

Impact of Advertising on Buying Decision of Consumers towards FMCG products in the Rural Market

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ABSTRACT: The identity of India is represented by its rural masses as it represents the heartland of true culture and possesses more than 70 percent of total population. Rural markets have become integral part of global market and are growing at above two times faster pace than urban markets. Despite rising urbanization, still 63 percent Indian population will continue to live in the rural areas in 2025 as reported by Mckinsey. Due to this rural market becomes a goldmine and provides unique opportunities to the marketers to expand their market and make their margin by creating awareness among rural customers about their products and influence their buying decision. Advertising is playing a vital role in creating the awareness and influences customer buying behavior towards FMCG. The paper investigates about the influence of advertisement on the consumer's buying behavior towards FMCG products in the rural areas of Bhopal. The sample of 300 respondents has been taken and data has been analyzed by using different statistical techniques to achieve the objective.

Key Words: Advertising, rural market, FMCG, Consumer buying behavior

INTRODUCTION

Rural markets have become integral part of global market and are growing at above 2 times faster pace than urban markets. Despite rising urbanization, still 63 percent Indian population will continue to live in the rural areas in 2025 (Mckinsey 2007). The Cut throat competition in urban areas along with the increased purchasing power has compelled many FMCG companies to look for new, unexploited rural markets. The Fast Moving consumer goods (FMCG) are also known as non-durable goods, a tangible item that is quickly consumed, worn out or outdated and consumed in single use or few uses. (Majumdar, 1998).

The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian economy and has touched every aspect of human life. The FMCG producers have realized that there is ample opportunity for them to enter into the rural market. Today rural market is witnessed a shift towards branded FMCG products as a result of socio-economic & political changes in the recent times. The socio-economic and political changes have influenced the rural behavior to a great extent. They have not only influenced in the buying behavior but also in the lifestyle of moving towards branded FMCG products. Due to this, rural market has become more feasible and even compared to urban market. The vast untapped potential of the rural markets is growing at a rapid pace and the policies of the government like Digital India, Make in India, subsidies, loan waivers, minimum support prices (MSP), and employment schemes (MGREGS) largely favor rural development programmes and hence increase the purchasing power of rural

masses. The Indian government has also lowered the entry barriers for many companies, as a result of this it is becoming an important for all FMCG companies including multinational ones, as well as consumer durables business and services companies to develop the effective rural market development strategies to capture and expand the market in the rural areas.

Advertisement is an imperative in Modern business world, the strategy to keep the company profitable and to make

maximum customers; the advertisement plays an important role (Fahy and Jobber, 2002). It has been argued that for the fast moving consumer goods (FMCG) advertisement plays an important role; it helps to develop the brand and positive consumer perception. Advertisements have replaced salesmanship and entered in the houses of people without knocking and opening the doors. It enters through electromagnetic waves and comes on the screen of their computers, laptops or mobile and hence influences the consumer behaviour.

LITERATURE REVIEW

MacKenzie and Lutz (1989) identified advertising as a credibility that helps consumers to generate general perception towards the truthfulness, reliability, trustworthiness and believability of an advertisement. Among all the major marketing weapons, advertising is renowned for its long lasting impact on viewer's mind, as its exposure is much broader (Katke, 2007). According to Solomon (2004) if the consumer like the advertisement and he express his feelings it means that he is communicate and deliver his needs and wants to the marketer. Culture influences the user behavior because

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every person has owned trends and different values Hofstede (1997). Russell and Lane (1996) say that many organizations understand the advertisement is like magic because it changes the consumer behavior about the product in the market. According to the Morden (1991) advertising gives the knowledge about the product and create the idea in mind about it. Advertising is a subset of promotion mix. As a promotional strategy, advertising serve as a major tool in creating product awareness in the mind of a potential consumer to take eventual purchase decision. Advertising through all mediums influence audiences, but television is one of the strongest medium of advertising and due to its mass reach; it can influence not only the individual’s attitude, behavior, life style, exposure and in the long run, even the culture of the country (Latif and Abideen, 2011).

Now a day, online advertising is widely used by companies and advertisers to promote their products and services (Kaye and Medoff, 2001). Arens and Schaefer (2007) emphasized on understanding consumers profile, behavior, and attitude as they are the key in developing an effective advertising strategy. Since different consumers exhibit different attitudes toward advertising, it is important to form theoretical frameworks or models to standardize the measurement of these attitudes (Edell and Burke, 1987).

METHODOLOGY

The study presented in the present study is descriptive and analytical in nature contains both primary as well as secondary data. The primary data has been collected through Standard Questionnaire distributed among 300 customers of FMCG products residing in rural areas of Bhopal district of Madhya

Pradesh by using random sampling technique. Secondary data has been collected from published papers, journals and books etc. Data analysis was made by using simple percentage method and the hypothesis was tested with the help Chi-Square test.

OBJECTIVE OF THE STUDY

- To study the influence of celebrate endorsement in an advertisement on the purchasing frequency of rural consumers towards FMCG products.
- To study the influence of advertisement on the asses of consumer awareness towards FMCG products
- To study the impact of advertisement on the purchasing frequency of FMCG products in the rural market.

Hypothesis:

- ✚ H₀₁: There is no significant influence of celebrate endorsement in an advertisement on the purchasing frequency of rural consumers towards FMCG products
- ✚ H₀₂: There is no significant influence of advertisement on the awareness of rural consumers towards FMCG products
- ✚ H₀₃: There is no significant impact of advertisement on the purchasing frequency of rural consumers towards FMCG products

DATA ANALYSIS AND INTERPRETATION

The primary data have been collected through questionnaire from the rural customers of FMCG products in Bhopal district and their analysis is given below:

Table 1 Demographic Analysis of Rural Consumers

Variables		Freq.(300)	Percentage
Gender	Male	197	65.7
	Female	103	34.3
Marital Status	Single	83	27.7
	Married	217	72.3
Education	Illiterate	22	7.33
	below 10th	108	36
	10 + 2	89	29.7
	Graduation	60	20
	Above Graduation	21	7
Age	Below 20	19	6.3
	21- 30	97	32.3
	31 - 40	102	34
	41 – 50	75	25
	Above 50	7	2.3
Income	Up to Rs. 50,000	37	12.3

Rs. 50001 – Rs. 100000	83	27.7
Rs. 100001 – Rs. 150000	93	31
Rs. 150001 – Rs. 200000	59	19.7
Above Rs. 2 Lac.	28	9.3

Interpretation: The above frequency table 1 shows frequency distribution of the demographic profile of the respondents. It is revealed that Out of total 300 respondents, majority of the respondents were male (n = 197, 65.67 percent) with only (n = 103, 34.33 %) of the female respondent. Of the total sample, almost (n= 217, 72.33 %) were married and (n= 83, 27.67 %) were belong to unmarried category. As regards educational qualification it is observed that (n= 22, 7.33%) were illiterate, (n= 108, 36%) respondents had below 10th education; (n= 89, 29.67 %) had secondary education; (n= 60, 20 %) were graduates and (n= 21, 7 %) of them were above graduate.

It is depicted from the table 1, that the age group ranging from below 20 to above 50 years were considered for the study. Among these, the respondents belonging to age group of below 20 years were (n= 19, 6.3%); the middle age respondents who represent almost 64 percent of the sample covers the age group 21-30 years and 31-40 years and were (n=97, 32.3 % & n= 102, 34 %) respectively and those with age group between 41-50 and above 50 years represent (n= 75, 25 % and n= 7, 2.3 %) respectively.

While distributing respondents on the basis of yearly income of the family, the slab has been divided into six categories. The respondents having income slab of Up to Rs. 50,000 were (n = 37, 12.3 %); Rs. 50001 – Rs. 100000 were (n= 83, 27.7%); Rs. 100001 – Rs. 150000 were (n= 93, 31%); Rs. 150001 – Rs. 200000 were (n = 59, 19.7%) and Above Rs. 2 Lac were (n= 28, 9.3 %)

Table 1.1: Advertising aware about the FMCG products and affect the purchasing decision

Type of Response	Freq. (300)	Percentage
Strongly Agree	114	38.1
Agree	151	50.3
Neither Agree Nor Disagree	22	7.3
Disagree	13	4.3

Interpretation: it is clear from the table 1.1, that (n= 114, 38.1% and n= 151, 50.3%) respondents strongly agree and agree respectively with the statement and thereby majority of the respondents n= 265, 88.4% said that advertising influences the buying decision while (n= 22, 7.3%) respondents give neutral response and they consider other factors like pricing,

packaging etc as an influencing factors apart from advertisement. The remaining respondents (n= 13, 4.3%) disagree with the statement and they feel that the advertising has not any impact on the purchasing decision as they mostly are illiterate and could not perceive the benefits of the FMCG products.

Table 1.2: Presence of celebrities in the advertisements influences you to buy a product

Type of Response	Freq. (300)	Percentage
Strongly Agree	89	29.67
Agree	128	42.67
Neutral	45	15
Strongly Disagree	15	5
Disagree	23	7.667

Interpretation: During the survey given in table 1.2, it was found that (n= 89, 29.67% and n= 128, 42.67%) strongly agree and agree respectively with the statement and thereby majority of the respondents (n= 217, 62.34%) said that they are influenced by the celebrity endorsement in an advertisement. It is because majority of the rural population considers celebrities as their role models and they try to copy their life styles. They believe and have a perception that the product endorsed by the celebrity must be used in the same way. While (n= 45, 15%) respondents give neutral response and they apart from celebrative endorsement feels that other factors like promotional schemes, discount etc as an influencing factor for this buying decision. The remaining respondents (n= 15, 5% and n= 23, 7.67%) strongly disagree and disagree respectively with the statement and thereby (n= 38, 12.6%) feels that presence of any celebrity in the advertisement have no influence on their purchasing decision.

Table 1.3: In-store advertising affects your purchase decision

Type of Response	Freq. (300)	Percentage
Strongly Agree	36	11.7
Agree	131	43.8
Neither Agree Nor Disagree	48	16.1
Strongly Disagree	34	11.4
Disagree	51	17

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Interpretation: During the interview of the rural consumers, it was found from the table 1.3 that (n= 36, 11.7% and n= 131, 43.8%) strongly agree and agree respectively with the statement and thereby majority of the respondents (n= 167, 55.5%) said that they are influenced by the in store advertising for purchasing. While (n= 48, 16.1%) respondents give neutral response and they apart from in store advertising feels that other factors like Television Advertising, Retailers advice or even family advice, pricing, discount etc as an influencing factor for their buying decision. The remaining respondents (n= 34, 11.4% and n= 51, 17.0) strongly disagree and disagree respectively with the statement and thereby (n= 85, 28.4%) feels that in store have no influence on their purchasing decision. They hardly consider the in-store or shelf display advertising at the time of purchase.

Table 1.4: which promotional scheme of Advertising on FMCG Products effects the buying behaviour of rural consumers

Type of Response	Freq. (300)	Percentage
Buy 2 Get 1 Offer	124	41.33333333
Money back offer	54	18
Prizes inside the Product	71	23.66666667
Scratch the Coupon	42	14
Lucky Draw	9	3

Interpretation: The above frequency table 1.4 shows frequency distribution responses about the statement that highlights the most influencing promotional scheme of advertising that influences the buying decision towards FMCG products. It has been observed during interviewing the rural consumers that majority of the respondents (n= 124, 41.3%) feels that buy 2 get 1 free offer acts as an influencing factors for purchasing FMCG products. The remaining respondents (n= 54, 18%; n= 71, 23.7%; n= 42, 14% and n= 9, 3%) get influenced by money back offer, prizes inside the coupon, scratch the coupon and lucky draw offers respectively at the time of purchasing.

Table 1.5: Most influencing Factor to Buy a FMCG Product in the rural market

Type of Response	Freq.(300)	Percentage (%)
Attractive packaging	35	11.66666667
Advertising	107	35.66666667

Word of Mouth	85	28.33333333
Dealers	70	23.33333333
Others	3	1

Interpretation: It is clear from the above table 1.5 that the majority (n= 107, 35.7%) of the respondents consider advertising as an influential factor to buy FMCG product followed by (n= 85, 28.3%) word of mouth; (n= 70, 23.3%) dealers and (n= 35, 11.67%) attractive packaging. Very few respondents (n= 3, 1%) consider other means as an influential factor towards buying of FMCG products.

Table 1.6: Most effective Source of information that awares the rural consumer about the FMCG products

Source of Information	Freq.(300)	Percentage (%)
Friends	45	15
Advertising	149	49.7
Family	21	7
Retailers	63	21
News Papers	22	7.3

Interpretation: it is revealed from the responses of the rural respondents in the table 1.6 that out of 300 respondents majority (n= 149, 49.7%) said that advertising creates an awareness about the FMCG products and hence acts as an important tool for purchasing about FMCG products followed by (n= 63, 21%) Retailers; (n= 45, 15%) Friends and (n= 21, 7%) Family. The remaining (n= 22, 7.3%) considers News paper as a means of awareness towards FMCG products.

Table 1.7: Most Effective Means of Advertisement

Type of Response	Freq. (300)	Percentage
Print Media	64	21.2
TV / Radio	143	47.7
Melas / Fairs	68	22.8
Wall Paintings / Billboards	20	6.7
Others	5	1.7

Interpretation: When respondents were interviewed, shown in above table 1.7 about the effective means of advertising tools about the FMCG products, majority of the respondents (n= 143, 47.7%) said they are strongly influenced by television and Radio advertisements. It is because that people of rural area are getting more and more affected by urban culture and thereby TV/Radio acts as an important tool for advertising in the rural area followed by (n= 68, 22.8%) respondents prefer

the purchasing from Melas/ Fairs. It is due to the fact that Melas/ Fairs are considered as an important tool of advertising by the marketer’s because majority of the rural people still follow the traditional culture and they prefer their purchasing from Melas/ Fairs. While (n= 64, 21.2%) respondents said they are influenced by Print media advertisements as most of the rural market belonging to old age group still consider news papers and other print media as an important tool for influencing towards purchasing. The other (n= 20, 6.7%) respondents feels that wall painting and billboard advertising affects the purchasing behavior towards FMCG products. The remaining (n= 5, 1.7%) respondents consider other factors like internet etc as an effective means of advertising other than above factors as the internet applicability in rural areas are still at infancy.

Table 1.8: The frequency of Purchasing towards FMCG products

Type of Response	Frequency	Percent
Once in a Week	15	5
Twice in a month	140	46.5
Once in a month	137	45.9
Once in two month	8	2.6

Interpretation: The above frequency table 1.8 shows frequency distribution responses about the statement purchasing frequency of FMCG products and it has been observed during interviewing the rural consumers that majority of the respondents (n= 140, 46.5% and n= 137, 45.9%) have a purchasing frequency of FMCG products twice and once in a month respectively. While minimum number of respondents (n= 15, 5% and n= 8, 2.6%) have purchasing frequency of once in a week and once in two months respectively.

Hypothesis Testing:

The hypothesis was tested by using Chi- Square test as given below:

Hypothesis H₀₁: There is no significant influence of celebrate endorsement in an advertisement on the purchasing frequency of rural consumers towards FMCG products

Table 1.9: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	561.315 ^a	16	.000
Likelihood Ratio	593.434	16	.000
Linear-by-Linear Association	180.735	1	.000
N of Valid Cases	300		

a. 9 cells (36.0%) have expected count less than 5. The minimum expected count is .90.

Interpretation: It is clear from the above Chi-square test table- 1.9, that the value of Pearson Chi-Square is 561.315 at 16 degrees of freedom and the P- value of test is (0.000) which is less than the critical value 0.05, hence null hypothesis is rejected and has been concluded that there is a significant influence of celebrate endorsement in an advertisement on the frequency of buying by rural consumers towards FMCG products. Although there are less number of television in the rural areas of Bhopal, but they are highly influenced by advertisement that contains popular celebrity like Amitab Bacchan, Sachin Tedulkar, Aamir Khan, Kareena Kapoor etc.

Hypothesis H₀₂: There is no significant influence of advertisement on the awareness of rural consumers towards FMCG products

Table 1.10: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	550.909 ^a	16	.000
Likelihood Ratio	472.216	16	.000
Linear-by-Linear Association	225.661	1	.000
N of Valid Cases	300		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .56.

Interpretation: It is clear from the above Chi-square test table- 1.10, that the value of Pearson Chi-Square is 550.909 at 16 degrees of freedom and the P- value of test is (0.000) which is less than the critical value 0.05, hence null hypothesis is rejected and has been concluded that there is a significant influence of advertising on the awareness towards FMCG products in the rural market.

Hypothesis H₀₃: There is no significant impact of advertisement on the purchasing frequency of rural consumers towards FMCG products

Table 1.11: Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	90.081 ^a	16	.000
Likelihood Ratio	84.012	16	.000
Linear-by-Linear Association	17.772	1	.000
N of Valid Cases	300		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .14.

Interpretation: It is clear from the above Chi-square test table- 1.11, that the value of Pearson Chi-Square is 90.081 at 12 degrees of freedom and the P- value of test is (0.000) which is less than the critical value 0.05, hence null hypothesis is rejected and has been concluded that there is significant influence of advertising on the purchasing frequency of FMCG products. Hence it is evident from the above table that advertising plays a vital role among the respondents from the rural areas of Bhopal towards their purchasing frequency of FMCG products.

CONCLUSION

FMCG products have entered in every part of life and play a vital role in the life style of rural masses. The changing life style and living standards have increased the use of FMCG products among rural customer. In order to capturing the rural market effectively, FMCG need to focus on their advertising strategy. Advertising decision is a very critical decision because it may effect and reflect the whole marketing strategy. It not only aware the rural consumers about the policies and schemes of FMCG products but also influences the purchasing behavior towards FMCG products. It was found that advertisement and consumer behaviour are positively related and thereby advertising acts as an influential factor for rural masses towards FMCG products. It found from the study that advertising through Television has a significant impact on the purchasing behavior of rural consumers among all other factors like print media. The presence of celebrate endorsement in an advertising attracts the rural consumers drastically and effects their purchasing behavior. Therefore marketers need to promote their products by associating themselves with India through the celebrate like Sachin Tendulkar, Amitab Bacchan, Sharukh Khan etc. In short, it is concluded that advertising is very crucial to influence the mindset of rural consumers towards the purchasing of FMCG products.

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