

“Changing Perception of Indian Rural Consumers towards Packaged Food Products: A Literature Review”

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Abstract:

The packaged food and beverage sector has observed the fastest growth in fast moving consumer goods market. Several studies have shown that rural consumers are generally ignorant and they are also unorganized. Rural markets are full of inferior goods and duplicity of branded goods is another major problem in rural areas. These facts may not be true any longer. The rural market has changed drastically in the past decade. There is a change in the income pattern and lifestyle of rural people. Very few companies were concentrating in these markets. The Introduction of currency, transport, and communication and developments in infrastructure has increased the scope of rural market. Seeing the potential of 75 per cent Indians living in rural areas and demand base offers great opportunities to marketers, they started focusing on these unexplored, high-potential areas.

This paper is focus on analyzing the awareness of rural consumers towards packed food products and the changing rural consumer preference towards packed food products in rural areas of Nagpur district.

This study is based on a secondary data collected from the various research manuscripts available online and offline in article published, books and magazines.

Keywords: Perception, Packed food, Rural, Consumer etc.

Introduction:

Demographic profile of India

In recent years, packaged food or ready to eat food has become favorites among Indians especially in the urban cities. According to ‘India Ready-to-eat Food Market Forecast & Opportunities, 2019’, the Indian RTE food market have grown at a CAGR of 21.99% from 2014-19. Indian Food packaging industry is expected to become 3rd biggest market by 2020.

The Indian rural market with its vast size and heterogeneous demand base offers great lucrative opportunities to marketers. After all, two thirds of countries consumers live in rural areas and almost half of the national income is generated in the rural hinterland. India is classified into around 593 districts, and approximately 6,38,000 villages, which can be segmented in different parameters such as literacy levels, accessibility, distribution networks, income levels, market penetration, distances from nearest towns, etc. India's economy is predominantly rural in character. Recent developments, which has taken place in the rural areas under the five- year plans and other such special programs, are phenomenal. The overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities.

Today the rural market offers a vast untapped potential. Development programs in the field of agriculture and related activities such as health education, communication, rural electrification, etc have improved the lifestyles of village population. Rural India, which accounts for 83.3 per cent of the country's more than one billion population (according to the Census of India 2011). However the boom in the retail market has been confined primarily to the urban markets in the country. Even there, large chunks are yet to feel the impacts of organized retailing in rural India.

There are two primary reasons:

1. Modern retailer is yet to feel the saturation in the urban market and has, therefore probably not looked at other markets as seriously.
2. The modern retailing trend, despite its cost-effectiveness, has come to be identified with life styles.

In order to appeal all classes of society, retail stores would have to identify with different lifestyles. But often, rural marketing is confused with agricultural marketing. Agricultural marketing denotes marketing of produce of the rural areas to the urban consumers or industrial consumers. These primarily consist of agricultural commodities and some small scale industry products such as Khadi Gram Udyog products or Amul's dairy products. On the other hand, rural marketing involves delivering manufactured or processed goods or services to rural consumers. As rural markets acquire significance the Indian growth story spreads itself to India's hinterlands.

India's packaged food retail sales grew at an average of 11.5% annually during the past five years, with a Compound Annual Growth Rate (CAGR) of 12.93% between 2004 and 2009.

With the arrival of international packaged fast food outlets in India, the food industry has experienced steady growth. It contributes 9% to India's GDP; however, India's share is just 1.7% in world trade. It is difficult for most regional packaged food companies in India to expand nationally due to the country's underdeveloped infrastructure. Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF) was the leader in the packaged food market, with an 8% share in 2009.

G. Features of Indian Rural Markets:

- Large, Diverse and Scattered Market
- Major Income of Rural consumers is from Agriculture
- Standard of Living and rising disposable income of the rural customers
- Traditional Outlook
- Rising literacy levels
- Diverse Socioeconomic background
- Infrastructure Facilities

H. Objectives of the paper:

- To analyze the literature related to the changing scenario of rural consumers leading to changes in marketing strategies.
- To explore relevant available literature on rural consumer buying behavior
- To explore literature available pertaining to preference and perception of rural consumers towards packed products.

Changing scenario of rural Consumers: A Literature Review

Dr. Vinod N Sambrani and Jayadatta S (January 2019) in their paper entitled "Paradigm Shift and Changing Future of Rural Marketing in India" focus on rural marketing strategies mentioned in the following figure.



Figure: Marketing Strategies for Rural Market in India

Further in the paper, researcher mentioned that Indian rural market plays an essential role as it provides greater opportunity to the companies to expand their reach to nearly seventy percent of the population. By enriching the standard of the people, providing infrastructure facilities, quality of life of people residing in rural area rural market benefits the rural economy. Though the rural market has become a desired destination for every marketer but it has a lot of challenges and risk. Further study about the understanding of rural markets and organized move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to take into account the complex factors that influence the rural consumer buying behavior.

In the concluding remark paper has mentioned that the rural market is developed by increasing purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to increase the rural economy. Lastly the biggest challenge is to develop an accessible model of influencing the rural customer mind over a large period of time and keep it going.

Tarun Gupta and Dr. Dheeraj Gandhi (August 2016), paper entitled "Rural Retail In India (A Changing Scenario): Prospects And Challenges" focus about the problems associated with the rural market including wide & scattered market, problem of designing products, transportation bottleneck, seasonal and irregular demand, uncertain & unpredictable market, low living standards, lethargic life style, backwardness, high inventory costs, inadequate marketing support and distribution problem.

Rural consumers are heterogeneous in nature, whereas urban consumers are homogeneous in nature. Rural bias- nearly two thirds of the stores are located in rural areas. Rural retail industry

has typically two forms: "Haats" and "Melas". Haats are the weekly markets- serve groups of 10-50 villages and sell day-to-day necessities. Melas are larger in size and more sophisticated in terms of the goods sold (like TVs).

Further analyzed the major retailers in rural India such as ITC Chaupal Sagar, HUL – Project Shakti, Dabur Swavalamban, Tata Kisan Sansar.

Lastly paper concludes that due to huge potential in rural India major business houses are planning to set up retail outlets in rural markets and establish a new chain of opportunities. Careful planning and analysis is required of rural markets to succeed in it, one cannot implement any policy there as because it is quite different from urban market, companies have to be quite attentive when operating in rural India. Rural retail in India is the future for many business houses to operate and will always remain a wonderful market for a long period of time.

Madhulika Gupta and Manjula Jain (March 2016) analyzed SWOT analysis matrix of Indian rural market in their paper titled "Indian rural market- opportunities and challenges" The aim of study was to observe the potentiality of Indian rural markets and finding out several problems being faced by rural markets.

Table: SWOT analysis matrix of Indian rural market

Internal Factors Strengths S1: Large Indian rural population S2: Good Government support S3: Availability of products, raw material	Weaknesses W1: Lack of good Infrastructure W2: Lack of physical distribution network W3: Low consumption level W4: Less research and development
External Factors Opportunities O1: Growing income levels of rural consumers O2: Growing literacy levels O3: Growing quality Consciousness Strategies O4: Changing Socio-Economic Scenario	Threats T1: Increasing grey market T2: Growing competition T3: Less knowledge levels on product identification

Further added that Government support is necessary for the development of rural market in India to face the developing issues and challenges in the primary areas like; transportation, communication, roads, and credit institutions, crop insurance for better utilization of land and water management. The rural markets are appealing and marketing to rural consumers is exciting.

Finally conclude the paper that companies should think and compete with local products which are local made and develop the interest of rural consumers by highlighting the manufacturing and expiry date. As per survey rural consumers shop display and advertisement on radio plays a very important role in creating awareness about a product and enhancing its sale. It is observed in the study that though the retailers are aware of the fact that their customers listen to them, they are not aware of this wonderful principle called, the 'Trust Factor'. Rural marketers should design innovative promotional strategies for rural markets that can express messages in an easy way to the villagers and compatible with their education and understanding levels. Packaging creates a favorable impression in rural customers' minds which impacts their buying behavior.

Parminder Kaur (April 2016) has proposed some factors that boost the purchasing power of the rural Indians in the paper entitled "The present scenario of Indian rural market". The factors identified as Government investment, increase in literacy & education and National rural employment guarantee act. Researcher also described the 4A's of rural marketing mix as Affordability, Awareness, Availability and Acceptability.

Further concluded that simple modification of existing urban plans to rural markets would not serve the purpose. The government needs to play a positive role in the development of rural markets in association with the local NGO's. Improving infrastructure capacities, initiating community development programs, offering better employment opportunities, simplifying credit availability and so forth would make such markets ever more attractive.

Buying behavior of rural consumers: A Literature Review

Kotler and Armstrong (1997) concluded the consumer purchasing decisions take place over a period of time. The overall goal during this decision process is to evaluate various alternatives and choose product that satisfies the consumer in an optimal way. Consumers get

influenced by several major factors while they make their decisions. These factors can be grouped as social, cultural, psychological and personal factors.

Partakson Romun Chiru (July 2018) analyzed the consumer buying behaviour of essential commodities during economic blockades in the paper titled “Consumer Behaviour in Rural Market: A Study on Buying Behaviour of Rural Consumers in Manipur”

Study observed about the Purchase duration on economic blockades that 60 per cent of the respondents preferred buying the essential commodities on weekly basis during Economic blockades. Secondly it was found that 25.86 number of the respondents preferred buying the essential commodities on monthly basis in the market. Thirdly it was found that 30 per cent of respondents were preferred buying the essential commodities on daily basis in the market, whereas 5 per cent of respondents were the least purchasers of essential commodities on daily basis during economic blockades in the rural market.

Further researcher proved that 78.44 per cent of the respondents were not aware of consumer rights & protection acts in Churachandpur District.

Perception of rural consumers: A Literature Review

Sanjeev Kapoor (2019) aims to understanding the influence of packaging on the purchase of food products but also provides insight into consumers' preferences to the marketers of food products in the research article “Does packaging influence purchase decisions of food products? a study of young consumers of India”.

Also the study has attempted to know how young consumers perceive functional attributes of packaging, and how food packaging influences their food purchase choices. The results indicate that the majority of young consumers attach importance to food packaging and are willing to pay a premium ranging from 11 to 30% of the price for packaged food products. This is contradictory to the traditional belief that Indian consumers are price sensitive and retailers manage with razor thin margins. The results point out that the consumers, although attach different importance to one or other functional attribute of packaging, but not wholly ignoring any particular attribute. There was

an important limitation of the study that the sample was taken from educated respondents from selected academic institutions.

Consumer Perceptions towards Package Designs: A Cross Cultural Study

Mr. Rajiv Vyas, Dr. JK Sharma and Dr. R. B. Sharma (Aug. 2016) has aims to understand different aspects of consumer behavior on buying of packaged food products. Also to identify the factors which are important while purchasing packaged food products and examines the relationship between the factors brought out and factors like age, annual income, size of family, profession, education etc. in the research article "A Study on consumer behavior towards food Items of popular brands"

Researcher observed that Jodhpur income level of average respondents is also average, because of all these reasons most of the respondents purchase non branded product. Buying pattern of joint families is different from the buying pattern of nuclear families. In joint families people go for yearly storage of the food items and go for bulk purchasing whereas in nuclear families they prefer buying in small quantities as and when required.

Most of respondents are aware about the branded packaged food items, Quality, taste, Nutritive value are the factors that influences most on the branded product, Most of the respondents prefer to purchase these packaged food items from near grocery store or retail shop.

Further proved the correlation between income of consumer and all branded and packaged food products are almost perfectly positively correlated. Correlation between Education Qualification of consumer and all branded and packaged food products are almost perfectly positively correlated.

Reetika Gupta and Dr. V. K. Jain (April - June 2014), revolves around the behaviour of the consumer for branded food products in urban and rural areas and to highlight the differences in the perception of the consumers in these areas in the paper entitled "A study of consumer behaviour towards branded food products in urban and rural areas in India".

In the analysis and discussions, the study reveals that 84% of the consumers have positive behaviour towards branded food products. Secondly consumers prefer those brands of food products, which are of reasonable price, good quality and satisfy their needs and wants. Thirdly the behaviour

of consumer is influenced by T.V.advertisements, of the competitive substitute available in the market. Fourthly more than 90% of the consumers are well aware of all the brands available in the market and lastly qualities like reasonable price, easy availability of the product, matching consumers' needs etc. are the most demanding expectations of the consumers.

Conclusion:

This review study was completed broadly under four heads namely changing scenario of rural Consumers, Buying behavior of rural consumers, Perception of rural consumers, Consumer Perceptions towards Package Designs. This study has demonstrated the possible facets of understanding rural consumer behavior. Such studies of consumer behavior help marketers to identify and forecast the purchase behavior of the rural consumers. It further helps the marketers not only to understand what consumer's purchase, but helps to understand the factors for purchasing.

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