

# Impact of Personal Income on Usage of FMCG Product of Rural Consumer

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**Abstract - Marketing products in today's cutthroat marketplace is fraught with difficulties. There are problems that can be fixed, but there are other problems that might never be fixed. As a developing nation, India has a long way to go. As a result, the majority of the population is found in the country. Promoting business in rural areas is crucial for any nation looking to grow economically. It is extremely difficult for manufacturers to market their products in rural areas since most residents have low earnings, little education, poor brand awareness, outdated communication and transportation facilities. Making decisions on their purchases of fast-moving consumer goods is proving to be difficult for many people. It is necessary to conduct research on the fast-moving consumer goods consumption patterns of rural Odisha. The current study's goal is to investigate the connection between FMCG product use and personal income. The study, which is empirical in character, selects 300 male rural consumers. The chi-square test is employed to test the hypotheses.**

**Keywords:** Rural Market, Income, Consumer, FMCG etc.

## I. INTRODUCTION

Rural and urban consumers differ greatly in a number of dimensions, including social, psychological, physical, and literal aspects. Cheap things are all that rural customers will buy. Since they are consistent at the local and regional levels, they tend to all buy the same things. As women rarely go to the market in the countryside, men often make all the buying decisions (Karthikeyan et al., 2024). Since rural areas tend to have lower literacy rates and more rigid caste and societal systems, they often make decisions as a group. Since they have limited access to information about the product's quality, service support, and company's credentials, rural consumers sometimes feel hesitant and unprepared to make purchases with confidence (Ahmed et al., 2016). According to the census, rural customers are uneducated, but he is not stupid (Rakesh et al., 2024). Rural customers tend to have

lower levels of brand awareness, preference, and loyalty than their metropolitan counterparts. Rural consumers' brand loyalty varies widely across product categories (Sinha & Narayanan, 2023). If people in rural areas are committed to a certain brand, it might be challenging to win them over.

Buyers in rural areas are impacted by things like logic, experience, and the value they place on their purchases. Their purchasing decisions are heavily impacted by the feedback they receive from their own circle of friends and family. Consumers' purchasing decisions are driven primarily and critically by two factors: the product's quality and its accessibility. Product message bombardment strategies are ineffective. Consumers in rural areas are often impacted by the tactile nature of marketing campaigns.

Consequences of liberalizing the Indian economy include the introduction of international brands to the country's consumers. Historically, businesses have targeted the urban markets, where consumers are more likely to have higher levels of education. Nonetheless, when urban markets became saturated, many corporations began to focus on the burgeoning rural market (Gharbi et al., 2024). As a separate note, rural marketplaces in India are still developing, and there are many obstacles to overcome in this area of business. Consumers in the countryside have quite different preferences, priorities, and habits than those in the city. Since they have more access to media and lead more modern lifestyles, urban Indian consumers have adapted more quickly than their rural counterparts, although the latter are catching up quickly. Since rural India has been voraciously consuming everything from shampoo to motor bikes as of late, the "rural predilection" is being viewed as one of the key themes of market analysis, making the purchasing habits of rural customers a hot topic of study (Sushma et al., 2024).

More over half of India's GDP comes from rural areas, making them "the heart of India." Even though 63% of Indians would still reside in rural regions in 2025, rural consumption is expected to increase from a CAGR of 3.9% over the last two decades to a CAGR of 5.1% over the next two, as stated in a report published in May 2007 by the McKinsey Global Institute. It is predicted that by 2025, total rural consumption would have skyrocketed from its 1985 level of Rs. 4,498 bn to Rs. 9,688 bn.

## II. REVIEW OF LITERATURE

There has been widespread interest from economists and social scientists in Kerala because of the state's comparatively high standard of living and unique spending habits. Particular interest is focused on the shift in spending habits that has characterised regional economic growth in recent years. This article uses factual analysis based on NSS consumer spending data from 1972 to 2000 in an effort to gain a deeper understanding of consumer behavior in rural Kerala, specifically the rural sector by income categories (Aswale & Sanjay, 2013) (Baiju, 2005).

This article looks at Bhubaneswar, the capital city of Odisha, an eastern Indian state, to see if there is a correlation between wealth and customers' decision-making preferences (Sehgal & Soni, 2024). The results show that different income groups have distinct preferences when it comes to where they do their grocery shopping (Rasheed et al., 2022). Marketers may utilize the study's findings to better compete by segmenting, targeting, and positioning themselves to appeal to specific types of retail buyers (Hurriyati et al., 2023) It is suggested that various sub-groups of earners be treated as separate customer segments, and that methods be developed to efficiently serve each group (Suvadashini & Mishra, 2021).

More than 60% of India's population resides in rural areas. There may be little more than a few hundred people living in these settlements (Singh & Singh, 2014). There is much debate in India about whether or not rural areas have reached a developed stage in terms of income, infrastructure, and consumer mindset (Bani & Ashrafi, 2015). The success of rural communities is a common topic of discussion. The rural regions near to metropolitan centers cannot be used alone to determine whether or not development has occurred (Rehman & Jamil, 2016). What we hear about life in rural India is mostly consistent with what we find. In many small towns, even the most fundamental services are unavailable. However, many customers in rural areas only dream of being able to afford durables like refrigerators and washing machines since their income fluctuates seasonally. There are still rural families today whose monthly income is less Rs.3000.

The fast economic and social development has boosted consumer spending (Hamilton, 2009). Chinese economic output has been falling even as the country has achieved remarkable strides in recent years. Farmers' income is the single most influential element in their involvement in the economy (Mohammadi, 2019). The Chinese economy has

seen both export-oriented development and investment-driven expansion, and the results have been rapid and persistent growth (Patil, 2017). A number of issues with rural people's income—including sluggish development, a large disparity in earnings between regions, and an unknown level of discretionary income—lead to an illogical pattern of spending (Cheng et al., 2020).

The discriminating power of financial measures is examined in the context of the FMCG industry's performance evaluation using Wilks' lambda and multiple discriminant function analysis by looking at a representative sample of 18 FMCG (fast-moving consumer goods) companies that are listed on the Bombay Stock Exchange for this study. These businesses are chosen based on their market valuation (Dhingra et al., 2018) (Rana, 2013).

The purpose of this research was to examine how consumers in rural areas see and evaluate products, as well as the factors that influence their purchase decisions (Kumar & Joseph, 2014). There are over 630000 distinct villages in our nation, and they can be grouped based on a number of criteria, such as population density, per capita income, literacy rates, and geographic proximity. Satisfaction on the part of customers is the whole total of their interactions, both positive and negative (Sushma et al., 2024). The client's decisions greatly affect the demand for a product or service, which is why the customer is sometimes referred to as "the king" (Mishra, 2018).

Consumption patterns and other socioeconomic elements are always shifting, and these shifts in turn characterize the dynamics of economic growth in Latvia and its regions (Sethi & Pradhan, 2012). Features of Latvian consumers are affected by unemployment, pricing, the average pay, and the production volume of various industries (Jha, 2013). Generally speaking, living costs tend to be greater in areas with higher average wages and vice versa. The purchasing patterns of Latvians are characterized by a stark divide between the country's wealthy and impoverished citizens. These two demographics are distinct from one another in their consuming habits (Krasko, 2018).

## III.OBJECTIVE AND HYPOTHESES OF THE STUDY

The Objective of the study is to investigate the connection between FMCG product use and personal income.

The Hypotheses of the study are;

- There is significant correlation between usage of toothpaste and personal income
- There is significant correlation between usage of bathing shampoo and personal income

## IV.RESEARCH METHODOLOGY

- Mixed method research design is used giving equal importance to both qualitative and quantitative aspects.

- Sample size is 300 male rural consumers in Odisha are considered on the basis of simple random sampling.
- Primary data is collected through in-depth interviews, one-on-one interviews with a representative sample of respondents to learn about demographics, family makeup, shopping habits, and potential implications on the study's larger goals.
- The chi-square test is used to investigate the relationship between profile characteristics and the level of consultation.

## V. DATA ANALYSIS & INTERPRETATION

Demographic data of the respondents are presented in table I.

TABLE I RESPONDENT PROFILE OF RURAL CONSUMERS

Respondents' Gender	No. of Respondents	Percentage
Male	300	100
Total	300	100
Total Monthly Household Income (in Rs.)	No. of Respondents	Percentage
Less than 5000	76	25
5000- 10000	97	32
10000- 15000	62	21
More than 15000	65	22
Total	300	100

Source: Primary data

Only male respondents are considered to complete the survey. The monthly household income inquiry has received 300 replies. 22% of respondents earn Rs. 15,000 or more per month, 32% earn between Rs. 5000 and Rs. 10,000, 25% earn less than Rs. 5000, and 21% earn between Rs. 10,000 and Rs. 15,000 per month.

How frequently rural consumers purchase Fast moving consumer goods has been presented in table II.

TABLE II RURAL CONSUMERS' FREQUENCY OF PURCHASE OF FMCG GOODS

Product category		Always	Often	Sometime	Not at all	Total
Toothpaste	No. of Respondents	203	33	33	31	300
	Percentage	98.1	0.8	0.8	0.3	100
Bathing shampoo	No. of Respondents	185	34	43	38	300
	Percentage	86.4	1.9	7.2	4.5	100

Source: Primary Data

**Analysis and Interpretation:** The survey found that 203 out of 300 rural respondents (i.e., 98.1%) buy toothpaste every day, 31 out of 300 (i.e., 0.3%) don't buy it at all, and 33 out of 300 (i.e., 0.8%) buy it regularly and infrequently. According to study data on bathing shampoo, 185 out of 300 respondents in rural areas never buy toilet/bathing soap (i.e., 86.4%), 38 out of 300 (i.e., 4.5%) never buy it, 43 out of 300 (i.e., 7.2%) buy it occasionally, and only 34 out of 300 (i.e., 1.9%) buy it regularly.

Monthly income of the respondents has been presented in table III.

TABLE III MONTHLY INCOME OF THE SAMPLE RESPONDENTS

Brands of Tooth Paste	Income per month (in Indian Rupees)				Total
	Less than 5000	5000- 10000	10000- 15000	More than 15000	
Colgate	25	33	1	1	60
Close up	32	12	2	1	47
Vicco	19	9	5	1	34
Promise	15	6	3	2	26
Cibaca	14	5	4	2	25
Neem	13	4	6	1	24
Pepsodent	21	17	2	1	41
Binaca	9	3	1	1	14
Anchor	18	8	2	1	29
Total	166	97	26	11	300

Source: Primary Data

Results from Table III show that of the 166 respondents with monthly incomes of less than Rs.5000, 32 would rather buy close-up than any other brand, followed by 25 who choose Colgate and 21 who desire pepsodent (Saleh et al., 2013). Thirty-three chose to purchase Colgate, seventeen chose Pepsodent, and twelve chose Close-up out of the 97 respondents who earn between Rs. 5000 and Rs. 10,000 per month. Furthermore, the data indicates that six of the 26 respondents, whose monthly income ranges from Rs. 10,000 to Rs. 15,000, preferred buying Neem, five selected Vicco, and four preferred Cibaca. There were 11 respondents with monthly incomes over Rs.15,000. 2 of them and 1 each preferred to buy Promise and Cibaca over Colgate, Close-up, Vicco, Neem, Pepsodent, Binaca, and Anchor.

The following null hypothesis will be tested to see if there is a correlation between monthly income and toothpaste brands: There is significant correlation between usage of toothpaste and personal income.

The aforementioned null hypothesis was assessed using the chi-square test. The calculated results are shown in table IV.

TABLE IV MONTHLY INCOME BRANDS OF TOOTH PASTE: CHI-SQUARE TEST

Particular	Value
Calculated value	81.8626
Table value at 5 per cent level	36.415
Degrees of freedom	24
Inference	Significant

Source: Primary Data

Table V demonstrates unambiguously that the computed number is larger than the tabulated one. Consequently, we cannot accept the status quo of the null hypothesis. There is a correlation between usage of toothpaste and personal income.

TABLE V MONTHLY INCOME OF THE SAMPLE RESPONDENTS

Sl. No.	Brands of Shampoo	Income per month (in Indian Rupees)				Total
		Below 5000	5000-10000	10000-15000	More than 15000	
1	Clinic plus	77	18	10	1	218
2	Head & Shoulder	21	27	5	1	108
3	Pantine	13	15	4	1	66
4	Click	9	5	1	1	32
5	Sunsilk	35	35	1	1	94
6	Dabur Vatika	3	7	1	1	24
7	Silk-n-shine	2	6	1	1	20
8	Rejoice	6	9	3	1	38
	Total	163	97	26	11	300

Source: Primary Data

Table V clearly demonstrates that, out of 163 sample respondents, 77 at most preferred to acquire Clinic Plus, followed by 35 who loved Sunsilk and 21 who desired Head & Shoulders. The 163 sample respondents earn less than Rs. 5000 per month. Head & Shoulder was the product of choice for 27 out of 97 respondents, followed by Clinic Plus for 18 and Pantine for 15. A maximum of Rs. 5000 to Rs. 10,000 per month was earned by these respondents. Furthermore, it was found that, of the 26 respondents who earned between Rs. 10,000 and Rs. 15,000 per month, around 10 of them chose Clinic Plus, 5 of whom loved Head & Shoulders, and 4 of whom hated Pantine. One of the 11 respondents, whose monthly income is over Rs. 15,000, requested Clinic Plus, Sunsilk, Dabur Vatika, Silk-n-shine, and Rejoice, while two liked Head & Shoulders and three, at most, picked Pantine.

The following null hypothesis will be tested to see if there is a correlation between monthly income and toothpaste brands: There is significant correlation between usage of bathing shampoo and personal income

To assess the null hypothesis set above, the chi-square test was done. The computed results are presented in Table VI.

TABLE VI SEX AND BRANDS OF SHAMPOO: CHI-SQUARE TEST

Particular	Value
Calculated value	43.3571
Table value at 5 per cent level	32.671
Degrees of freedom	21
Inference	Significant

Source: Primary Data

As indicated in Table VI, the predicted value is more than the table value. Thus, the null hypothesis is not accepted. It follows that there may be a connection between personal income and the use of bath shampoo.

## VI. CONCLUSION

Rural marketing is crucial to India's development plan, especially in the areas of self-reliance, modernization, structure diversity, and globalization. India is a rural country. Over the past forty years, India's markets have developed significantly, with rural markets in particular making

significant strides that have shaped the country's economy and social structure. In the post-Independence era, rural India and rural marketing operations underwent an enormous change. The use of FMCG items and the characteristics of the sample respondents have been compared using the Chi-square test. The findings showed that the respondents' personal income had an impact on their decision about the brand of shampoo and tooth paste.

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