

Project Dissertation

STUDY OF FACTORS INFLUENCING THE PURCHASE DECISION OF RURAL BUYERS TOWARDS FMCGs

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(2K13/MBA/75)

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Jan -May 2015

DECLARATION

I Vikram Sharma, student of MBA 2013-2015 of Delhi School Of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Project Dissertation on Study of factors influencing purchase decision of rural buyers towards FMCGs in Marketing and IT Management submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge. This report is not being submitted to any other university for award of any other Degree, diploma and Fellowship

Place:

Vikram Sharma

Date:

ACKNOWLEDGEMENT

I would like to express my sincerest gratitude to my guides, Dr.Vikas Gupta (Professor, Delhi School of Management) for constant support and valuable guidance throughout the duration of this project.

I thank you for your constant encouragement and support at every stage. I also laud you for your patience, keen research insights and scrutinizing eye for detail towards the successful completion of this project that has served as a tremendous value addition to our curriculum.

I also wish to thank the rest of the faculties of DSM without whose help and support this project could not have been completed.

Place:

Vikram Sharma

Date:

ABSTRACT

In an era where technology governs, entrepreneurs as well as marketers visualize the need to keep up with the fast pace of change or risk being outdated. Gone are the days when a pure brick and mortar business model will thrive well in current market situation. So it is very important from a seller's perspective to know about the purchase behavior of consumers. In this research I have put an effort to understand the buying behavior of the consumers towards FMCG products in rural market. The report is focused towards studying the impact of cultural, social, personal and psychological factors on buying behavior of rural consumers and an attempt has been made to understand perceptions of the consumers.

CONTENTS

CHAPTER 1 INTRODUCTION	1
1.1 Introduction of the Project	1
1.2 Research Objectives	2
CHAPTER 2 REVIEW OF LITERATURE	3
CHAPTER 3 RESEARCH METHODOLOGY	6
3.1 Database:	6
3.2 Sample Size and Sampling Method:	6
3.3 Research Tools:	Error! Bookmark not defined.
3.4 Study Period:	6
3.5 Techniques Used:	7
CHAPTER 4 ANALYSIS AND FINDINGS	9
4.1 Data Analysis	9
4.2 Interpretation of Results	30
4.3 Findings	30
4.4 Recommendations	31
4.5 Limitations:	31
BIBLIOGRAPHY	33
ANNEXURES	34
Annexure 1: Questionnaire	34

LIST OF FIGURES

1. Figure 4.1 Likeliness towards advertisements	9
2. Figure 4.2 Effect of Brand Ambassador	9
3. Figure 4.3 Influence of Age	10
4. Figure 4.4 Influence of Basic Needs	10
5. Figure 4.5 Influence of friends and neighbors	11
6. Figure 4.6 Consensus of family	11
7. Figure 4.7 Salary Influences	12
8. Figure 4.8 Influence of safety	12
9. Figure 4.9 People's influence	13
10. Figure 4.10 Parent's influence	13
11. Figure 4.11 lifestyle type	14
12. Figure 4.12 Perception's role.....	14
13. Figure 4.13 Cultural practices.....	15
14. Figure 4.14 Influence of friend's purchase.....	15
15. Figure 4.15 Uniqueness factor	16
16. Figure 4.16 Workplace's influence.....	16
17. Figure 4.17 Look's consciousness.....	17
18. Figure 4.18 Product design	17
19. Figure 4.19 Uncertainty issues.....	18
20. Figure 4.20 Relative's influence.....	18
21. Figure 4.21 Product's knowledge	19
22. Figure 4.22 Social activity's influence	19
23. Figure 4.23 Prior experience.....	20
24. Figure 4.24 Social status's role.....	20
25. Figure 4.25 Hygiene factor	21
26. Figure 4.26 Eco-friendly characteristics	21

LIST OF TABLES

1. Table 4.1 Likeliness towards advertisements.....	9
2. Table 4.2 Effect of Brand Ambassador.....	9
3. Table 4.3 Influence of Age	10
4. Table 4.4 Influence of Basic needs	10
5. Table 4.5 Influence of friends and neighbors.....	11
6. Table 4.6 Consensus of family.....	11
7. Table 4.7 Salary Influences.....	12
8. Table 4.8 Influence of safety.....	12
9. Table 4.9 People's influence.....	13
10. Table 4.10 Parent's influence	13
11. Table 4.11 lifestyle type.....	14
12. Table 4.12 Perception's role	14
13. Table 4.13 Cultural practices	15
14. Table 4.14 Influence of friend's purchase	15
15. Table 4.15 Uniqueness factor.....	16
16. Table 4.16 Workplace's influence	16
17. Table 4.17 Look's consciousness	17
18. Table 4.18 Product design.....	17
19. Table 4.19 Uncertainty issues	18
20. Table 4.20 Relative's influence	18
21. Table 4.21 Product's knowledge	19
22. Table 4.22 Social activity's influence	19
23. Table 4.23 Prior experience	20
24. Table 4.24 Social status's role.....	20
25. Table 4.25 Hygiene factor.....	21
26. Table 4.26 Eco-friendly characteristics.....	21

CHAPTER 1 INTRODUCTION

1.1 Introduction of the Project

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology, marketing and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behavior. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing.

Fast-Moving Consumer Goods (FMCG) or **Consumer Packaged Goods (CPG)** are products that sell quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, Over-the-counter drugs, toys, processed foods and many other consumables. Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is probably the most classic case of low margin and high volume business.

FMCG have a short shelf life, either because of high consumer demand or because the product deteriorates rapidly. Some FMCGs—such as meat, fruits and vegetables, dairy products, and baked goods—are highly perishable. Other goods such as alcohol,

toiletries, pre-packaged foods, soft-drinks, and cleaning products have high turnover rates.

The following are the main characteristics of FMCGs:

- From the consumers' perspective: Frequent purchase, Low involvement, Low price
- From the marketers' angle: High volumes, Low contribution margins, Extensive distribution networks, High stock turnover.

1.2 Research Objectives

- To study the various factors influencing buying behavior of rural India towards FMCG products.
- To understand the perception of the rural consumers.

CHAPTER 2 REVIEW OF LITERATURE

Sridhar and Mishra (2010) analyzed that the method for studying product adaptation in rural markets and concluded that the findings of the study are contrary to the general understanding that rural is perceived very differently and hence operationalized differently by different organization. However, the results show that contingency theory holds true in case of product adaptation in rural markets also. With the increase in executives representation of rurality, product adaptation degree also increased (Bhagwat).

Gautam and Gangal (2011) analyzed the factors responsible of the boom in rural marketing, consumers preference for FMCG products based on 4 A's (i.e. Awareness, Affordability, Adoptability and Availability) by employing convenient sampling method for administering the questionnaires using Likert Scale to total 200 respondents of HUL & ITC in rural areas of Agra district from January 2011 to June 2011. The study found that skincare and fragrance have been found as the prime reasons for using bathing soaps (personal wash) and consumers buy detergent due to its primary function for cleanliness and few purchase it for its fragrance. The cleanliness followed by freshness has been the primary motives to purchase toothpaste (oral care) and some consumers also purchase it for protection of gums and whiteness value. The consumers purchase hair oil for hair care and good looks. The study also found that the factors influencing the purchase decision of the respondents, consumers buying are influence the most by the product factor due to design, quality, durability, made from safe environment and product range but few respondents are not satisfied with the packaging, image and size of the product. Both the companies are almost on the same platform regarding the factors of competitive price, shape, design,

The consumers are showing their dissatisfaction for malls and super markets, greater mobility, shop is conveniently situated, and product display is attractive, value for price paid, cash discount and pricing policy. Lastly, the study concluded that in parameters

like, image, shape and size, packaging, durability, small size products, low priced sample packets, price scheme, celebrity endorsement and use of transport like autos, camel carts, HUL has an edge over ITC.

Dr. K P Hemanth (2011) examined the consumer attitudes and perceptions towards eco-friendly products in FMCG sector and their willingness to pay on green products. The study revealed that the green products have substantial awareness among urban Indian customers and they are willing to pay something more on green products. The majority of customers considered that package is most important element of such products. (Hemanth)

Chandrasekhar (2012) analyzed the consumer buying behavior and brand loyalty in rural markets regarding fast moving consumer goods and found that brand loyalty is more in Badangpet and Nadergul region and less in Chintulla in soaps category. In hair oil category, branded products usage is more in Badangpet and Nadergul villages and consumer prefer to purchase local brands in Chintulla village. It is also found that Vatika and Navratan hair oils dominate in Badangpet, Parachute hair oil in Nadergul and Gograda local brand and Dabur in Chintulla. In case of Biscuits category, consumers mostly buy in loose, which are available in nearby shops like Salt biscuits, Osmania biscuits etc. Parle-G and Tiger are mostly used brands in Badangpet. Tea is purchased in loose, which is available in local shops. The popular brands Red Label, Three Roses and Gemini are used in Badangpet village. Further, the study found that coffee consumption is very less or no consumption in Nadergul and Chintulla villages. In case of washing powder, Nirma dominate all the three selected sample rural markets regions. In remote area like Chintulla, Nirma sell Rs. 1 sachets. In washing soap category, Rin, 501, Nirma, XXX and Extra Local Brand dominates all the three selected rural markets. It is also concluded that Ponds, Chintol and Santoor face powder dominated the market and Ponds has dominated the market in consumption in Badangpet. In sum, the study also found that male members of the family are alone going to buy consumer products and women are not interested in shopping and do not come out from their houses frequently.

Anna B. Costello analyzed the brand awareness and customer preferences for FMCG products in rural market of Garhwal region (Costello). The study found that average awareness of the respondents in the rural market is approximately 75 per cent, 70 per cent, 72 per cent, 64 per cent and 73 per cent in case of shampoo, washing powder, soap, tea, toothpaste respectively, which infers that people in the rural market have on an average awareness about most of the products. In the shampoo category, the study found that the respondents give 1st rank to Pantene and last rank to Chik; in case of washing powder, 1st rank to Surf Excel and last rank to Nirma; to soap category, 1st rank to Dettol and last rank to Rexona; in case of Tea, 1st rank to Tata tea and last rank to Maharani tea and in category of toothpaste, 1st rank to Colgate and last rank to Cibaca which infers that advertising and marketing activities have major influences in choices of people in rural market. The study further found that among various factors like quality, price, easy availability, family liking, advertisement, variety, credit attributes of brand preference; the quality is the first preference in case of brand choices and rural people give least preference to variety and credit attributes. It is also concluded that there is a positive impact of media on brand preference of FMCG products among consumers.

James D examined the competitive and innovative promotional tools used by toothpaste companies in rural market and its impact on consumer buying behavior in Gujarat (D, 2012). The study found that rural consumers are more concerned about the quality, brand name of the oral care products purchased by them. Further, it was also found that once the rural consumers found that certain brands are suitable to them, they do not change it easily due to influence of friends or social groups and lack of availability of their usual brands. In toothpaste category, Colgate and Close-up are the most favorite brands. Price, promotional schemes, color and availability of the product are more influencing factor when they buy the toothpaste. Rural consumers are generally following the instructions of the retailers for buying the toothpaste and also consider the promotional scheme when buy the toothpaste and the prices off schemes are the most influencing scheme to them. When there are special discount and dentist suggest them to purchase the toothpaste they definitely purchase it.

CHAPTER 3 RESEARCH METHODOLOGY

The present study is descriptive, pure and empirical in nature. The present research attempts to identify the factors affecting the purchase decisions of customers towards the purchase of FMCGs and to recommend the particular factors that should be considered most important for such type of decisions

3.1 Data Collection and Research Tools:

The study used primary data collected with the help of a questionnaire. Further, to analyze and interpret the data; frequency distribution, mean, mode, percentage for exploratory data analysis and standard deviation (S. D.), correlation, and factor analysis were used for confirmatory data analysis.

Tools used are MS-EXCEL and SPSS.

3.2 Sample Size and Sampling Method:

There was a sample size of 121 subjects in total. A stratified sample of rural population was taken, participants came from a variety of ethnic and socioeconomic backgrounds, and all participants have used the internet to make apparel purchases.

Size: 121

Gender: Male and Female Rural Buyers

Method: Stratified Sampling

3.3 Study Period:

Feb 2015 to May 2015

3.4 Techniques Used:

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis (for example, to identify collinearity prior to performing a linear regression analysis).

Data: The variables should be quantitative at the interval or ratio level. Categorical data (such as religion or country of origin) are not suitable for factor analysis. Data for which Pearson correlation coefficients can sensibly be calculated should be suitable for factor analysis.

Assumptions: The data should have a normal distribution for each pair of variables, and observations should be independent.

Analyze: It allows one to specify either a correlation matrix or a covariance matrix.

Extract: One can either retain all factors whose eigen values exceed a specified value or retain a specific number of factors.

Display: It allows one to request the unrotated factor solution and a Scree plot of the Eigen values.

Maximum Iterations for Convergence: It allows one to specify the maximum number of steps the algorithm can take to estimate the solution.

Rotation method: It allows one to select the method of factor rotation.

Display: It allows one to include output on the rotated solution, as well as loading plots for the first two or three factors.

Maximum Iterations for Convergence: It allows one to specify the maximum number of steps the algorithm can take to perform the rotation.

Save scores as variables: Creates one new variable for each factor in the final solution. Select one of the following alternative methods for calculating the factor scores: regression, Bartlett, or Anderson-Rubin.

Display factor score coefficient matrix: Shows the coefficients by which variables are multiplied to obtain factor scores. Also shows the correlations between factor scores.

Missing Values: It allows one to specify how missing values are handled. The available alternatives are to exclude cases list wise, exclude cases pair wise, or replace with mean.

Coefficient Display Format: It allows one to control aspects of the output matrices. You sort coefficients by size and suppress coefficients with absolute values less than the specified value

Communalities: Indicate the amount of variance in each variable that is accounted for.

CHAPTER 4 ANALYSIS AND FINDINGS

4.1 Data Analysis

Q1. I never buy items just because I liked its advertisements.

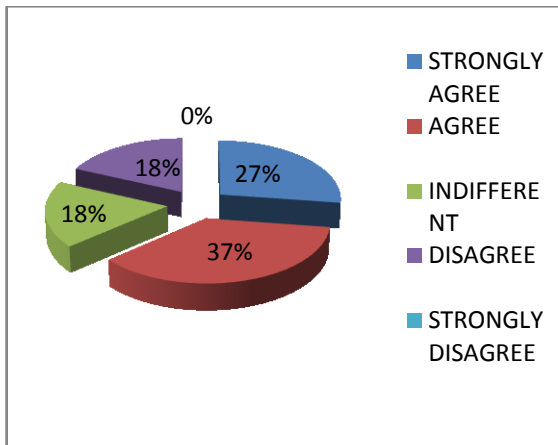


Figure 4.1 Likeliness towards advertisements

[I never buy items just because I liked its advertisements.]	Total
STRONGLY AGREE	33
AGREE	44
INDIFFERENT	22
DISAGREE	22
STRONGLY DISAGREE	0
Grand Total	121

Table 4.1 Likeliness towards advertisements

Q2. I keep in mind the brand ambassador of a product while making a purchase.

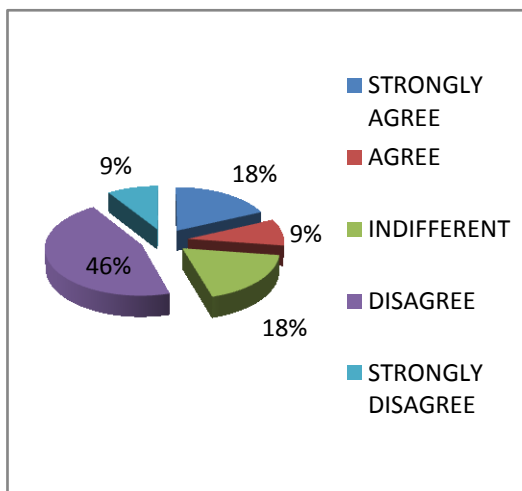


Figure 4.2 Effect of Brand Ambassador

[I keep in mind the brand ambassador of a product while making a purchase]	Total
STRONGLY AGREE	22
AGREE	11
INDIFFERENT	22
DISAGREE	55
STRONGLY DISAGREE	11
Grand Total	121

Table 4.2 Effect of Brand Ambassador

Q3. Age has a great influence on what I purchase for myself.

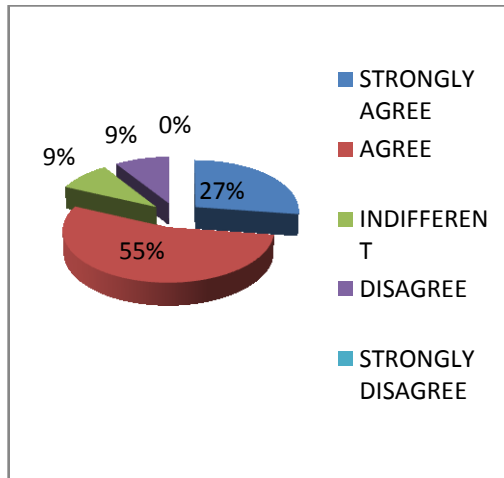


Figure 4.3 Influence of Age

[Age has a great influence on what i purchase for myself]	Total
STRONGLY AGREE	33
AGREE	66
INDIFFERENT	11
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.3 Influence of Age

Q4. When I make a purchase I take into consideration my basic needs.

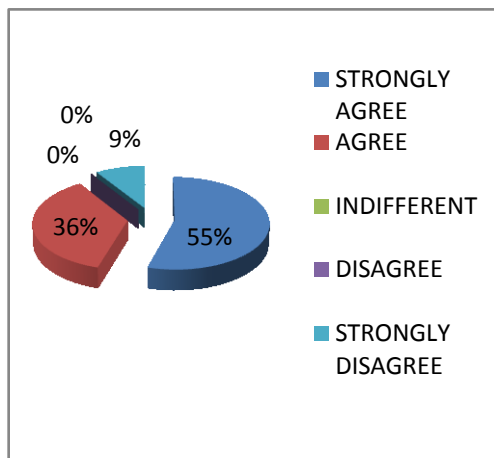


Figure 4.4 Influence of Basic Needs

[When i make a purchase i take into consideration my Basic needs]	Total
STRONGLY AGREE	66
AGREE	44
INDIFFERENT	0
DISAGREE	0
STRONGLY DISAGREE	11
Grand Total	121

Table 4.4 Influence of Basic needs

Q5. I buy brands that my friends and neighbors buy.

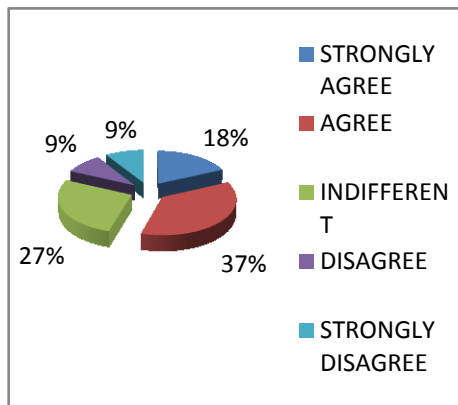


Figure 4.5 Influence of friends and neighbors

[I buy brands that my friends and neighbors buy]	Total
STRONGLY AGREE	22
AGREE	44
INDIFFERENT	33
DISAGREE	11
STRONGLY DISAGREE	11
Grand Total	121

Table 4.5 Influence of friends and neighbors

Q6. While making a purchase I take consensus of my family.

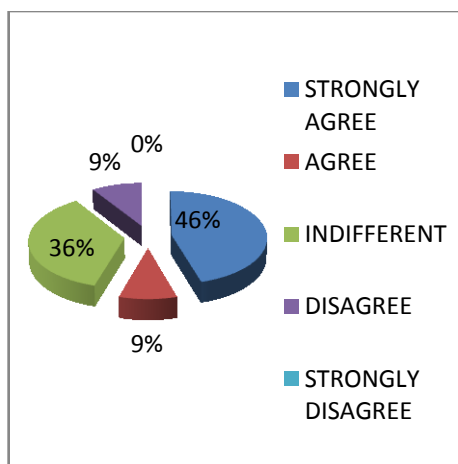


Figure 4.6 Consensus of family

[While making a purchase i take consensus of my family]	Total
STRONGLY AGREE	55
AGREE	11
INDIFFERENT	44
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.6 Consensus of family

Q7. My purchase are highly influenced by how much I earn.

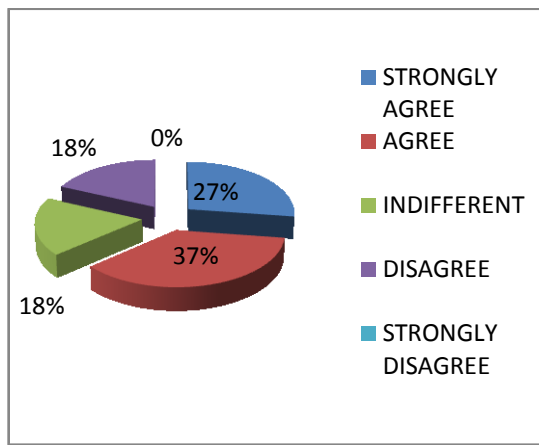


Figure 4.7 Salary Influences

[I never buy items just because I liked its advertisements. Â]	Total
STRONGLY AGREE	33
AGREE	44
INDIFFERENT	22
DISAGREE	22
STRONGLY DISAGREE	0
Grand Total	121

Table 4.7 Salary Influences

Q8. Safety is always taken into consideration while making a purchase.

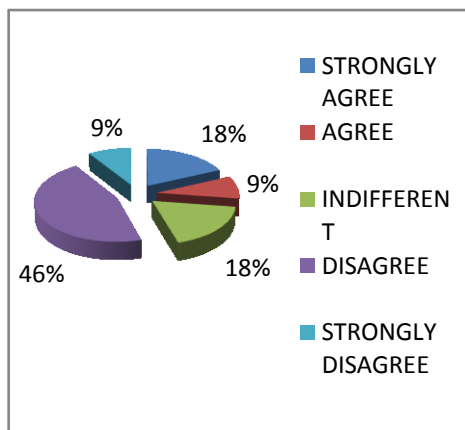


Figure 4.8 Influence of safety

[I keep in mind the brand ambassador of a product while making a purchase]	Total
STRONGLY AGREE	22
AGREE	11
INDIFFERENT	22
DISAGREE	55
STRONGLY DISAGREE	11
Grand Total	121

Table 4.8 Influence of safety

Q9. I believe that some people in my locality are more influential than others.

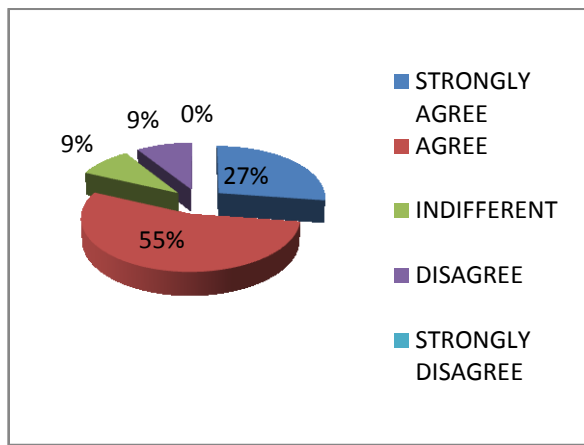


Figure 4.9 People's influence

[Age has a great influence on what i purchase for myself]	Total
STRONGLY AGREE	33
AGREE	66
INDIFFERENT	11
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.9 People's influence

Q10. My regular brand is the same as what my parents had used for many years.

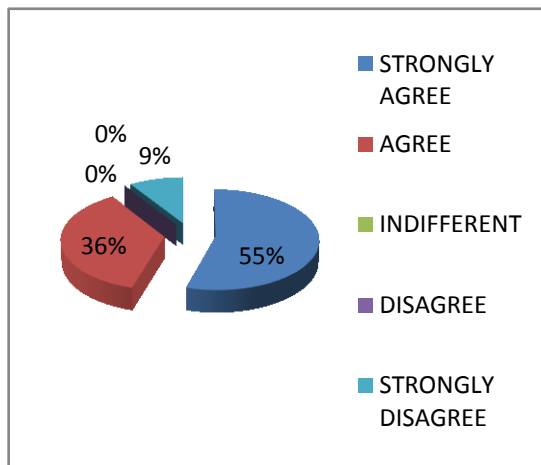


Figure 4.10 Parent's influence

[When i make a purchase i take into consideration my Basic needs]	Total
STRONGLY AGREE	66
AGREE	44
INDIFFERENT	0
DISAGREE	0
STRONGLY DISAGREE	11
Grand Total	121

Table 4.10 Parent's influence

Q11. The type of lifestyle I lead has an effect on what purchase I make.

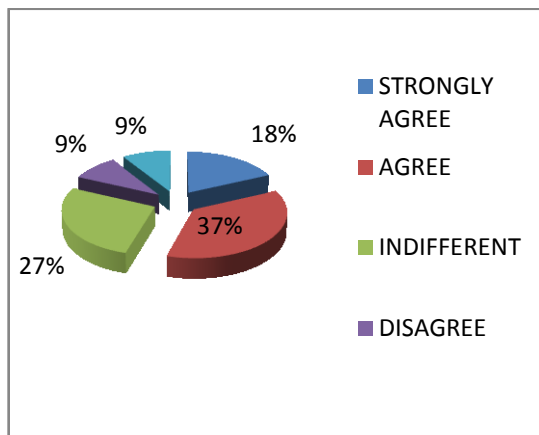


Figure 4.11 lifestyle type

[I buy brands that my friends and neighbors buy]	Total
STRONGLY AGREE	22
AGREE	44
INDIFFERENT	33
DISAGREE	11
STRONGLY DISAGREE	11
Grand Total	121

Table 4.11 lifestyle type

Q12. My purchase are highly influenced by my perception about the product.

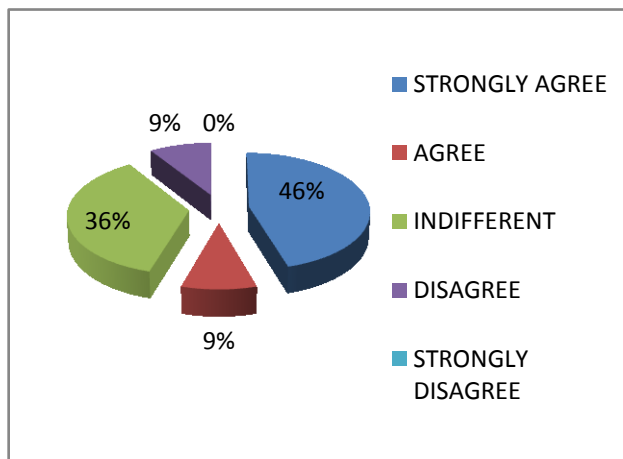


Figure 4.12 Perception's role

[While making a purchase i take consensus of my family]	Total
STRONGLY AGREE	55
AGREE	11
INDIFFERENT	44
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.12 Perception's role

Q13. I am not indifferent to most of the cultural practices that indulge in.

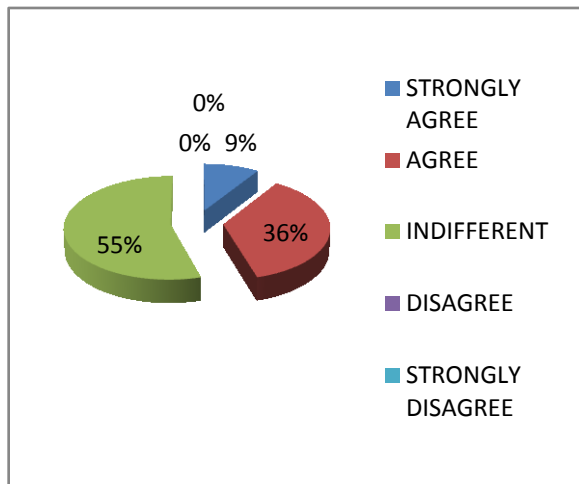


Figure 4.13 Cultural practices

[I am not indifferent to most of the cultural practices that indulge in]	Total
STRONGLY AGREE	11
AGREE	44
INDIFFERENT	66
DISAGREE	0
STRONGLY DISAGREE	0
Grand Total	121

Table 4.13 Cultural practices

Q14. Friends always influence on what purchase I make for myself.

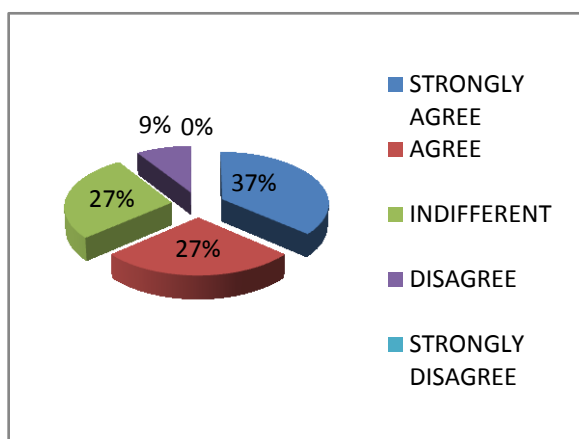


Figure 4.14 Influence of friend's purchase

[Friends always influence on what purchase i make for myself]	Total
STRONGLY AGREE	44
AGREE	33
INDIFFERENT	33
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.14 Influence of friend's purchase

Q15. I generally buy or consume things which reflect my uniqueness.

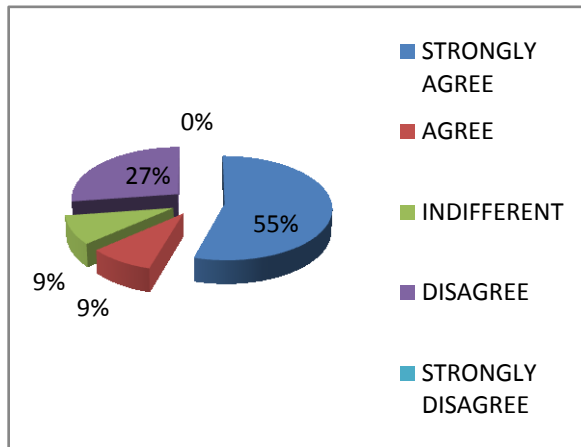


Figure 4.15 Uniqueness factor

[I generally buy or consume things which reflect my uniqueness]	Total
STRONGLY AGREE	66
AGREE	11
INDIFFERENT	11
DISAGREE	33
STRONGLY DISAGREE	0
Grand Total	121

Table 4.15 Uniqueness factor

Q16. People at my workplace always influence by purchase.

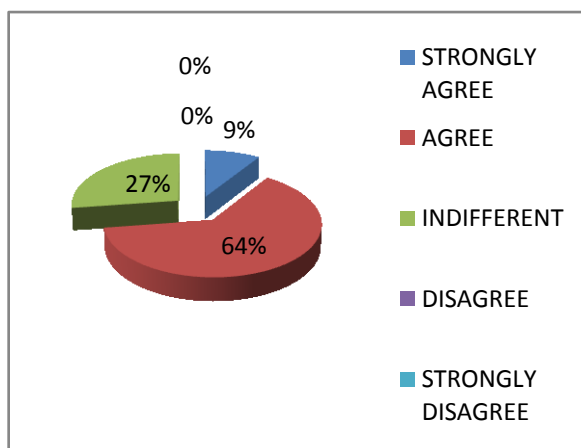


Figure 4.16 Workplace's influence

[People at my workplace always influence by purchase]	Total
STRONGLY AGREE	11
AGREE	77
INDIFFERENT	33
DISAGREE	0
STRONGLY DISAGREE	0
Grand Total	121

Table 4.16 Workplace's influence

Q17. I pay a lot of attention to how I look when I go out.

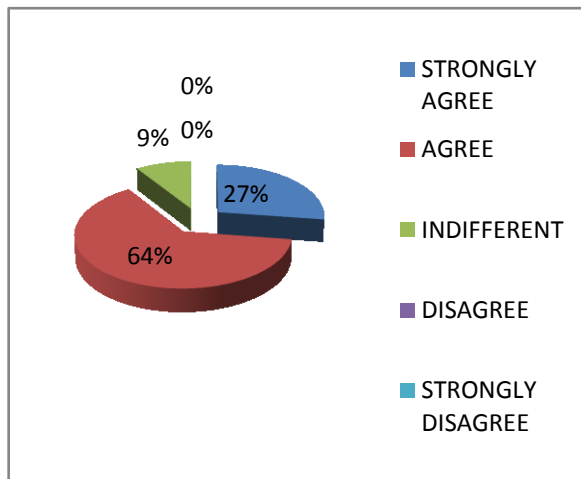


Figure 4.17 Look's consciousness

[I pay a lot of attention to how I look when I go ou]	Total
STRONGLY AGREE	33
AGREE	77
INDIFFERENT	11
DISAGREE	0
STRONGLY DISAGREE	0
Grand Total	121

Table 4.17 Look's consciousness

Q18. Product design is always considered while making a purchase.

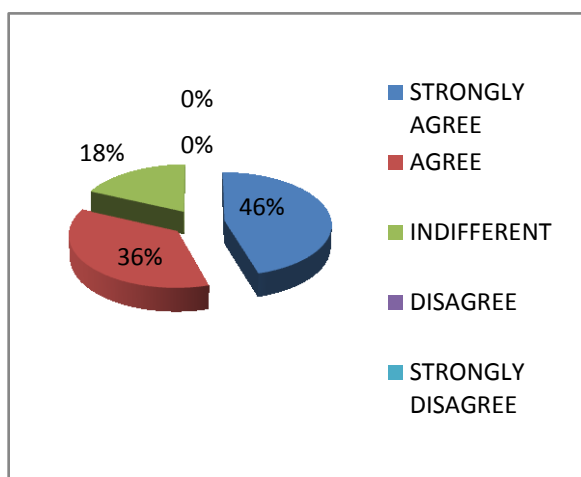


Figure 4.18 Product design

[Product design is always considered while making a purchase]	Total
STRONGLY AGREE	55
AGREE	44
INDIFFERENT	22
DISAGREE	0
STRONGLY DISAGREE	0
Grand Total	121

Table 4.18 Product design

Q19. In case of uncertainty, I look at others to get cues from them.

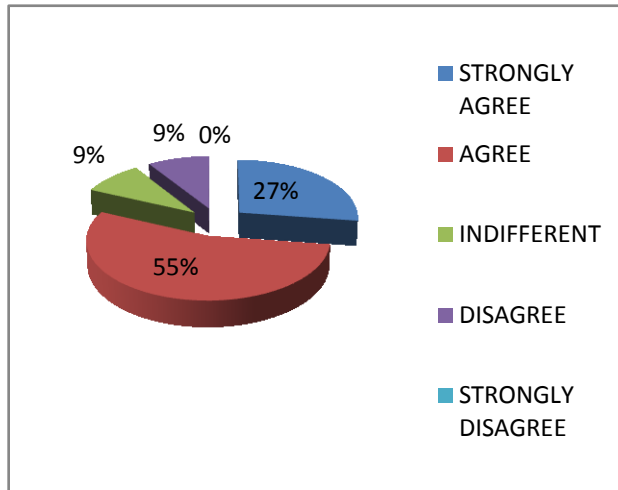


Figure 4.19 Uncertainty issues

[In case of uncertainty, I look at others to get cues from them]	Total
STRONGLY AGREE	33
AGREE	66
INDIFFERENT	11
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.19 Uncertainty issues

Q20. Relatives always influence what I purchase.

e

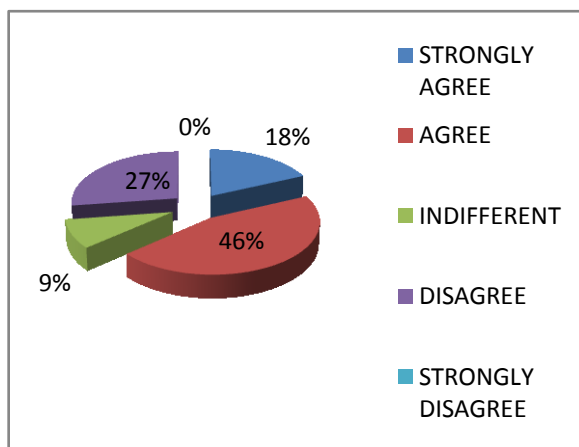


Figure 4.20 Relative's influence

[Relatives always influence what i purchaseÂ]	Total
STRONGLY AGREE	22
AGREE	55
INDIFFERENT	11
DISAGREE	33
STRONGLY DISAGREE	0
Grand Total	121

Table 4.20 Relative's influence

Q21. Product knowledge has a great role to play in my purchase.

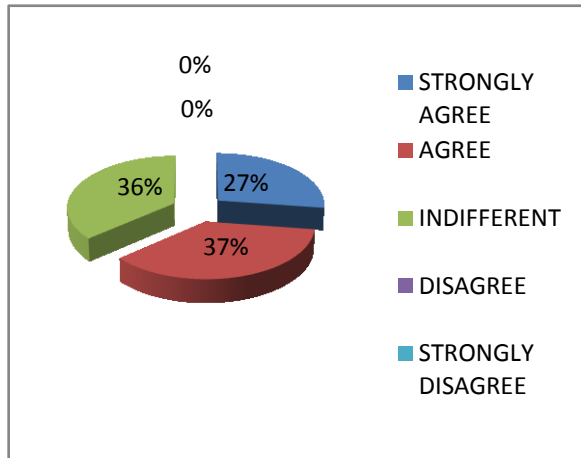


Figure 4.21 Product's knowledge

[Product knowledge has a great role to play in my purchase]	Total
STRONGLY AGREE	33
AGREE	44
INDIFFERENT	44
DISAGREE	0
STRONGLY DISAGREE	0
Grand Total	121

Table 4.21 Product's knowledge

Q22. My purchase are highly influenced by Social activities I am engaged with.

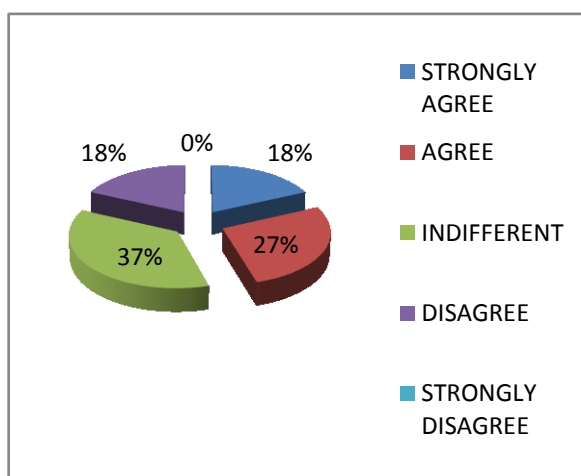


Figure 4.22 Social activity's influence

[My purchase are highly influenced by Social activities I am engaged with]	Total
STRONGLY AGREE	22
AGREE	33
INDIFFERENT	44
DISAGREE	22
STRONGLY DISAGREE	0
Grand Total	121

Table 4.22 Social activity's influence

Q23. Prior experience always influence my purchase.

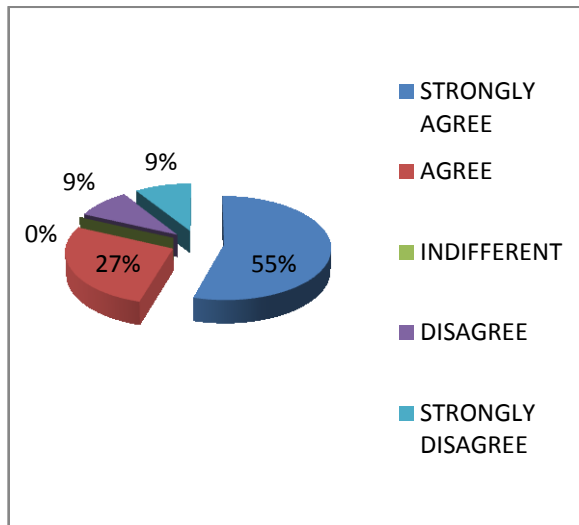


Figure 4.23 Prior experience

[Prior experience always influence my purchase]	Total
STRONGLY AGREE	66
AGREE	33
INDIFFERENT	0
DISAGREE	11
STRONGLY DISAGREE	11
Grand Total	121

Table 4.23 Prior experience

Q24. My purchase are highly influenced by Social Status.

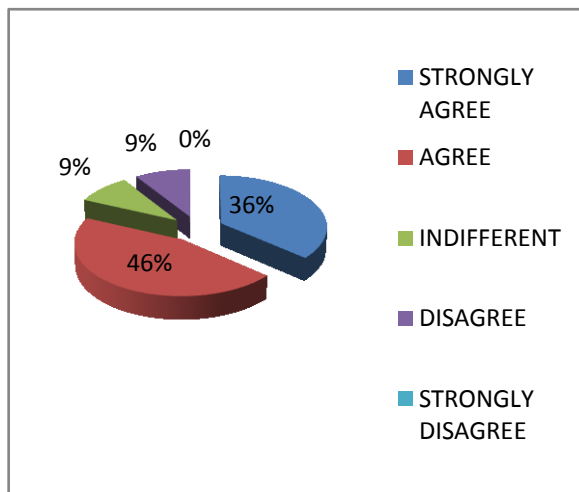


Figure 4.24 Social status's role

[My purchase are highly influenced by Social Status]	Total
STRONGLY AGREE	44
AGREE	55
INDIFFERENT	11
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.24 Social status's role

Q25. My purchase are highly influenced by how hygienic the product is.

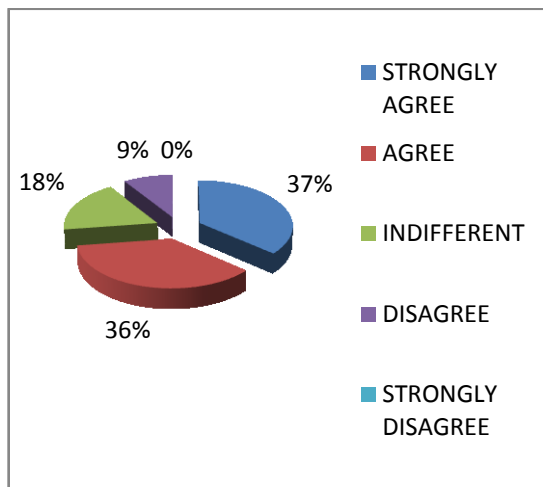


Figure 4.25 Hygiene factor

[My purchase are highly influenced by how hygienic the product isÂ]	Total
STRONGLY AGREE	44
AGREE	44
INDIFFERENT	22
DISAGREE	11
STRONGLY DISAGREE	0
Grand Total	121

Table 4.25 Hygiene factor

Q26. My purchase are highly influenced by whether it is eco-friendly or not.

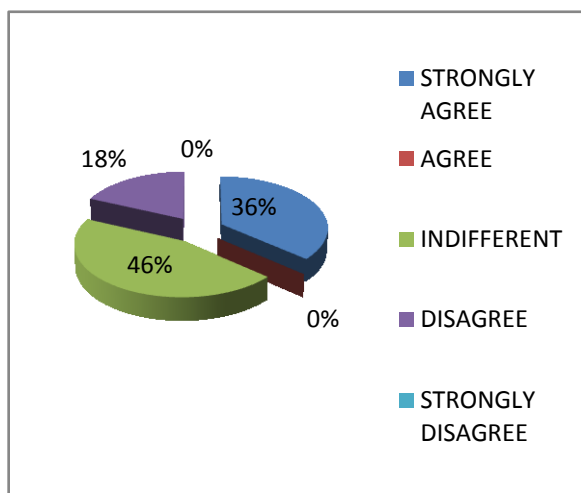


Figure 4.26 Eco-friendly characteristics

[My purchase are highly influenced by whether it is eco-friendly or not]	Total
STRONGLY AGREE	44
AGREE	0
INDIFFERENT	55
DISAGREE	22
STRONGLY DISAGREE	0
Grand Total	121

Table 4.26 Eco-friendly characteristics

Abbreviations Used For Factors:

V1	[I never buy items just because I liked its advertisements.]
V2	[I keep in mind the brand ambassador of a product while making a purchase]
V3	[Age has a great influence on what i purchase for myself]
V4	[When i make a purchase i take into consideration my Basic needs]
V5	[I buy brands that my friends and neighbors buy]
V6	[While making a purchase i take consensus of my family]
V7	[My purchase are highly influenced by how much i earn]
V8	[Safety is always taken into consideration while making a purchase]
V9	[I believe that some people in my locality are more influential than others.]
V10	[My regular brand is the same as what my parents had used for many years.]
V11	[The type of lifestyle i lead has an effect on what purchase i make]
V12	[My purchase are highly influenced by my perception about the product]
V13	[I am not indifferent to most of the cultural practices that indulge in]
V14	[Friends always influence on what purchase i make for myself]
V15	[I generally buy or consume things which reflect my uniqueness]
V16	[People at my workplace always influence by purchase]
V17	[I pay a lot of attention to how I look when I go out]
V18	[Product design is always considered while making a purchase]
V19	[In case of uncertainty, I look at others to get cues from them]
V20	[Relatives always influence what i purchase]
V21	[Product knowledge has a great role to play in my purchase]
V22	[My purchase are highly influenced by Social activities I am engaged with]
V23	[Prior experience always influence my purchase]
V24	[My purchase are highly influenced by Social Status]
V25	[My purchase are highly influenced by how hygienic the product is]
V26	[My purchase are highly influenced by whether it is eco-friendly or not]

Correlation Matrix ^a																										
	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	V17	V18	V19	V20	V21	V22	V23	V24	V25	V26
V1	1.00	-.037	.405	.290	-.271	-.022	.282	.414	.304	-.015	.082	.248	.216	.237	.048	.519	.533	.094	.203	-.029	.733	.119	.347	.314	.544	.495
V2	-.037	1.00	.168	.098	.677	.386	.212	.344	.168	.447	.129	.016	.558	.203	.483	.204	.170	.340	.337	.607	.165	.284	-.045	.573	-.075	.254
V3	.405	.168	1.00	.845	-.276	.492	.742	.816	.875	.405	.742	.807	.000	.214	.732	.000	.742	.711	.000	.000	.673	.648	.732	.711	.559	.553
V4	.290	.098	.845	1.00	-.094	.538	.945	.690	.845	.318	.852	.781	-.078	.504	.688	-.063	.760	.767	.000	-.122	.432	.700	.899	.776	.672	.440
V5	-.271	.677	-.276	-.094	1.00	.105	.149	-.226	-.092	.346	.058	-.045	.392	.351	.087	.124	.149	.067	.645	.385	-.252	.058	-.147	.222	.082	-.117
V6	-.022	.386	.492	.538	.105	1.00	.513	.482	.394	.660	.318	.116	.326	.329	.762	.265	.318	.590	-.197	.667	.096	.803	.454	.381	.176	.475
V7	.282	.212	.742	.945	.149	.513	1.00	.606	.742	.319	.878	.762	.058	.558	.665	-.083	.817	.729	.247	-.062	.302	.602	.862	.768	.774	.398
V8	.414	.344	.816	.690	-.226	.482	.606	1.00	.714	.083	.606	.549	.133	.000	.797	.151	.454	.697	-.204	.162	.549	.529	.465	.774	.456	.677
V9	.304	.168	.875	.845	-.092	.394	.742	.714	1.00	.405	.742	.807	-.163	.428	.732	.000	.742	.853	.000	.000	.673	.756	.732	.711	.559	.645
V10	-.015	.447	.405	.318	.346	.660	.319	.083	.405	1.00	.118	.188	.180	.457	.479	.232	.519	.367	.304	.591	.357	.668	.311	.262	.091	.251
V11	.082	.129	.742	.852	.058	.318	.878	.606	.742	.118	1.00	.895	.058	.346	.585	-.267	.633	.729	.124	-.258	.169	.495	.782	.671	.663	.306
V12	.248	.016	.807	.781	-.045	.116	.762	.549	.807	.188	.895	1.00	-.095	.241	.445	-.163	.762	.570	.269	-.378	.447	.412	.692	.626	.722	.243
V13	.216	.558	.000	-.078	.392	.326	.058	.133	-.163	.180	.058	-.095	1.00	.215	.058	.504	-.022	.067	.163	.481	-.080	.179	.048	.070	.000	.207
V14	.237	.203	.214	.504	.351	.329	.558	.000	.428	.457	.346	.241	.215	1.00	.203	.130	.505	.520	.214	.131	.220	.597	.703	.314	.287	.359
V15	.048	.483	.732	.688	.087	.762	.665	.797	.732	.479	.585	.445	.058	.203	1.00	-.022	.504	.858	-.081	.486	.342	.734	.481	.700	.364	.692
V16	.519	.204	.000	-.063	.124	.265	-.083	.151	.000	.232	-.267	-.163	.504	.130	-.022	1.00	.100	-.096	.000	.454	.363	.306	-.099	.032	.166	.286
V17	.533	.170	.742	.760	.149	.318	.817	.454	.742	.519	.633	.762	-.022	.505	.504	.100	1.00	.518	.556	-.013	.635	.495	.702	.671	.829	.398
V18	.094	.340	.711	.767	.067	.590	.729	.697	.853	.367	.729	.570	.067	.520	.858	-.096	.518	1.00	-.142	.266	.348	.815	.715	.637	.382	.772
V19	.203	.337	.000	.000	.645	-.197	.247	-.204	.000	.304	.124	.269	.163	.214	-.081	.000	.556	-.142	1.00	.000	.135	-.216	.000	.237	.447	-.184
V20	-.029	.607	.000	-.122	.385	.667	-.062	.162	.000	.591	-.258	-.378	.481	.131	.486	.454	-.013	.266	.000	1.00	.058	.451	-.164	.043	-.177	.491
V21	.733	.165	.673	.432	-.252	.096	.302	.549	.673	.357	.169	.447	-.080	.220	.342	.363	.635	.348	.135	.058	1.00	.401	.358	.521	.361	.550
V22	.119	.284	.648	.700	.058	.803	.602	.529	.756	.668	.495	.412	.179	.597	.734	.306	.495	.815	-.216	.451	.401	1.00	.670	.465	.290	.658
V23	.347	-.045	.732	.899	-.147	.454	.862	.465	.732	.311	.782	.682	.048	.703	.481	-.099	.702	.715	.000	-.164	.358	.670	1.00	.532	.582	.447
V24	.314	.573	.711	.776	.222	.381	.788	.774	.711	.262	.671	.626	.070	.314	.700	.032	.671	.637	.237	.043	.521	.465	.532	1.00	.530	.389
V25	.544	-.075	.559	.672	.082	.176	.774	.456	.559	.091	.663	.722	.000	.287	.364	.166	.829	.382	.447	-.177	.361	.290	.582	.530	1.00	.330
V26	.495	.254	.553	.440	-.117	.475	.398	.677	.645	.251	.306	.243	.207	.359	.692	.286	.398	.772	-.184	.491	.550	.658	.447	.389	.330	1.00

KMO And Bartlett's Test:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.798
Approx. Chi-Square		992.118
Bartlett's Test of Sphericity	df	21
	Sig.	.000

Communalities:

Communalities

	Initial	Extraction
V1	1.000	.951
V2	1.000	.905
V3	1.000	.914
V4	1.000	.951
V5	1.000	.919
V6	1.000	.822
V7	1.000	.956
V8	1.000	.995
V9	1.000	.927
V10	1.000	.913
V11	1.000	.964
V12	1.000	.874
V13	1.000	.833
V14	1.000	.823
V15	1.000	.952
V16	1.000	.788
V17	1.000	.973
V18	1.000	.891
V19	1.000	.949
V20	1.000	.934
V21	1.000	.934
V22	1.000	.950
V23	1.000	.955
V24	1.000	.855
V25	1.000	.789
V26	1.000	.756

Extraction Method: Principal Component Analysis.

Total Variance Explanation:

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.645	44.789	44.789	11.645	44.789	44.789	9.516	36.600	36.600
2	3.937	15.142	59.931	3.937	15.142	59.931	4.800	18.462	55.063
3	2.710	10.424	70.355	2.710	10.424	70.355	2.982	11.469	66.531
4	2.376	9.139	79.494	2.376	9.139	79.494	2.667	10.258	76.790
5	1.577	6.066	85.560						
6	1.227	4.719	90.279						
7	.848	3.261	93.540						
8	.675	2.595	96.135						
9	.519	1.995	98.131						
10	.486	1.869	100.000						
11	3.307E-015	1.272E-014	100.000						
12	1.387E-015	5.334E-015	100.000						
13	1.136E-015	4.370E-015	100.000						
14	5.492E-016	2.112E-015	100.000						
15	3.798E-016	1.461E-015	100.000						
16	3.589E-016	1.380E-015	100.000						
17	1.609E-017	6.188E-017	100.000						
18	-5.734E-017	-2.205E-016	100.000						
19	-2.050E-016	-7.885E-016	100.000						
20	-3.306E-016	-1.271E-015	100.000						
21	-5.771E-016	-2.219E-015	100.000						
22	-6.619E-016	-2.546E-015	100.000						
23	-1.066E-015	-4.099E-015	100.000						
24	-1.349E-015	-5.187E-015	100.000						
25	-1.562E-015	-6.006E-015	100.000						
26	-3.148E-015	-1.211E-014	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix:

Rotated Component Matrix^a				
	Component			
	1	2	3	4
V11	.963			
V7	.924			
V4	.922			
V12	.891			
V3	.816	.303	.319	
V9	.811	.358		
V23	.811			
V24	.784			
V18	.746	.555		
V25	.727		.372	
V17	.723		.429	.397
V8	.713	.331	.304	
V20		.856		
V6	.317	.799		
V10		.747		.408
V22	.495	.743		
V15	.641	.696		
V2		.567		.557
V26	.394	.552	.441	
V1			.911	
V21	.343		.812	
V16			.674	
V19				.926
V5				.822
V13				
V14	.348			

Further taking Mean and Standard Deviation of these final 4 components:

C1	C2	C3	C4
0.963	0.856	0.911	0.792
0.924	0.799	0.812	0.822
0.922	0.747	0.674	
0.891	0.743		
0.816	0.696		
0.811	0.567		
0.811	0.552		
0.784			
0.746			
0.727			
0.723			
0.713			
Mean	0.81925	0.708571	0.799
SD	0.086948	0.113497	0.119034

So, we can easily find out that the most important component is C1 i.e. “Lifestyle and perceived value derived from the product”.

Component Transformation Matrix:

Component	1	2	3	4
1	.866	.411	.259	.051
2	-.389	.768	.018	.277
3	.086	-.344	-.016	.896
4	-.197	-.172	.957	-.029

Four components are identified after Factor Analysis. The components and factors classified under the components are:

Component 1: (Lifestyle and Perceived Value Derived from Product)

1	The type of lifestyle i lead has an effect on what purchase i make
2	My purchase are highly influenced by how much i earn
3	When i make a purchase i take into consideration my Basic needs
4	My purchase are highly influenced by my perception about the product
5	Age has a great influence on what i purchase for myself
6	I believe that some people in my locality are more influential than others.
7	Prior experience always influence my purchase
8	My purchase are highly influenced by Social Status
9	Product design is always considered while making a purchase
10	My purchase are highly influenced by how hygienic the product is
11	I pay a lot of attention to how I look when I go out
12	Safety is always taken into consideration while making a purchase

Component 2: (Family Preference and Self Esteem)

1	Relatives always influence what i purchase
2	While making a purchase i take consensus of my family
3	My regular brand is the same as what my parents had used for many years.
4	My purchase are highly influenced by Social activities I am engaged with
5	I generally buy or consume things which reflect my uniqueness
6	I keep in mind the brand ambassador of a product while making a purchase
7	My purchase are highly influenced by whether it is eco-friendly or not

Component 3:(Social and Product Knowledge)

1	I never buy items just because I liked its advertisements.
2	Product knowledge has a great role to play in my purchase
3	People at my workplace always influence by purchase

Component 4(Societal Preference)

1	In case of uncertainty, I look at others to get cues from friends and neighbors
2	I buy brands that my friends and neighbors buy

4.2 Interpretation of Results

Out of all the 26 factors which has an effect on consumer buying behavior in Rural India especially in FMCG Category 4 unique factors are derived. All the 26 factors are classified into one of these 4 factors. The 4 derived factors are Lifestyle and Perceived Value Derived from Product, Family Preference and Self Esteem, Social and Product Knowledge and Societal Preference.

The first factor i.e. “Lifestyle and Perceived Value Derived from Product” takes care of the income, lifestyle, and basic need of an individual. It also takes care of his/her past experience and the perception of the value he/she can derive of the product like hygiene, safety social status and self image.

The second factor i.e. “Family Preference and Self Esteem” take in account influence of family members and close relatives and activities or organization or the work one is associated with. It also takes care of environmental aspect.

The third factor i.e. “Social and Product Knowledge” generally covers up importance of product knowledge and influence of source of knowledge i.e. workplace.

The fourth factor i.e. “Societal Preference” emphasizes on the influence friends and neighbors has on consumer behavior towards purchase of a product.

4.3 Findings

The factors, which are derived out of, research shows that a consumer takes into account many factors while making a purchase. Firstly, he/she makes a purchase depending upon his income and capability to purchase a product. The type of life style an individual lives and aspires to have also determines the type of purchase a consumer makes. Aspect of self-esteem and image also plays a vital role in purchase of a product. The values which are perceived by a consumer i.e. which a consumer can derive by usage of a product

plays a vital role in type of purchase a consumer will make. All these are aspects, which a consumer takes into account as far as his own self is concerned.

A consumer also takes care of his past experience and suggestion of his family and relatives while making a purchase. Influences also comprise of peer group members and people at work place. Factors such as Society and Culture also play a role in influencing consumer behavior towards FMCG Products.

Few factors such as brand ambassadors and product design and advertisement also have an impact on the consumer behavior but the effect of these factors is not very prominent. Only in case of very strong marketing campaign or advertisement along with very strong brand ambassador the influence on consumer behavior are significant.

4.4 Recommendations

Few factors are seen to have very prominent role in determining the type of purchase a consumer is likely to make. Factors such as “Basic Needs”, “Family Consensus”, “Age”, “Income”, “Safety”, “Lifestyle”, “Perceived Value Derived”, “Peer Groups”, “Self Image”, “Past experience”.

As a brand manager one should focus to leverage on these aspects as these factors play a vital role in shaping the consumer behavior in favor of the brand in rural India in FMCG Category.

Factors such as “income”, “age”, “self image”, “lifestyle” and “peer groups” are very subjective and are thus very difficult to leverage upon. Other factors such as “Past Experience” “Basic Needs” “Self Image” “Family Consensus” are factors which can be leveraged upon and the prospective customer can be made consumer of our products.

4.5 Limitations:

1. Sample size - I have chosen only 121 sample size for my study.

2. Accuracy - To understand the real facts and data, I have to do this study through all educated people for accurate observation
3. Area of study - Area of my study is very limited having only native villages of my near and dears.
4. Cost and Time constraints.

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ANNEXURES

Annexure 1: Questionnaire

Factor influencing the purchase decision of rural buyers towards FMCGs

	1 STRONGLY AGREE	2 AGREE	3 INDIFFERENT	4 DISAGREE	5 STRONGLY DISAGREE
I never buy items just because I liked its advertisements.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I keep in mind the brand ambassador of a product while making a purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Age has a great influence on what i purchase for myself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When i make a purchase i take into consideration my Basic needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I buy brands that my friends and neighbors buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
While making a purchase i take consensus of my family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 STRONGLY AGREE	2 AGREE	3 INDIFFERENT	4 DISAGREE	5 STRONGLY DISAGREE
My purchase are highly influenced by how much i earn	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety is always taken into consideration while making a purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 STRON GLY AGREE	2 AGRE E	3 INDIFFER ENT	4 DISAGREE	5 STRONGLY DISAGREE
I believe that some people in my locality are more influential than others.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
My regular brand is the same as what my parents had used for many years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The type of lifestyle i lead has an effect on what purchase i make	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
My purchase are	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 STRONGLY AGREE	2 AGREE	3 INDIFFERENT	4 DISAGREE	5 STRONGLY DISAGREE
highly influenced by my perception about the product					
I am not indifferent to most of the cultural practices that indulge in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends always influence on what purchase i make for myself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I generally buy or consume things which reflect my uniqueness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

People at my
workplace
always
influence by
purchase

☐☐☐☐☐

I pay a lot of
attention to how
I look when I go
ou

☐☐☐☐☐

Product design
is always
considered
while making a
purchase

☐☐☐☐☐

In case of
uncertainty, I
look at others to
get cues from
them

☐☐☐☐☐

Relatives
always
influence what i
purchase

☐☐☐☐☐

Product
knowledge has a
great role to
play in my
purchase

☐☐☐☐☐

My purchase are
highly
influenced by

☐☐☐☐☐

Social activities

I am engaged
with

Prior experience

always
influence my
purchase



1

STRON
GLY
AGREE

2 AGREE

3

INDIFFERENT

4 DISAGREE

5 STRONGLY
DISAGREE

My purchase are
highly
influenced by
Social Status



My purchase are
highly
influenced by
how hygienic
the product is



My purchase are
highly
influenced by
whether it is
eco-friendly or
not



Age (Years)

- ☐ 10-20
- ☐ 21-30
- ☐ 31-40
- ☐ 40-50
- ☐ Above 50

Education

- ☐ Illiterate
- ☐ Below Matric
- ☐ Matric
- ☐ 10+2
- ☐ Graduate
- ☐ Post-Graduate

Marital Status

- ☐ Married
- ☐ Unmarried

Income (Rs.)

- ☐ Less Than 5,000
- ☐ 5,000-10,000
- ☐ 10,000-15,000
- ☐ 15,000-20,000
- ☐ 20,000-25,000
- ☐ More Than 25,000

Occupation

- ☐ Student
- ☐ Employee (Private Sector)
- ☐ Employee (Public Sector)
- ☐ Farmer/Labourer
- ☐ Any Other