical attacks, in contrast to need-based attacks that cater to unmet demand in the market (Dogra and Ghuman, 2008).

Literature Review:

Easwaran (2006) studied the correlation between rural market demand, rural incomes, and lifestyles. City migration rates are still high despite the rise in wealth, as indicated by the study. Non-agricultural revenues and the proportion of households relying on them are increasing as well. Rural markets have distinct prospects compared to metropolitan markets. Rural employment is crucial for significant growth in order to decrease migration to cities, boost rural consumption, and alleviate demand on metropolitan infrastructure.

Sehrawet and Kundu (2007) conducted a study comparing the purchasing habits of rural and urban consumers to investigate the impact of residential background on buying choices. 1090 persons from Haryana, residing in eight cities and 16 villages, contributed data. Rural and urban consumers have significant differences in their preferences for packaging. Rural consumers believed that improved packaging indicated higher quality products. Rural consumers are less affected by factors such as packaging portability, weight, simplicity, transparency, and consistency compared to metropolitan consumers. Labeling is deemed Rural participants displayed higher levels of environmental awareness and perceived packing as detrimental. Marketers and packaging producers need to comprehend the preferences of rural clients as they transition from loose to packaged items and adjust their strategies accordingly. Packaging was deemed essential by urban participants but was less appreciated by rural participants.

Raj and Selvaraj (2007) observed that the Fast Moving Consumer Goods (FMCG) industry is fundamental to the Indian economy and impacts all facets of life. Fast-moving consumer goods (FMCG) firms recognize the potential of the rural market. The sector is excited by the increasing incomes and improved lifestyles of rural dwellers. The FMCG sector caters to low- and middle-income consumers globally, including in India. Currently, 70% of sales are attributed to middle-class households, with 50% of these households residing in rural India. The sector is stimulated by an increasing rural population with higher incomes who are eager to invest in leisure products. FMCG firms must create innovative tactics to reach rural consumers as urban India is almost saturated and facing intense competition. Rural penetration is minimal. Brands who are able to convince

consumers to purchase their products have a significant advantage. Multi-national corporations and local companies started targeting the unexplored market. The article discusses the reasons of FMCG marketers to target rural areas, the problems they face, the distinctions between rural and urban markets, and the most effective marketing strategies, illustrated with examples of firms' experiences in rural markets. The authors determined that FMCG companies need to extensively enter rural markets in order to reach double-digit growth targets in the future. The victor will possess the resources, including time, finances, and creative concepts, to access rural markets.

Vaish (2006) stated that India's rural marketplaces have evolved into a crucial area that firms must now pay attention to. The product marketed to rural locations may vary, but the sales approach should be tailored accordingly. Marketers are constantly seeking innovative methods to increase their brand visibility. Variances in regions need the use of distinct communication strategies for each region. The author believes that good communication results in a purchase choice, brand recall by the consumer, and the establishment of appropriate brand connections. Approximately 80% of communication among individuals in rural areas occurs in person. The communication package should effectively promote the brand through word-of-mouth to ensure it remains top-of-mind for consumers. Marketers can utilize conventional and unconventional methods to disseminate their message. Communication should prioritize making rural individuals perceive the product category as significant to them.

Sakkithivel (2006) attempted to create a suitable promotion strategy to attract consumers in rural areas and impact their purchasing choices. He concluded that methods should be tailored based on the elements that impact the behavior of rural consumers. The elements encompass price, opinion leaders, easy finance schemes, benefits, and personal bonds. The rural market is known for its diverse complications, which have caused challenges for many seasoned marketers in the past. The enterprises have initiated the process of targeting their "destination consumer in rural areas."

Research Methodology:

This study utilized a descriptive research design. Primary data are crucial for the study, while secondary data are gathered for a literature analysis and to establish a robust theoretical framework. For a successful factor analysis, the sample size should be a minimum of four to five times the number of variables. For the current study, 400 responses to the questionnaire were analyzed. The current study meets the minimum sample size requirements needed to perform factor analysis.

Reliability Analysis

Factor analysis requires scale reliability testing. Cronbach's Alpha tests scale reliability. It is the average of all split-half coefficients from different scale item splits. From 0 to 1, this coefficient is satisfactory. Alpha should exceed 0.6. Results below 0.6 are usually unsatisfactory. We calculated Cronbach's Alpha to test scale reliability in this study. Its value of 0.797 confirms scale reliability. Factor Analysis requires checking data adequacy after scale reliability.

Kaiser- Meyer- Oklin (KMO) Measure of Sampling Adequacy & Bartlett's Test of Sphericity

It assesses factor analysis suitability. High values (0.5–1.0) indicate adequate data for Factor Analysis (Malhotra, 2007). KMO statistic is 0.800, indicating sufficient data for Factor Analysis.

It is used to test the hypothesis that the population correlation matrix is an identity matrix (Malhotra 2007). This test determines the correlation matrix's significance and the statistical probability that at least some variables are correlated (Hair, 2007). Bartlett's Test's Chi-square is 1.188E3 (approx), Df = 78, significant at 0.000. This significant value suggests correlation coefficient Matrix is not an identity matrix. This ensures Factor Analysis data quality.

Table No.1 Varimax Rotated Factor Loading Matrix

Components				
Variables	1	2	3	Communality
VAR00001	.480	.191	-.134	.285
VAR00002	.802	-.039	.068	.649
VAR00003	.532	-.008	.180	.315
VAR00004	.710	.110	.110	.528
VAR00005	.717	.138	.257	.599
VAR00006	.665	.299	.248	.593
VAR00007	.146	.624	.011	.411
VAR00008	-.003	.768	.023	.590
VAR00009	.169	.614	.187	.440
VAR00010	.078	.589	.255	.418
VAR00011	.085	.370	.683	.610
VAR00012	.148	.079	.784	.642
VAR00013	.175	.063	.721	.554
Eigen Values	3.838	1.618	1.180	6.636
Percent of Variation	29.520	12.444	9.079	----
Cumulative Variation	29.520	41.963	51.043	----

Table No.2 Interpretation of Factors

Factors	Loadings	Statements included in the Factor
TRANSFORMATION IN CONSUMER PROFILE (F1):	0.480	After seeing commercials on TV, we now want to try different things (X1)
	.0.802	After seeing TV ads, our buying habits have changed from planned purchases to purchases made on the spot (X2)
	0.532	The TV ads have made people aware of the product and given them confidence in it. This has made opinion leaders less important when it comes to buying toiletries (X3)
	0.710	Because of TV ads, the profile of consumers has changed and is catching up with those in cities (X4)
	0.717	TV ads have changed our idea of quality from products that are useful and don't cost much to maintain to products that are high tech (X5)
	0.665	TV ads have made young people aware of brands and trends (X6).)
EFFECT OF TV ADVERTISING ON ECONOMY (F2)	0.624	Many people spend more now because of TV ads (X7)
	0.768	TV ads have made people more interested in things, which has made corruption in the economy worse (X8)
	0.614	We have become more like the stereotypes shown in TV ads (X9)
	0.589	Advertisements that are close to religious feelings are more real and real (X10)
IMPACT OF TV ADS ON LIFESTYLES OF RURAL MASSES (F3)	0.683	TV ads use both sight and sound to get people to buy things (X11)
	0.784	Characters made for TV ads become as much a part of everyday life as other well-known fictional characters (X12)
	0.721	Most people want to change their lives because of TV ads (X13)

Conclusion

Table No.1 demonstrates that it accounts for 29.520% of the variance. This component consists of six variables. This influence altered purchasing habits in rural areas. Rural consumers who want variety have transitioned from planned purchases to impulsive purchases. Television advertisements have rationalized consumers, diminishing the impact of opinion leaders. Rural consumers now equal metropolitan customers.

Table No. 1 illustrates the impact of TV advertising on the overall economy. Television advertisements have contributed to a rise in spending, perpetuation of stereotypes, and promotion of materialism, ultimately leading to an increase in corruption.

Table No. 1 indicates that television advertising ranks as the third most significant factor, explaining 9.049 percent of the variance in rural respondents' appearance and lifestyle. Rural customers have been encouraged by TV advertising to emulate TV characters and enhance their lifestyles. Factor analysis was utilized to assess the impact of TV toiletry advertisements on purchasing behavior in rural areas. Three variables explained 63.569% of the variance in factor analysis. The Eigen value of 6.757 representing the "Role of TV advertisements" accounts for 45.049% of rural consumer buying behavior. The next two significant determinants are the outlook of rural consumers and the impact of advertising on rural buying behavior. Television advertisements impact the purchasing behavior of rural consumers. They have faith in television advertisements and make purchases of higher quality.

Factor study demonstrates that television advertisements influence the lifestyles of rural consumers. Three factors accounted for 51.043% of the variation. The consumer perception in rural areas has been most significantly influenced by the transformation in consumer profile, which has an Eigen value of 3.838 and accounts for 29.520% of the variance. The next two most significant factors are the impact of advertising on the economy and on lifestyles. Rural shoppers demonstrate a preference for diversity and make impulsive purchases.

Respondents in rural areas were observed to purchase toiletries after being exposed to television advertisements, as part of a study on the impact of television advertising on rural consumers. Rural customers changed brands of bathing soap, washing soap, and shampoo after television advertising, while they remained loyal to their earlier choices of talcum powder, toothpaste, cream, blue, and hair oil. Television commercials were the preferred source for customers to select a toiletry brand, whilst billboards and recommendations from friends were the least favored. Television was believed to educate rural consumers about toiletry components and appropriateness. Factor analysis was employed to assess the impact of television advertisements on purchasing behavior in rural areas. The importance of television advertising, rural consumer outlook, and television effect was ranked. Factor study identified three elements that demonstrate how television advertising influences rural consumers. Consumer profile evolution, economic influence, and lifestyle consequences

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