



Economic Advantage of Micro-Packs from Rural Consumer Perspectives with reference to Fast Moving Consumer Goods

KEYWORDS

Micro packs, Economic surplus, FMCG and Rural consumers

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ABSTRACT

Acceptability of FMCGs in micro-packs in rural markets are soaring due to a affordability and convenience. In these days, the rural market is one of the best opportunities for FMCG sector in India. Economic surplus arising out of retail price difference between micro packs and macropacks of FMCGs and consumers opinion were analysed with the sample size of 300 respondents. The segmentation of rural consumers according to NCEAR classification broughtout, the surplus derived by each of the segment while buying FMCGs in micropacks.

INTRODUCTION

To meet the wants and needs of select customers, it is important to understand consumer behaviour. Consumer behaviour in the rural markets is even more perplexing because of a singular lack of consistency in groups which are homogeneous in parameters of demographics (Pradeep Kashyap, 2009). Packaging has a significant role in product offerings in rural markets as it is associated with affordability, ability to recognize, convenience of usage and product appeal (Suja Nair, 2008). Rural market is getting importance because of the saturation of the urban market.

Micro Packs and Fast Moving Consumer Goods (FMCGs)

Micro-Packs used as an effective pull strategy which induces customers to solicit a product, who in turn demand the product from the company (Sara Huhmann, 2011). The FMCGs are essential, low price goods, sold in packaged form and generally branded which get repeat sales. For the convenience of retailers and consumers, FMCG companies adopt Coinage pricing which is directly proportionate to the package size (Balram Dogra, 2009).

Literature review

Adoption of micro-packs can lead to an increase in the brand awareness, which would further trigger off overall penetration (Preeti Mehra, 2009). Rural residents are more influenced by the ease of storing a package than their urban counterparts (Mahavir et al, 2007). Consumers were opting micro-brands because of convenience, low cost, ease of handling and the opportunity of trying a variety of different products (Preeti Mehra, 2008). Consumers buying vice goods prefer small package size to control their consumption (Jain, 2012).

Statement of the Problem

Rural consumers are fundamentally different from their urban counterparts. The subconscious feeling of achieving economy and getting freshness drives the need to buy small pack sizes so that even higher unit prices for small packs are perceived as value for money. Every marketer must realize that pricing is a direct function of cost-benefit advantage, opportunity cost and should be for value offerings that are affordable. At all times, however, the unit price is critical and so is the pack size. When there is a cash flow crunch in lean season, they prefer micro packs

for FMCG purchase. In tune with raising demand for FMCG in rural areas, the study revolves around purchase, usage and package preference of the rural consumers.

Objectives of the study

The objectives of the study are

- To know the preference of consumers towards micro-packs of different FMCG product categories and
- To analyze the price advantage derived by the respondents from micro-packs in FMCG.

Methodology

The study was conducted at Naickenpalayam village in Coimbatore district, a rural area according to the Census of India, 2011. The stratified random sampling was adopted to select the sample size of 300 respondents who were the buyers of Fast Moving Consumer Goods in micro-packs, covering a period of six months from July 2013 to December 2013. A structured interview schedule was used to collect primary data. Descriptive statistics were used for data analysis. The Cronbach alpha computed resulted with the data reliability of 0.896.

Results and Discussion

The results of data analysis are discussed as under:

Socio-Economic Profile of the respondents

The demographic variables are the most widely employed in market segmentation. Majority of the respondents (50 percent) belong to the age group of above 41 years, female respondents constitute 84.67 percent and majority of the respondents were married. The education attainment showed that 34.67 percent studied up to school and 23.33 percent were post graduates. Of them, 52 percent engaged in agriculture, 29.33 percent were Govt. employed and another 8.67 percent were in business and private employment.

Based on National Council of Applied Economic Research (NCEAR), the respondents were classified into Destitutes, Aspirants, Climbers, Consuming Class and Very rich. Majority of the respondents (53.33 percent) belong to consuming class with annual income of ₹45001- ₹2,15,000 and 23.67 percent were climbers with annual income of ₹

22,001- ₹45,000, 10.67 percent were aspirants with annual income of ₹16,001- ₹22,000 and 5.33 percent were very rich with annual income above ₹2,15,001. The remaining four percent were destitutes who are considered as market for only basic and essential commodities with annual income below ₹16,000.

Purchase frequency of FMCG in micro-packs

Under daily purchase frequency, chocolates were purchased by 62.5 percent of the very rich class and edible oil by 33.33 percent of the destitute, in micro-packs. Under weekly twice frequency, beverages, shampoos and washing powder were purchased by 66.67 percent of the destitute, the aspirants purchased shampoos (75 percent) and beverages (68.75 percent). The very rich class (87.5 percent) purchased biscuits in micro-packs.

Under weekly once purchase, Fairness cream and hair oil was popular among destitute. Majority of the aspirants purchased hair oil (75 percent), toothpaste(68.75 percent), vaporub(62.5 percent) in micro-packs. Among climbers category, toothpaste (67.5 percent) and insect repellent (65 percent) were bought in micro-packs. Under monthly once purchase, the majority of the destitute (100 percent) purchased ready mix paste. Among the consuming class (90 percent) bought talcum powder. The very rich class (75 percent) purchased masalas and shampoos.

Price advantage of micro-packs over macro-packs based on current market price

The maximum retail price of micro packs were compared with macro-packs based on quantity as shown in table1.

Table 1 Price Advantage of Micro-packs over Macro-packs

PRODUCTS	MICRO-PACKS		MACRO-PACKS		DIFFERENCE Gain/(Loss)
	Gms/ml	₹	Gms/ml	₹	
BISCUITS	25	5	93.75	18	(-.75)
Hide & Seek					
Bourbon	40	5	78	12	2.25
Good Day	54	6	90	11	1.01
Milk Bikis	121	10	156	15	2.11
Marie Gold	69	5	166	13	0.98
CHOCOLATES	2	1	35	25	7.5
Milky Bar					
Five-star	14	5	38	15	1.43
Munch	6.1	2	96	29	(-2.47)
Kit Kat	13	5	99	40	1.93
Dairy Milk	9.5	5	38	20	0.01
Gems	2.67	1	27.50	30	19.71
Polo	7.81	2	28.50	5	(-2.2)
BEVERAGES	2	1	13	10	3.5
Bru Coffee					
Boost	15	5	500	140	(-26.67)
Horlicks	15	5	500	142	(-24.67)
TOILET SOAPS	45	6	110	18	(-3.33)
Lux					
Hamam	20	2.50	100	19	6.5

Mysore sandal	17	5	150	48	3.89
Medimix	13	2.50	113	21	(-0.73)
Chandrika	40	6	125	23	4.25
Santoor	38	5	115	18	2.87
DETERGENT POWDER	15	1	450	30	0.01
Ujala					
Ariel	14	2	500	79	7.58
Tide	13	1	500	35	(-3.46)
Surf Excel	15	2	190	25	(-0.33)
Rin	20	1	500	25	0
TOOTHPASTE	50	13	80	26	5.2
Pepsodent					
Colgate	50	14	200	55	(-1)
Close up	15	5	40	15	1.67
FAIRNESS CREAM	9	7	25	37	17.56
Fair & Lovely					
Fair Ever	9	12	25	37	3.67
Garnier Light	7.5	10	50	56	(-10.65)
SHAMPOOS	5	1	35	13	3
Clinic Plus					
Head & Shoulder	5	1.50	200	139	79
Clinic All Clear	5	1.50	200	124	64
Panteen	8	3	90	65	31.25
Dove	9	3	200	115	48.3
WASHING LIQUID	20	3	200	35	5
Comfort					
PERSONAL CARE PRODUCT	20	5	100	36	11
Ponds Powder					
DETERGENT CAKE	215	8	282	14	3.51
Power					
Arasan	50	3	250	13	(-2)
PAIN RELIEF	4	3	9	19	12.25
Amurthanjan					
Zandu Balm	7	5	10	20	12.9
Vicks	5	5	10	15	5
EDIBLE OIL	5	1	100	10	(-10)
VVD Gold					
Parachute	10	1	100	20	10

Source :Secondary data

It is noted from table1 that for majority of the leading brands under various product categories were made available namely biscuits, chocolates, toilet soaps, fairness cream, shampoos and health care products, the prevailing price of micro-packs are lesser than that of the products in macro-packs of similar category. In few brands of biscuits, chocolates, toilet soaps and detergent powders the macro-packs are advantageous to the customers. In all, the price comparison reveals that micro-packs of FMCG could get placed in the basket of the customers due to its property of "affordability".

Opinion of respondents on price advantage in micro-packs

The respondents opinion on the price advantage of micro-packs is shown in the table 2

Table 2 Respondents opinion on price advantage of micro-packs

PRODUCTS	LOW					MEDIUM					HIGH				
	Destitute	Aspirants	Climbers	Consuming class	Very rich	Destitute	Aspirants	Climbers	Consuming class	Very rich	Destitute	Aspirants	Climbers	Consuming class	Very rich
Health care products	16.67	-	15	38.12	37.5	66.67	56.25	15	29.37	37.5	16.67	43.75	70	32.5	25
House care products	-	-	13.75	12.5	-	83.33	31.25	26.25	40	50	16.67	68.75	60	47.5	50
Fabric care products	25	21.87	18.75	26.25	-	75	21.87	13.75	25.62	37.5	-	56.25	67.5	48.12	75
Personal care products	16.67	12.5	6.25	26.87	12.5	33.33	37.5	30	27.5	31.25	50	50	60	45.62	56.25
Food and beverages	16.67	21.87	10	28.75	25	22225	46.87	32.5	31.25	37.5	58.33	31.25	57.5	40	37.5
Groceries	-	6.25	2.5	31.87	18.75	33.33	46.87	42.5	20.62	31.25	66.67	46.87	55	49.31	50

Source: Primary Data

The table2 clearly shows that the respondents classified as destitute viewed that they enjoyed high price advantage by buying in micro-packs, the items like groceries(66.67) percent, food and beverages(58.33 percent).The medium price advantage in micro-packs include items like house care products(83.33 percent).

The respondents grouped as aspirants derived high price advantage by purchase of FMCG in micro-packs, the items such as house care products(68.75 percent),medium price advantage derived with respect to items like health care products(56.25 percent) and low price advantage in fabric care products(21.87 percent).

The climbers category of the respondents derived high price advantage in the items like health care products(70

percent),medium price advantage in micro-packs include groceries(42.5 percent), and low price advantage include fabric care products(18.75 percent).

The consuming class group enjoyed high price advantage by buying the micro-packs and it include the items like groceries(49.31 percent),medium price advantage in items like house care products(40 percent). The respondents grouped as very rich viewed that they enjoyed high price advantage by buying in micro-packs, the items like fabric care products(75 percent). Consumer try the product more because of its small quantity and have a high adaptability rate because of the minimal cost involved.

The above discussion reveals that the acceptability of products in micro-packs by the rural consumers. The segmentation of rural consumers based on their purchasing power brought out an indepth idea on how the demand varies among respondents in each income classification, for FMCG products sold in micropacks. A high level price advantage was gained incase of buying groceries in micropacks by destitute and consuming class of respondents; incase of food and beverages by destitute and climbers; personal care products by consuming class and very rich; fabric care products by very rich class; house care products by aspirants and health care products by climbers.

CONCLUSION

The rural market looks attractive for the FMCGs as rural consumer spend more on FMCG in micro-packs. The penetration of FMCG in micro-packs are increasing year after year because of aggressive approach of corporate sector. The new consumers are entering the market every year and it is up to the corporate world and acumen of the marketer, how to develop innovative model for taking his goods to the rural heartland in a cost effective manner.

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