

COMPETITIVE AND INNOVATIVE PROMOTIONAL TOOLS USED BY TOOTHPASTE COMPANIES FOR RURAL MARKET & ITS IMPACT ON CONSUMER BUYING BEHAVIOUR IN GUJARAT

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ABSTRACT

India is one of the largest emerging markets, with a population of over one billion. Out of which 68.84 % are living in rural areas (Census 2011). Level of urbanization increased from 27.81% in 2001 Census to 31.16% in 2011 Census. Rural India is on the threshold of momentous change. Rural India will be a market worth USD 500-600 billion by 2020, according to McKinsey report. Rural consumption levels are also anticipated to equal current urban levels by 2017. The economy is vibrant, incomes are rising; and the habits, preferences and attitudes are changing rapidly. To be successful in the rural market, companies will have to be innovative and sensitive while devising marketing strategies. Traditional urban marketing strategies will have to be localized as per the demands of the rural market. The current paper attempts to discuss the promotional tools which are used by major toothpaste companies for improving their brand visibility, goodwill and sales in the rural markets of India. It also analyzes the drastic changes in consumer behavior due to the promotional strategies adopted by key marketers.

Keywords: Consumers Behavior, Promotional Tools, Rural Consumers, FMCG Sector

INTRODUCTION:

Fast Moving Consumer Goods represent those goods which are consumed regularly & daily by the consumers. FMCG industry is also known as consumer packaged goods Industry. In India, The FMCG sector is forth largest sector in our Indian economy, and market size is US\$ 20.1 billion. The main factor behind the great growth of this sector is our Indian population, which make it more lucrative. The FMCG products can be divided in to four major categories. These categories are – House hold care, Personal care, oral care and food and beverages. Toothpaste will fall in oral care category. In the study we select the four major companies & five different brands of it, which are - Colgate Palmolive, HUL, Dabur and HLL.

In this competitive world one tool which helps the companies to become more competitive is promotional tools. With the help of promotional tools companies can not only improve the sales but also improve the brand equity. Promotional tools include – free samples, premium, bonus offers, price cut off offers, fairs and exhibitions, scratch coupons and money back offers etc.

LITERATURE REVIEW:

A study was done by Purba Basu over “ Drastic changing in rural consumers lifestyle” in 2004 in India. Purba suggested that life style of Indian rural people is change like nothing. The consumption rate is more fasterly grow as compare to urban consumers. Because of that majority of FMCG players give more emphasis on rural consumers. Companies use different different promotional tools to attract new consumers. In her research she give the example of some FMCG companies like Titan company introduce Sonata, Coca Cola introduce 200 ml bottle and HUL introduce scratch & win schemes for rural consumers. She also analyse the National Council for Applied Research (NCAER) projection, Which represent that the size of rural India is going to double as compare to urban India. Which generate the great market for FMCG products in rural areas of India.

As per the case study written by Nagarajan over “ Unilever in real India” in 2006. In this case study he found that approximately 70% of the population are lives in rural areas in India at present. He classify the total population in to three parts in one pyramid and rural consumers are the bottom part of that pyramid. This bottom part generate a great opportunities for not only domestic players but also for foreign players. He explain the scenario with one example of Nirma and HLL. When the Nirma introduce its detergent powder product with creative in product formulation, pricing and good distribution network at rural areas of India. Which generate the great set back for HLL. Getting the experience from it HLL also come with various new initiatives to reach to the rural consumers. HLL force to change its product formulation, distribution channel and promotional mix. HLL also start project Shakti in rural areas of India. This example shows the importance of rural consumers at present in India.

Kumar, Y., & Madhvani (2006) conducted a study on ‘Rural Marketing for FMCG’s’. In this study they try to identify the most preferred brands in toothpaste, shampoo and soap categories in rural areas of India. They also interpret the output on the basis of the gender. With the help of this study they come to know that quality is the most influencing factor to the consumers at rural areas of India. The other factors are price, colour, packaging and taste. In the case of toothpaste, majority of the female respondent prefer the Colgate as compare to Pepsodent. While majority of male respondent prefer Pepsodent. In the case of shampoo no such difference is found, while in soap majority use the Hamam as their toilet soap brand.

Kumar (2006) identifies that majority of the rural consumers give more preference to quality of the product in his one research at rural India. Which shows that all the FMCG companies give more emphasis on quality standards of the product. He also identify that the income level of rural consumer is increase which also generate more consumption and purchasing power of rural consumers. Besides that they become more aware and educated about the products. They believe in value for their money now a days. He also explain because of this drastic change in rural consumer behaviour and hard core competition, all the Major FMCG companies give more emphasis on promotional tools at rural level to attract rural consumers.

Garg, Ghuman, and Dogra (2009) done the one study among the 300 rural consumers in 3 districts of Punjab found that, rural consumers prefer to buy the goods in small packs at lower price. They want the more product at reasonable price in other words value for money. He also explain the importance of promotional tools in rural areas. He suggested that FMCG companies must enter and tap the rural market in phase manner.

OBJECTIVE OF THE STUDY:

The objective was to study the promotional tools that are used by major toothpaste Companies in rural areas and its impact over consumer buying behavior.

RESEARCH METHEDOLOGY:

The survey was conduct in rural areas of Gujarat Region. Research design is descriptive in nature. The Study is conclusive –descriptive research. The primary data was collected through the questionnaire and secondary data through the internet, magazine etc. Sample Unit was the customers who purchase and consume the toothpaste. And sample size was 116.

DATA ANALYSIS:**DEMOGRAPHIC DETAILS:**

In the survey, Out of 116 respondent 60.3 per cent is male and 39.7 per cent are female respondents. Out of which 55.2 per cent respondents are single, 12.9 per cent are committed, and 31 per cent are married. From all respondents, 50.9 per cent respondents are between 15 years to 24 years, 21 per cent are between 25 years to 34 years, 16 per cent between are 35 years to 44 and 8 per cent are between 45 years to 54 years and 4 per cent are 55 years and above. Among all respondents respondent 18 per cent are less than SSC, 10 per cent are SSC, 24 per cent are HSC, 35 per cent are graduate, and 14 per cent are post graduate. 30 per cent respondent have less than 10,000 monthly family, 34 per cent have monthly income in between 10,000 to 19,999/- , 23 per cent have monthly family income in between 20,000 to 29,999. And 6 per cent have family income 40,000 or more. There are 35 per cent of the respondent are doing job, 20 per cent of the respondent are doing their business, 23 per cent of the respondent are house wife, 22 per cent of the respondent are student. 62 per cent of the respondents are live in nuclear family, and 38 per cent are live in joint family.

Factor Analysis on ‘The factors which has the greatest influence on consumer purchasing habits for toothpaste’

Table 1 KMO Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.823
Bartlett's Test of Sphericity	Approx. Chi-Square	279.02
	Df	36
	Sig.	.000

The Kaiser – Meyer – Olkin measure that which scale is taken by the researcher is appropriate or not. Here this KMO test is 0.823 which indicate the scale is appropriate and helps in extracting the factor. The ideal measure for this test is KMO is more than 0.50 and here KMO test is 0.823 indicates the variable are measuring a common factor.

FACTOR MATRIX:

The rotated component matrix helps you to determine what the components represent. Factor analysis helps to reduction the factor.

Table 2 Factor Matrix

When it is special offer	Promotional tools related factor
When a dentist or other professional recommends particular toothpaste to you.	
When seller gives you a special price cut	
When you get free branded items on purchasing toothpaste	
When seller gives you special discount on price	
When you see an advertisement for the toothpaste	Customer preference related factor
When someone recommends particular brand of toothpaste to you	
When seller gives free coupon on purchasing the toothpaste	
When new flavor comes in the market	

From the study we can classify the factors in to two categories like Promotional tools related factors and customer preference related factors. The promotional tools related factors includes factors like special offers, professional recommends, price cut, free sample and price discount. While customer preference related factors include comparative advertisement, recommendation by friends, free coupons given by retailers, introduction of new product etc.

HYPOTHESIS TESTING:

Null Hypotheses are as below:

H1: Take any type of suggestion from seller when purchasing a particular brand of toothpaste is independent on gender.

At 5% of significance level and with 1 degree of freedom the table value is 3.841 which is more than the calculated value. So null hypothesis is failed to reject

H2: Take any type of suggestion from seller when purchasing a particular brand of toothpaste and education level of customers is independent.

Here calculated value is less than the tabulated value so we accept the null hypothesis. So we can interpret that take any type of suggestion from seller when purchasing a particular brand of toothpaste and education level of customers both not dependent on each other.

H3: There is no significance relationship between when customer feels the need to purchase toothpaste and gender of the customer.

Here the F calculated value (0.899652) is less than the critical value (4.493998) means tabulated value. So Null Hypotheses is accepted. So there is no significance relationship between when customer feels the need to purchase toothpaste and gender of the customer.

H4: There is no significant relationship between “customer buys the toothpaste when company gives promotional scheme and monthly income of the customer.”

Here the significance value of the F test in the ANOVA table is 0.953 which is more than 0.05; so Null Hypotheses is not rejected, means the Null Hypotheses is accepted. Hence there is no significance relationship between “customer buys the toothpaste when company gives promotional scheme and monthly income of the customer.”

CONCLUSION:

The study shows that the 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 (Loyalty ratio is more than 80 %), they do not change it easily due to influence of friends/social group and lack of availability of their usual brands. In toothpaste 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. Rural consumers 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. The mean score of the price of the product, quality of the product and taste of the product are 1.58, 1.34, 1.61 respectively. And this mean score is followed by the availability of the product and promotional tools used by the company. As per the customer point of view the various medium which are suitable for promote the promotional scheme are television, form the four medium radio, television, news paper and hoardings.

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