

A Study on Market Penetration of FMCG in Rural Markets in Prayagraj District

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Abstract: In the present competitive environment where the customer possess tremendous alternatives for selecting brands among consumer goods, it is a challenging task for a marketer to attract and retain customers. The marketer of FMCG products, uses market penetration strategy to position their product brands in the mind of the customer. With the emergence of multinational companies and wave of economic reforms in 1990's both the national and international companies focused to tap the potential market Rural market. The government initiatives towards rural development led to the attraction of corporate house in India and around the world as the major lucrative market. Big FMCG companies and regional companies compete with one another to garner a lion's share in the rural market. Various social and economic factors influence the rural consumers to go for FMCG. The present study focuses on the market penetration of FMCG in rural market in Prayagraj District of Uttar Pradesh. The objective of the present study is to explore the factors influencing the rural customer preference towards FMCG and to analyze the impact of loaded factors on the satisfaction of rural consumers towards FMCG. Primary data was collected from 175 respondents in rural areas of Prayagraj district. 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

I. Prologue

The economic reforms in 1990's led to the massive transformation in the Indian economy. The economic reforms led to the emergence of private sector companies and multinational companies in various sectors of the economy. The aspect of large population with growing income led to the intrusion of multinational companies specially in consumer goods sector. With the passage of times the government policies towards rural development attracted the Multinational companies in FMCG sector towards rural areas. 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 products.

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.

II. Review of Literature

Dattatray P. More (2015) in his survey based research paper attempted to study the basic characteristics of consumer behaviour in rural market. The author opined that Consumers from rural market are distinctly different from urban counterparts in many aspects such as availability of information sources, factors influencing purchase decision, attitude towards products, and their value expectations. The author analysed the attitude and perception which are considered as most important factors affecting consumer purchase decision in rural market.

Saranya (2016) in their survey based research paper attempted to analyse the level of awareness about the FMCG products, and to comprehend the overall satisfaction level of respondents using FMCG and their attitude towards buying products.

Sreedevi (2016) in their study deliberated on the opportunities, challenges and strategies of rural marketing. The author analysed the effectiveness of current marketing strategies adopted by the marketers towards FMCG.

Singh A.P and Mukesh Kumar Sahu (2016) This paper will provide detailed information about the growth of FMCG industry in rural market of India and examining the challenges, opportunities for the FMCG's in rural market with growing awareness and brand consciousness among people across different socio-economic classes in rural area of India and how the rural markets are witnessing significant growth in their study have evaluated the opportunities available for MNC's (FMCG) products in rural market.

Mahaboob Basha A.M (2016) 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.

Kaushal (2016) studied about the potential of rural market and reasons for shifting markets from urban to rural areas. Having large population in rural area, 53% of FMCG products and 59% consumer durables are sold in rural markets. Due to increase in literacy and income level, the demand of these products also increased. Distribution cost and non-availability of retail outlet are the major challenges faced by the marketers.

Sharanya (2017) 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.

Objectives of the Study

1. To analyse the market penetration of Personal Care Products of FMCG companies in rural areas of Prayagraj District in Uttar Pradesh
2. To analyse the factors influencing the consumer preference towards the purchase of Personal Care Products of FMCG companies
3. To analyse the factors influencing the level of satisfaction towards the usage of Personal Care Products of FMCG companies

Hypotheses

1. 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.

Scope of the Study

The present study covers villages located around Prayagraj district of Uttar Pradesh. 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.

III. 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 rural areas around Prayagraj district 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.

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 families, 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 (33.7%) buy from the nearby retail shops and a great majority (73.1%) of the respondents get information about FMCG products from T.V. advertisements.

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.

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.

Market Penetration of FMCG and Regional Products

Bathing Soap: The collected primary data indicates that the market penetration of bathing soap in sample area is 91% is dominated by FMCG products and 9% is penetrated by regional products.

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.

Hair Oil Out of 175 respondents, 122 buy Hair oil of FMCG products and their order of priority is Parachute, Amla red Dabur, Vatika and so on. 30 respondents buy regional products such as Tropicana Herbal, Arul Sivam organic, 13 respondents buy coconut oil from the oil stores and 5 respondents are not using any hair oil at all. Primary data reveals that 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.

Tooth Paste: Out of 175 respondents, 151 buy Tooth paste of FMCG product and their order of priority is Colgate, Close-up, 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.

Talcum Powder : It is clear 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.

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 shceduled. 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.

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. Barlettis 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									
Comp onent	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumul ative %	Total	% of variance	Cumul ative %	Total	% of variance	Cumul ative %
1	3.989	15.959	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	23.488	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	5.584	28.943
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	59.2478	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		6.618	29.6916
	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		5.307	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	t-value	Sig-p value	Collinearity Statistics	
					Beta	Tolerance VIF
1	(Constant)		124.63	0.000		
2	Product	0.572	9.149	0.000	1.000	1.000
3	Price	0.007	0.114	0.910.1	1.000	1.000
4	Packaging	-0.139	-0.616	0.539	1.000	1.000
5	Product Benefits	0.009	0.138	0.891	1.000	1.000
6	Promotional schemes	0.140	2.2333	0.027	1.000	1.000
7	Other's Influences	0.039	-0.622	0.535	1.000	1.000
8	Replacement	0.001	0.018	0.986	1.000	1.000
9	Advertisements	0.066	1.049	0.296	1.000	1.000
10	Variety seeking	0.035	0.544	0.580	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 .	0.572	0.949	Supported
2	Price will have no significant impact on the level of satisfaction of the respondents	0.007	0.114	Not supported
3	Packaging will have no significant impact on the level of satisfaction of the respondents -	0.039	-0.616	Supported
4	Product Benefits will have no significant impact on the level of satisfaction of the respondents	0.009	0.138	Not supported
5	Promotional Schemes will have no significant impact on the level of satisfaction of the respondents	0.140	2.233	Supported
6	Other's Influence will have no significant impact on the level of satisfaction of the respondents	-0.039	-0.622	Supported
7	Replacement will have no significant impact on the level of satisfaction of the respondents	0.001	0.018	Not supported
8	Advertisements will have no significant impact on the level of satisfaction of the respondents	0.066	1.0479	Supported
9	Variety seeking will have no significant impact on the level of satisfaction of the respondents	0.035	0.554	Not supported

IV. 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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