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A Study: Potential for Personal Care Products in Rural Market of India

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Abstract:

From soaps and shampoos in the morning to overnight face creams, personal care products literally touch daily lives of people. The personal care products we use are in some measure the signature of our lifestyles and standards of living.

Rural marketing means marketing those activities in the rural areas where favourable infrastructure may not be available.

Rural marketing & urban marketing are identical as regards their basic marketing structure. However rural markets as well as rural marketing have special features and problems as compared to urban markets.

The rural market offers a greater scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood. The rural markets dominate Indian marketing scene and need special attention for the expansion.

Today the rural market offers a vast untapped potential. Development programmes in the fields of agriculture and allied activities, health, education, communication, rural electrification, etc. have improved the life styles of rural population & some market agencies forecast that the rural demand will supersede the urban demand in the near future. Estimates are that the rural market is growing twice as fast as the urban market for durable products like wrist watches, fans, television & also non-durable goods like lipstick, ice cream & shampoo.

Among the items whose market share is on the rise in rural areas are colour and Black and White television sets, VCRs, Ceiling fans. In this paper the rural markets offers a larger scope for a concentrated marketing effort because of the increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities.

Keywords: Rural Marketing, Rural Management, Personal care products, Non-durable products

1. Introduction

Rural management encompasses all sectors of rural life. In other words, it implies development of every aspect of rural life. Rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfill the needs and wants of people, households as well as occupations of rural people. Rural marketing means marketing those activities in the rural areas where favourable infrastructure may not be available.

Rural markets are growing twice as fast as the urban market for durable products such as wrist watches, fans, television & also non-durable goods like lipstick, ice cream & shampoo.

According to the 2001 census, India's total population was 1027 million out of which the rural population was about 74.20 million i.e. 72% of the total population. The rural population and markets are highly scattered over a wide geographical area as shown in the table.

Population	No. of Villages	% of total Villages
Less than 200	1,14,267	17.9
200-499	1,55,123	24.30
500-999	1,59,400	25.00
1000-1999	1,25,758	19.70
2000-4999	69,315	10.80
5000-9999	11,618	1.80
10,000 and above	3,064	.50
Total number of villages	6,38,365	100

Table 1: Distribution of Villages in India

Rural population has the major portion of the Indian population. About 70% of the Indians reside in the rural areas. In other words, for every consumer in urban area, three of them are there in rural areas. States like UP, MP, Bihar, Rajasthan, Orissa where rural population is even up to 90%. Hence there is a good opportunity for marketing a variety of goods and services. Nearly 60% of the rural income is from agriculture. Thus rural prosperity is clubbed with agricultural prosperity. During the harvest season, the demand for consumer goods in villages goes up. The population securing income from non-agricultural sector is now increasing due to rural development programmes.

Sr. No.	Sources of Income	Proportion to total rural income
1	Agriculture	59
2	Agricultural wages	16
3	Business and Craft	09
4	Non-Agricultural wages	07
5	Salaries	03
6	Current Transfers	02
7	Others	04
	Total Rural Income	100

Table 2: Income generation in rural areas

Consumers in the village areas have a low standard of living because of low literacy rate, low per capita income, social backwardness, low savings etc. Rural consumers Value Old Customs as well as Traditions. As a result change is beginning to take place in their outlook. Rural consumers have diversity in socio-economic background. This is entirely different in different parts of the country. This brings diversity among rural consumers and market.

The demand pattern of the rural consumers is changing fast. There is growing demand for toiletries, readymade garments, and cosmetics. This kind of change is due to the increase in the rural income. Credit facilities are also being extended by public sector banks through Kissan Credit Cards which help the farmers to buy seeds, Fertilisers & Consumer goods on instalment basis.

The infrastructural facilities like roads, warehouses, communication system, and water are inadequate in rural areas. Hence distribution physically becomes very costly.

There is an increase in the saving habit of the rural community as a result of the efforts put up by Co-operative & commercial banks.

The reach of the media in rural areas appears to be very poor except in certain pockets of the country. It is estimated that the reach of print media is 10% followed by T.V. 31%, Radio 32% And Cinema 33%. As per the data published in the Indian Express about 20% of the six lakh villages are without telephone facility even today. This includes Maharashtra, Rajasthan, Gujarat, Assam, Orissa and Andhra Pradesh.

2. Purpose of Research and Scope of Rural Marketing in India

The Producers and resellers in India focus their selling attention upon the consumers in urban areas instead of focusing their attention on rural areas where 75% of our population lives. Hence there is a vast scope for developing markets in rural areas. The following points highlight the scope of rural marketing in India.

- **Higher purchasing power:** There has been an increase in purchasing power of rural population due to increase in economic activities during the planned rural development. Outlay of heavy resources on fertilizers, irrigation, agricultural equipment's and agro processing industry has been made. Saving habits of rural people has also increased. This too contributes in higher purchasing power.
- **Change in rural markets:** There has been an increase in demand for durables and non-durables like Table Fans, Radio, and Soaps etc. by rural consumers. Hence it provides a ready market for the producers and expansion of rural market.
- **Media exposure:** Earlier outdoor media was the only medium to attract rural consumers. Now information about new products is given through network programmes on T.V., Outdoor publicity and mobile advertisements to the rural consumers.
- **Decision Making:** Women in rural areas are beginning to take fast decisions for purchases. Studies reveal that 72.3% decisions are taken jointly in a family. With education and mass media, the role of children is also changing.
- **Growing urbanization:** Today rural India is characterized by growing urbanization. Marketers can now introduce products designed specifically for rural consumers, as there has been a better understanding of rural consumer and his habits.
- **Infrastructural facilities:** Substantial increase has also been seen in the improvement of infrastructural facilities. However it is not available according to the needs of the people but banking facilities, electricity, all weather roads etc. has helped in the improvement of the status of people. This gives tremendous opportunities for marketers as now they can reach rural buyers and communicate more effectively about their products.
- **Rise of alert buyers:** Literacy level of rural India is being steadily increasing with the launching of adult literacy scheme. Language barrier has been disappearing. Rural consumers can now think differently and decide from available alternatives. Rural consumers can now defend themselves with the help of increased awareness.

- **Opinion leaders:** One who acquires processes and interprets information is an opinion leader. An Opinion leaders help in interpretation of information to others to help them for arriving at a correct decision. Educated people have taken up the role of being Opinion leaders. Friends and relatives who have some experience in buying the product act as ‘User Endorsers’ and provide the necessary information.

3. Method of Research

This project is based on studying the spending pattern of people in the rural areas on personal care products. This Project is basically to prepare a research study on how the income level, education qualification and occupation have an effect on the buying and usage pattern of rural people on personal care products. This Project includes pros and cons of rural marketing, and how rural market has grown phenomenally in the past few years and has huge potential.

The method used in the project was with the help of questionnaire i.e., primary sources. The method of collecting data for research project was getting respondents to answer the questionnaire. The period of time of research project is one month. The scaling technique, used in my research, was of quantitative type. The questionnaire has been attached after bibliography.

4. Research and Findings on Rural Market

Rural retail market currently is estimated at US\$ 112 billion, or around 40 per cent of the US\$ 280 billion Indian retail market, according to a study paper, 'The Rise of Rural India', by the Associated Chambers of Commerce and Industry of India (ASSOCHAM). Domestic retailers like Birla, ITC, Godrej, Reliance and many others have already set up farm linkages. Hariyali Kisan Bazaars (DCM) and Aadhars (Pantaloan-Godrej JV), Choupal Sagars (ITC), Kisan Sansars (Tata), Reliance Fresh, Project Shakti (Hindustan Unilever) and Naya Yug Bazaar have established rural retail hubs.

Meanwhile Consumer durable companies, such as LG India and Godrej, have increased their marketing efforts in rural areas. Godrej has organised 'Rural melas' in order to access potential rural consumers.

Marketing gurus slogan 'Go rural' have analysed the socio-economic changes in villages. Rural population is about three times the urban, as a result Rural consumers have become the prime target market for consumer durable as well as non-durable products such as food, construction, electronics, electrical, banks, automobiles, insurance companies and other sectors besides hundred per cent of agri-input products like seeds, fertilizers, pesticides and farm machinery. Today Indian rural market accounts for only about Rs 8 billion of the total of Rs 120 billion, hence claiming 6.6 per cent of the total share. Clearly there seems to be a long way ahead. Success of a brand in the Indian rural market is unpredictable as rain. It has always been very difficult to gauge the rural market. Lot many brands which should have been successful in the market, have failed miserably. Hence, marketers need to understand the attitude as well as social dynamics within each village though nationally it follows a consistent pattern looking at the challenges and the opportunities which rural markets offer to the marketers. Thus it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. Radical change in attitudes of marketers towards the rural markets is called so that they can successfully impress 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

4.1. What Rural Market Buys?

Rural India buys very small packs, as they are perceived as “value for money”. Brand stickiness is there, where a consumer buys a brand out of habit and not by choice. Rarely brands fight for market share; just that they have to be visible in the right place. Expensive brands, such as Marie biscuits, Close-Up and shampoo are doing well because of deep distribution however many brands are doing well without any advertising support e.g. Ghadi, a big detergent brand in North India.

4.2. Why Rural Market?

There is a huge demand base of the Indian rural market and offers great opportunities to marketers. About Two-thirds of Indian consumers live in rural areas and half of the national income is generated here. Reasons for heading into the rural areas are clear. Consumer durable products in rural markets like washing machines, refrigerators, colour TVs, and air conditioners is growing annually between 7 per cent and 10 per cent.

Rural market is moving ahead at around 25 per cent annually. "The rural market growing faster than urban India now," says Venugopal Dhoot, chairman of the Rs 989 -crore Videocon Appliances. "The urban market is a replacement and up gradation market today," adds Samsung's director, marketing, Ravinder Zutshi.

4.3. Reasons for Improvement of Business in Rural Area

- Socio-economic changes such as lifestyle, habits and tastes and economic status.
- Literacy level (25% before independence – more than 65% in 2001).
- Infrastructure facilities like roads, electricity, media etc.
- Increase in income of the people.
- Increase in the expectations of the people.

The specialist rural marketing as well as rural development consultancy MART has found that around 53 % of FMCG sales lies in the rural areas, as do 59 % of consumer durable sales, said its head “Pradeep Kashyap” at the seminar.

4.4. Special Features of Rural Market

Rural markets are difficult to predict and possess special characteristics as compared to urban markets. The rural population is predominantly illiterate, irregular income, have low income, lack of monthly income and flow of income fluctuating with the monsoon winds. Critical issues such as Distribution, communication, Understanding the rural consumer and Poor infrastructure are faced by rural marketers. Marketer however should also strengthen distribution and pricing strategies. Rural consumer wants/expects value for money like increasing the household income and improving distribution are the viable strategies that have to be adapted to tap the immense potential of the market.

Media reach is a strong reason for the penetration of goods like mobile phone, cosmetics etc. which are used only by the urban people. Increasing awareness, knowledge on different products and brands accelerate the demand. Rural audience are critical of glamorous ads on TV, and hence they depend on the opinion leaders who introduce the product by using it and recommending it. Opinion leaders play an important role in popularizing products and influence in rural market. Educated youth of rural nowadays also influences the rural consumers. They are influenced by the lifestyle they watch on television sets. As they are less exposed to outside world they tend to be innocent. The reach of mass television, especially television has influenced the buying behaviour greatly of the people.

4.5. Creating Brands For Rural India

Rural markets are very powerful. Certain adaptations are required to cater to the rural masses as they have unique expectation and warrant changes in all the four parameters price, product, distribution and promotion.

Lot is already emphasized on adapting the product and price in terms of packaging, flavouring, etc. in sachets, priced in order to suit the status of the rural India in sizes like Rs.5 packs and Re.1 packs that are perceived to be value for money. It is a typical penetration strategy that promises that first time customers will be covered into repeated customers.

The promotion as well as distribution strategies are of great importance. To leverage the benefits Ad makers have learnt of media reach and improved infrastructure. Television airs advertisements to lure rural masses, and it reaches the target audience, because majority of rural India possesses and is glued to television sets.

Rural markets differ from various markets, and therefore rural marketing strategies are different from the marketing strategies aimed at an urban or industrial consumer. This, along with various other related issues, have been subject matter of discussions and debate in countries like India and China and also focus of even international symposia organized in these countries.

Rural markets and rural marketing involve number of strategies, which include:

- Client and location specific promotion,
- Joint or cooperative promotion,
- Bundling of inputs,
- Partnership for sustainability

Client and Location specific promotion involves a strategy that is designed to be suitable to the location and client. Joint or cooperative promotion strategy involves participation between the marketing agencies and the client. 'Bundling of inputs' involves a various marketing strategy, in which related items are sold to the target customers, also involves arrangements of credit, after-sale service etc. Media, both traditional and modern media, is used as one of the marketing strategy to attract rural customers. Sustainability for partnership involves building a foundation for continuous and long lasting relationship.

Innovative media can also be used to reach the rural customers. Radio and television are conventional media that are reaching the rural audience. However horse cart, bullock cart and wall writing are the other media, which can also carry the messages effectively to the rural customers.

Rural marketing is an evolving concept, marketers have realized the opportunity recently and as any economy has untapped potential. Improvement in infrastructure promises a bright future for those intending to go rural. Rural consumers are keener on branded goods nowadays as a result the market size for products and services has burgeoned. The rural population has shown a trend to move into a state of gradual urbanization in terms of exposure, eating habits, lifestyles and consumption patterns of goods and services. There are big dangers on concentrating more upon rural customers. Reducing the features of a product in order to lower prices is a dangerous game to play.

5. Analyses and Interpretation of Data

Educational Qualification	Number of people
10 th or below	11
10+2 or below	12
Graduate	10
Post Graduate and above	9
Others	8

Table 3: Education Qualification

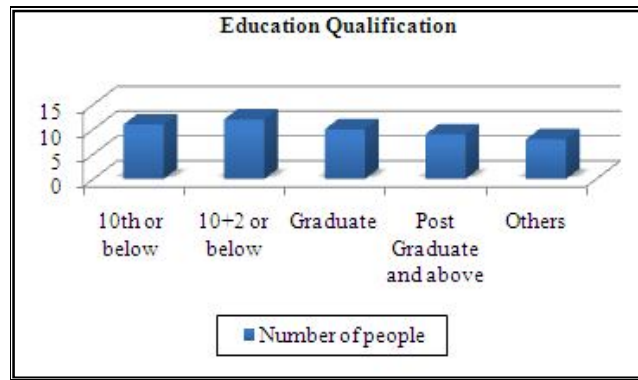


Figure 1

- Findings and analysis: Out of the 50 people surveyed through face to face interactions 24% of people were found to be educated not above 10+2. 22% of people were either illiterate ie educated below 10th. It was also found that out of 50 respondents 18% were post graduates and 20% were graduates, which shows that there has been an increase in the number of people with higher education in rural India stating a potential for growth in demand for personal care products.

Occupation	Number
Salaried	10
Self Employed	18
Retired	8
Housewife	6
Student	8

Table 4: Occupation

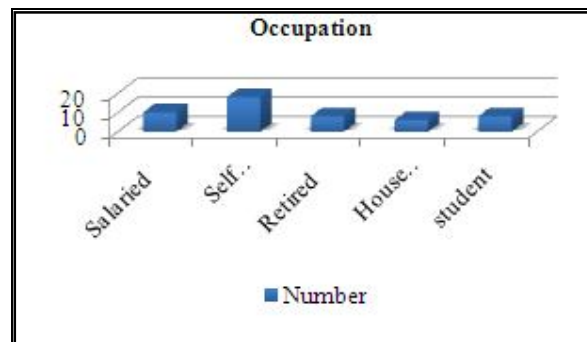


Figure 2

- Findings and analysis : Out of the total number of people surveyed, 56% of people were generating income by either being salaried or being self employed. The rest 44% were either retired, housewives or students who acted as dependents. This caused the mean expenditure on personal care products to drop down as the number of dependents per income earner were more as compared to that in urban areas.

Gross yearly income	Number
Less than 50000	17
50000 to 100000	7
100000 to 300000	19
More than 300000	7

Table 5: Gross annual Income of family

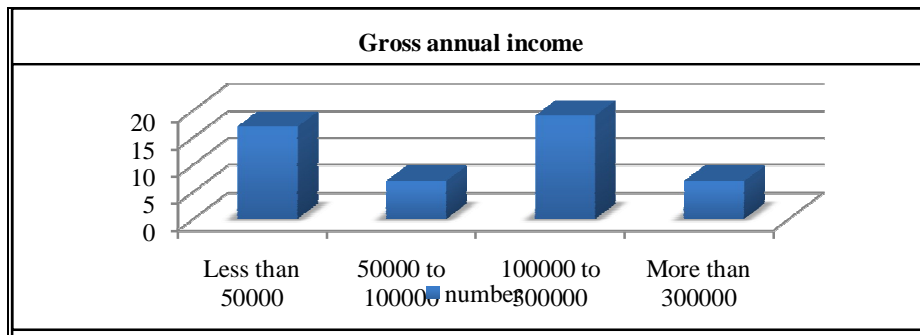


Figure 3

- Findings and analysis: With more than 38% of the people earning between 100000 and 300000, rural markets in India hold a huge potential. It is evident that income of a person directly affects his buying habits. Also 16% of the total people surveyed were earning more than 300000 per annum which on comparing the expenditure in rural areas is quite high. We can conclude from this that rural consumers are now earning well and potential for personal care products will only grow.

Expenditure on personals care products per month	Number
<50	12
50 – 100	19
100 – 200	14
200 – 300	4
> 300	1

Table 6: Expenditure on personal care products per month

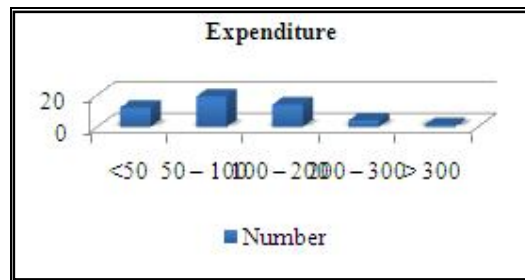


Figure 4

- Findings and analysis: It was found that 19 (38%) people were spending Rs 50 -100 per month on personal care products per month. Given the fact that this amount is fairly average for rural markets. This explains that people are spending more on personal care products and there would be a definite increase in there expenditure on personal care products in the times to come.

Type of personal care products do you use	Number
Soap	50
Shampoo	13
Creams	10
Cosmetics	15
Oils	43

Table 7: Type of personal care product being used

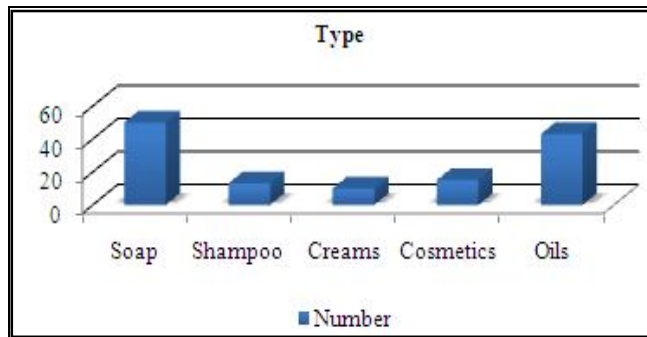


Figure 5

- Finding and analysis: According to the data collected by the researchers, everybody who was surveyed used soap. The other most preferred personal care product was oil followed by cosmetics, shampoo and creams respectively.

What do you see before buying a personal care product	Number
price and weight	11
Effectiveness	10
Brand	18
Packaging	5
easy availability	6

Table 8: What the customer sees before buying a product

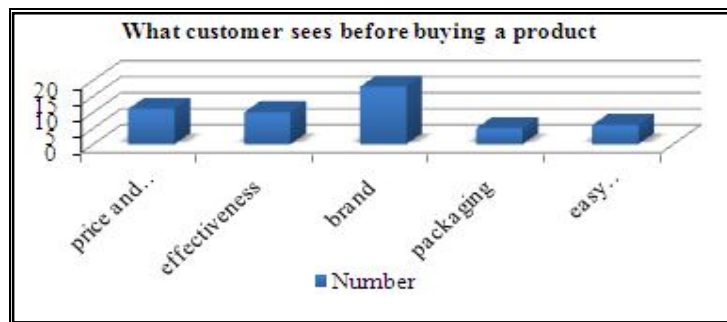


Figure: 6

- Findings and analysis: An interesting feature of the study, this chart shows that maximum number of respondents are brand conscious. About 36 % people buy a product by recognising a brand and not merely by its price and effectiveness. This shows how well the companies have penetrated the rural market and in turn the markets have reacted positively.

How do you come to know about a product	Number
Advertisement in newspaper	13
Advertisement on radio	12
Advertisement on TV	15
Recommended by someone	10

Table 9: How a person comes to know about a product

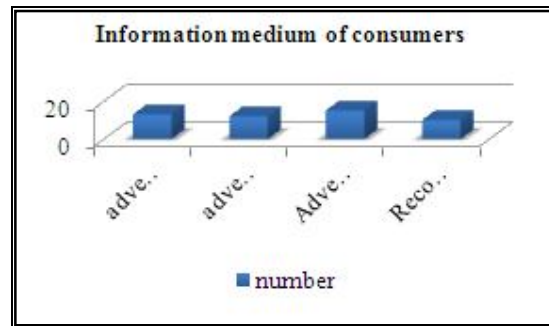


Figure 7

- Findings and Analyses: Out of the 50 people surveyed in the rural areas of India, it was observed the information about the products reaches the people mostly through advertisements on the television (30%). While 26% of the people still come to know about a product through advertisements in newspaper stating decrease in illiteracy in rural areas and increased awareness about various products.

6. Conclusion

- The Rural population is nearly three times the urban population, because of which rural consumers have become the prime target market for consumer durable goods.
- Indian rural market today accounts for only about Rs 8 billion of the total ad pie of Rs 120 billion, thus claiming 6.6 per cent of the total share. Clearly there seems to be a long way ahead.
- Reach of media is a strong reason for the penetration of goods like cosmetics, mobile phones, etc., which are used by the urban people only. Increasing awareness and knowledge on different products and brands accelerate the demand.
- Rural audience are critical of glamorous ads on television, and depend on the opinion leaders who introduce the product by using it and recommending it.
- Rural markets offers a greater scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities.

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QUESTIONNAIRE**Personal details**

Name :

Age :

Gender :

Marital Status:

No. of dependents :

1. Education Qualification

- a. 10th or below
- b. 10 + 2 or below
- c. Graduate
- d. Post graduate
- e. Others

2. Occupation

- a. Salaried
- b. Self Employed
- c. Retired
- d. Housewife
- e. Student

3. Gross yearly income

- a. Less than 50000
- b. 50000 – 100000
- c. 100000 – 300000
- d. more than 300000

4. Do you have any other sources of income?**5. What types of personal care products do you use?**

- a. Soap
- b. Shampoo
- c. Cream
- d. Cosmetics
- e. Oils

6. Total expenditure on personal care products per month

- a. Less than 50
- b. 50 – 100
- c. 100 – 200
- d. 200 – 300
- e. 300

7. Frequency of use

- a. Once a week
- b. Twice a week
- c. Irregular intervals
- d. Every day

8. What do you see before buying a personal care product?

- a. Price and weight
- b. Effectiveness
- c. Brand
- d. Packaging
- e. Easy availability

9. How do you come to know about a product?

- a. Advertisement in newspaper
- b. Advertisement on radio
- c. Advertisement on Television
- d. Recommended by someone

10. Suggestions for improvement in the personal care products you are currently using