

## A STUDY ON SPENDING OF RURAL CONSUMERS TOWARDS FAST MOVING CONSUMER GOODS IN PALAKKAD DISTRICT, KERALA

K.Lakshmanan

Guest Faculty in Commerce, College of Applied Science, Kuzhalmannam, Palakkad Dist, Kerala

### Abstract

*Fast Moving Consumer Goods has become an integral part of the lives of consumers. Consumers are literally confronted with hundreds of brands on a daily basis and are, therefore, spoilt for choice. Products under FMCG category includes all consumables that consumers buy frequently at regular intervals. Generally, these products are meant for daily use of frequent consumption and facilitate to satisfy the different needs of consumers. Fast moving consumer goods refers to those retail goods that are generally replaced or fully used up over a short period of time, that is a day, week, month or within a year. The FMCG sector would persist to do well not only because it is suspicious and well entrenched one, but also because it longs directly on to the fundamental economic growth potential of a nation. The research study took place in Palakkad district of Kerala. A questionnaire is designed in order to find out the, Spending of Rural Consumers towards Fast Moving Consumer Goods. The collected data are tabulated properly and analyzed with percentage analysis, and Simple Linear Regression Analysis. The result from this illustrates that family monthly income is an important determining factor for buying of FMCGs.*

**Key words:** Rural Consumers, FMCG

### Introduction

Across the world this case is true, Fast Moving Consumer Goods (FMCG) represent a hefty part of consumer's budget. Products under FMCG category includes all consumables that consumers buy frequently at regular intervals. Generally, these products are meant for daily use of frequent consumption and facilitate to satisfy the different needs of consumers. Fast moving consumer goods refers to those retail goods that are generally replaced or fully used up over a short period of time, that is a day, week, month or within a year. This sector has seen the appearance of new product categories and products that seek to accomplish the escalating aspiration of a new generation of Indians, who are turning out to be very demanding consumers. Personal care products fulfill the primary needs of consumers and are typically small-ticket objects that are essential for most households.

The FMCG sector would persist to do well not only because it is suspicious and well entrenched one, but also because it longs directly on to the fundamental economic growth potential of a nation. For long period this sector was dominated by HUL, Cadbury India, Colgate Palmolive, Nestle and large domestic groups like Tata, Godrej. Over the years several new regional players have emerged, who despite their small size have successfully carved a niche for themselves in the competitive FMCG market. This sector offers soaps, shampoo and conditioner, instant hand sanitizer, after shave, shaving cream, mouth care

products, hair care products, baby care products, home cosmetic products and more on personal care product series for the use of consumers. Fast Moving Consumer Goods (FMCG) is considerably a large sector in the Indian economy. FMCG also known as Consumer Packaged Goods (CPG), are products that are sold quickly at relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. In India the FMCG sector has to open their eyes on eco-friendliness.

### Review of Literature

**Jeevananda (2011)** the study focused FMCG branding from two different perspectives, that is on the part of the consumers and the other from the side of the store managers. According to the store managers the brand value of the FMCG products are not determined by the packaging, promotion and pricing of the products. But they believe that consumer buy FMCG product based on their quality. They believe that the customers are satisfied with quality of the branded products and so the purchase of FMCG products will increase if they are of good quality. The consumer's perception of branded FMCG products states that the promotion of these products increases the price of the product. Also from the study on the impact of different variables on the brand, it was found that the impact of the quality of the products to be more prominent when compared to other variables. Study concluded that the store managers and the consumers perception do not converge on the fact that branding has to be improved to increase the sales of FMCG goods. Finally, the study reveals that the consumers and store managers believe that consumer purchase depend on branding and the quality of the products.

**Neetu Sharma (2013)** has studied the Consumers Brand Preference towards FMCG (Dental Care) Products with Special Reference to Organized Retail Stores in Erode. The result of the study is that all the customers around Erode city were satisfied with the FMCG products irrespective of brands. And also they need some improvement in the customer service. Next the Satisfaction level of customers towards the company products revealed the customer needs and the quality of the product they require. Study found that Majority of the customers give more preference towards the quality of the product followed by the price, design, sales and service etc.

### Statement of the Problem

Consumer behaviour is the process of decision making and acquiring, evaluating, using and disposing of goods and services. Individual customers make decisions to spend their time, money and effort on consumption related with a particular goods or service. Consumer behaviour considers the fact regarding what to buy, when to buy, where to buy, how often buy and how often to use it. Consumer behaviour for income spending also subject to feature of the product, price, quality, quantity, advertisement, place of

availability, life of the product and so on to ensure strong competitive advantage. Consumer behaviour towards the FMCG products has received considerable attention from the competitors in the market place. Hence the present study is focused A Study on Spending of Rural Consumers towards Fast Moving Consumer Goods in Palakkad District, Kerala

#### Objective of the Study

To examine the Spending behaviour of Rural Consumers towards Fast Moving Consumer Goods.

#### Methodology of the Study

The present study is based on primary data, which collected through questionnaire method. Questionnaires were prepared for the purpose of collection of primary data from the respondents. It is prepared in simple and understandable way, so as to the respondents to express their views and opinion freely and frankly.

#### Area of the Study

It is confined only rural area of Palakkad district in Kerala.

#### Sampling Design

The sample size of 120 respondents was chosen and adopted convenient random sampling method for the study.

#### Limitation

The study is micro level, as it covers only in Palakkad district and also it is limited with 120 respondents.

#### Results and Discussion

The collected data from respondents were systematically analysed and presented. Out of total respondents taken for the study 57 percent respondents are males and 43 percent respondents are females. Out of these 55 percent respondents are married and 45 percent of respondents are unmarried.

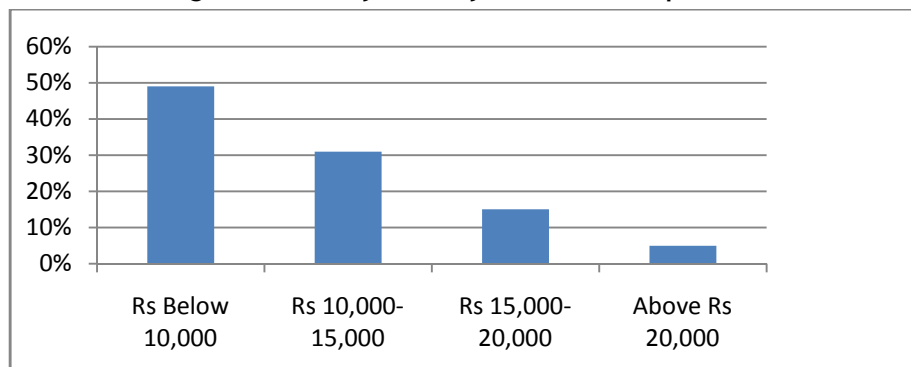
Table 1: Occupational Status of Respondents

S. No	Occupations	Number of Respondents	Percentage of Respondents
a	Salaried	34	28
b	Business	26	22
c	Professionals	8	7
d	Student	22	18
e	Others	30	25
	Total	120	100

Source: Primary Data

Occupational status of respondents is depicted the Table- 1.it is observed from the table that, Out of total respondents taken for the study 28 percent respondents are salaried, 22 percent respondents are doing business, 7 percent respondents are professionals, 18 percent respondents are students and 25 percent respondents are other (Daily wage workers, Home maker) workers.

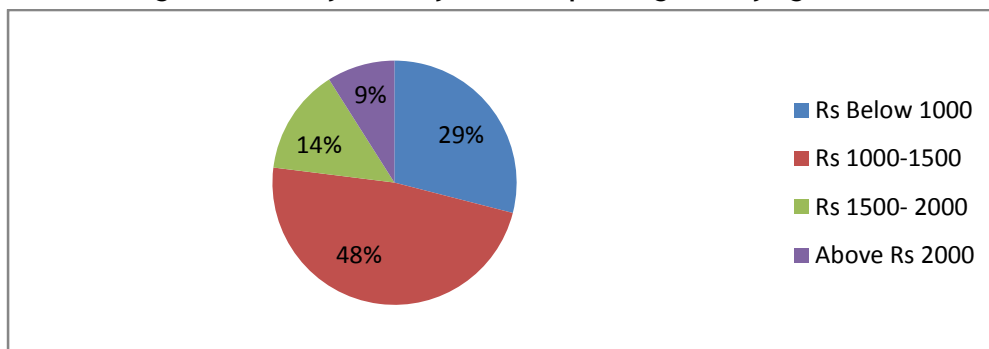
**Diagram 1: Family Monthly Income of Respondents**



**Source:** Primary Data

Family monthly income of respondents is presented the Diagram- 1. Diagram reveals that out of total respondents taken for the study 49 percent respondents are come under the category of below Rs 10,000, 31 percent respondents are come under the category of between Rs 10,000 - 15,000, 15 percent respondents are come under the category of between Rs15,000 - 20,000 and 5 percent respondents are come under the category of Rs20,000 and above.

**Diagram 2: Family Monthly Income Spending for Buying FMCGS**



**Source:** Primary Data

Family monthly income spending for buying FMCGs is described the Diagram- 2. Diagram shows that out of total respondents taken for the study 29 percent respondents are spending only below Rs 1000 for buying FMCGS, 48 percent respondents are spending Rs between 1000 - 1500 for buying FMCGS, 14 percent respondents are spending Rs between

Rs1500 - 2000 for buying FMCGS and 9 percent respondents are spending Rs 2000 and above for buying FMCGS.

**Diagram 3: Mode of Payments and Purchasing FMCGS**



Diagram- 3 explains Mode of Payments and Purchasing FMCGS. Diagram shows that out of total respondents taken for the study 5 percent respondents are preferring online Purchasing, 61 percent respondents are preferring Retail store purchasing, 9 percent respondents are preferring departmental store Purchasing and 25 percent respondents are preferring wholesale shop purchasing. Further observed from the diagram that 79 percent respondents mode of payments is Cash and remaining 21 percent respondents mode of payments is E payments.

**Table 2: Regression Result of Income Spending for Buying FMCGS and Family Monthly Income**

ANOVA						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.235	1	73.235	381.840	.000
	Residual	22.632	118	.192		
	Total	95.867	119			

Predictors: (Constant), Family Monthly Income, Dependent variable Income Spending for FMCGS

Model	R <sup>2</sup>	Adj R <sup>2</sup>
1	0.764	0.762

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.481	.089		5.412	.000
	Family income	.883	.045	.874	19.541	.000

Dependent Variable: Income Spending for FMCGS

#### Null Hypothesis

There is no significant relationship between Income Spending for Buying FMCGS and Family Monthly Income

#### Alternative Hypothesis

There is significant relationship between Income Spending for Buying FMCGS and Family Monthly Income

Regression Result of Income Spending for Buying FMCGS and Family Monthly Income is reported the Table 2. Regression result reveals that income spending for buying FMCGS is predicted to increase 0.87 when the family monthly income goes up by one and it is also statistically significant at one percent level. On the other hand  $R^2$  and Adj  $R^2$  value is implying that 76% a good fit model. Study concluded that family monthly income is an important contributing factor for buying FMCGS.

#### Major Findings of the Study

1. The study found that majority (61%) of respondents are Buying FMCGS from Retail store.
2. The study reveals that less (6 %) of respondents are buying FMCGS from online market.
3. The study observed that 79 percent respondents mode of payments is Cash and remaining 21 percent respondents mode of payments is E payments while purchasing FMCGS.
4. Study found that family monthly income is an important contributing factor for buying FMCGS.

#### Recommendations

1. Price is main factor for purchasing products. Reasonable price of product helps to attract more customers and increase margin sales.
2. Majority of respondents have purchased FMCGS from retail and wholesale shop. This is important information for manufacture that they can increase distribution channel to distribute product.

### Conclusion

FMCG sector is growing in an increased manner. This sector aims to maintain top priority in the purchase budget of consumer by providing quality product at reasonable price. Consumer behaviour is largely affected by product specific factors like place, price, product and promotion. In addition to that personal factors like psychology factors and people influences also having impact on the consumer behaviour. The consumers are satisfied with product specific factors like package, range, quality, price, flavour and so on. Consumers expect low and constant price, satisfied customer service, freebies offer, high quality, and comfort in use, long-life and freshness from product. It clears from the study that family monthly income is an important factor for buying FMCGS.

### References

1. Jeevananda, "Study on Brand Perception of FMCG" International Journal of Research in Commerce & Management, Volume no. 2 ,October 2011, Issue no. 10 Pp. 55-58
2. Kothari C.R (2004), 'Research Methodology', 2nd Edition, New Age International (p) Ltd.
3. Margaret K. Hogg Margaret Bruce, Alexander J. Hill, "Fashion brand preferences among young consumers", International Journal of Retail & Distribution Management, Vol. 26 Issue: 8, (1998), pp.293 - 300
4. Neetu Sharma, "Standardization of Products and Consumer Satisfaction in India [with special reference to FMCG'S]", International Journal of Marketing, Financial Services & Management Research, Vol.2, No. 3, March 2013 Pp. 65-72.
5. Philip J. Kitchen, "Competitiveness in FMCG Markets", European Journal of Marketing, Vol. 23 (1989), pp.41 - 51.
6. Philip Kotler, (2002), 'Marketing Management' The Millennium Edition Prentice Hall of India, New Delhi, 10th edition.
7. Raffaello Balocco, Giovanni Miragliotta, Alessandro Perego, Angela Tumino, "RFID adoption in the FMCG supply chain: an interpretative framework", Supply Chain Management: An International Journal, Vol. 16, (2011) Issue: 5, pp.299 - 315