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Rural India- Exploring Potential Consumer Markets

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Introduction

The food processing in India is a sunrise industry as growth in this sector in the recent past has been phenomenal. Many new players are entering into the sector to harness ever increasing market potential. Most new food companies, as well as the existing companies, are in the process of entering the hitherto neglected rural markets. With about 70% of total population and increase in disposable income, rural markets are being looked on as the future avenues for business growth. However, food companies need to devise new and innovative marketing strategies to penetrate rural markets.

Methodology

On the basis of our prior experience and discussion experts in the field of rural marketing, 21processed and packaged food items were selected. These items were divided in four categories: Milk Products, Fruits and Vegetables, Cereals and Grains and Snacks and Beverages. In each sector there were around 5-6 products (Table 1).

Table 1: Categorization of Processed Foods items selected for the study

Sl. No.	Sector	Products
1	Milk Products	Milk powder, Butter, Ghee, Cheese, Ice-Cream
2	Fruits and Vegetables	Sauce, Jam, Juice, Pickle, Squash
3	Cereals and Grains	Vermicelli, Noodles, Bread, Papad, Energy Drinks
4	Snacks and Beverages	Potato Chips, Namkeen, Chocolates, Ready-to-Eat, Aerated Drinks, Baby Foods

Printed color images on A-4 sheets were used for the 21 products. For each product around 2-3 companies were used which are popular in urban parts having decent advertisement campaigns media (Table 2).

A questionnaire was designed to test the awareness and consumption levels of the selected items, medium through which the consumer is getting information about the food items and drivers of consumption. Each individual was shown color images of all 21 products and was interviewed on numbers of questions. The innovativeness associated with survey was that, it used color printed images of the product (the form in which the products are marketed). This innovative approach examined the barriers to access to information and tried to explore the best medium for marketing.

A total of 104 households were surveyed across 25 villages in two districts of Uttar Pradesh in India. SPSS version 13.0 was used for statistical analysis of the data. Awareness level, consumption level, reasons for consumption, medium for awareness and the effect of various socio-economic factors (age, education, income, possession of various household items such as television, radio etc.) on consumption of each product was analyzed by cross-tabulation.

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Table 2: List of products sector wise and company wise used for survey

Sl. No	Product	Brands and their Companies or Manufacturers used for survey
1	Milk Powder	Amul , Everyday (Nestle India)
2	Butter	Amul
3	Ghee	Amul , Everyday (Nestle India)
4	Cheese	Amul, Britannia
5	Ice-Cream	Amul, Kwality Walls (HLL)
6	Sauce	Maggi (Nestle India), Kissan (HLL)
7	Jam	Kissan (HLL)
8	Juice	Frooti, Mazza (Coca-Cola), Slice (Pepsi), Real Juices (Dabur)
9	Pickle	Priya,
10	Squash	Roohafza (Hamdard), Rasana
11	Vermicelli	Gitz, MTR
12	Noodles	Maggi (Nestle India)
13	Bread	Britannia
14	Papad	Lizzat, Haldiram
15	Energy Drinks	Horlicks (GlaxoSmithKline), Bourn vita (Cadbury India), Milo (Nestle)
16	Potato Chips	Uncle Chips (Frito-Lay, Pepsi), Lays (Frito-Lay, Pepsi)
17	Namkeen	Haldiram, Crax
18	Chocolate	Dairy Milk (Nestle India)
19	Ready-To -Eat	MTR
20	Aerated Drinks	Pepsi, Coca-Cola
21	Baby Food	Cerelac (Nestle India)

Results

Results of the study throw light on awareness level, consumption level, media for assimilating information about selected food items. Findings indicate some interesting trends which can be used for framing marketing strategies by food companies.

Table 3: Awareness level, Consumption Level and Source for Information

Products	Awareness Level	Consumption Level	Source of Information					
			A	B	C	D	E	F
Milk Powder	79.8	50.0	49.0	37.5	0.0	0.0	1.0	0.0
Butter	76.0	55.8	51.0	27.9	0.0	0.0	8.7	1.0
Ghee	57.7	27.9	25.0	14.4	0.0	0.0	1.0	0.0
Cheese	14.4	10.6	6.7	5.8	0.0	0.0	3.8	0.0
Ice-Cream	74.0	58.7	44.2	21.2	0.0	0.0	15.4	1.0
Sauce	78.8	60.6	59.6	41.3	1.0	0.0	6.7	0.0
Jam	53.8	37.5	34.6	28.8	0.0	0.0	5.8	0.0
Juice	91.3	79.8	76.9	62.5	1.9	0.0	7.7	1.0
Pickle	19.2	10.6	10.6	4.8	0.0	0.0	0.0	0.0
Squash	89.4	79.8	67.3	52.9	1.9	0.0	30.8	0.0
Vermicelli	18.3	9.6	8.7	2.9	0.0	0.0	1.9	0.0
Noodles	88.5	73.1	72.1	65.4	0.0	0.0	5.8	0.0
Bread	55.8	42.3	42.3	14.4	1.0	0.0	0.0	0.0
Products	**Awareness Level**	**Consumption Level**	**Source of Information**					
			A	**B**	**C**	**D**	**E**	**F**
Papad	76.0	62.5	54.8	38.5	0.0	0.0	14.4	0.0
Energy Drinks	76.0	35.6	35.6	32.7	1.0	0.0	1.0	0.0
Potato Chips	83.7	72.1	68.3	61.5	2.9	1.0	9.6	1.0
Namkeen	64.4	51.0	49.0	29.8	3.8	3.8	1.9	1.9
Chocolate	90.4	76.0	73.1	66.3	1.0	0.0	3.8	1.0
Ready-To -Eat	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aerated Drinks	100.0	99.0	95.2	88.5	9.6	0.0	4.8	1.9
Baby Food	30.8	15.4	15.4	11.5	0.0	0.0	1.0	0.0

A – Shop, B – Television, C – FM/ Radio, D – Posters and Bills, E – Friends and Relatives, F – Newspaper and magazine

Table 3 shows awareness level and consumption of level of all selected products by the respondents. In addition, the Table also presents various sources through which the respondents gather information about these products. It is obvious that the products having higher level of awareness and consumption belong to non-Alcoholic drinks or aerated drinks. The awareness level about these products is 100% and the consumption level is 1 % less. The frequencies of consumption are given in Table 4.

Table 4: Frequency of Consumption

Products	Daily	Weekly	Fortnightly	Monthly	Occasionally	Rarely
Milk Powder	1.0	1.9	1.0	1.9	39.4	4.8
Butter	1.0	3.8	0.0	1.9	46.2	2.9
Ghee	3.8	3.8	0.0	0.0	16.3	3.8
Cheese	1.0	1.9	0.0	0.0	7.7	0.0
Ice-Cream	0.0	1.9	1.0	0.0	48.1	8.7
Sauce	1.9	6.7	0.0	1.0	51.0	0.0
Jam	0.0	1.9	1.0	1.0	30.8	2.9
Juice	1.9	9.6	4.8	2.9	57.7	2.9
Pickle	1.9	2.9	0.0	0.0	4.8	1.0
Squash	11.5	13.5	0.0	0.0	52.9	1.9
Vermicelli	0.0	0.0	0.0	0.0	7.7	1.9
Noodles	0.0	14.4	2.9	5.8	49.0	1.0
Bread	3.8	1.0	0.0	0.0	14.4	3.8
Papad	5.8	1.9	0.0	0.0	50.0	4.8
Energy Drinks	3.8	1.0	0.0	1.0	24.0	5.8
Potato Chips	1.0	6.7	1.0	1.0	55.8	6.7
Namkeen	3.8	1.9	1.9	0.0	41.3	1.9
Products	**Daily**	**Weekly**	**Fortnightly**	**Monthly**	**Occasionally**	**Rarely**
Chocolate	0.0	2.9	1.0	1.9	64.4	5.8
Ready-To -Eat	0.0	0.0	0.0	0.0	0.0	0.0
Aerated Drinks	35.6	37.5	4.8	16.3	0.0	4.8
Baby Foods	0.0	0.0	0.0	0.0	14.4	1.0

Around 36% of the respondents consume aerated drinks daily and 37% weekly. Around 88.5 % people agree that they have seen the aerated drinks advertisements on Television. Around 3.8 % of individuals came to know about it through family and relatives as it is one of the most popular drinks served after Sharbat (squash). The other popular products are juices, noodles, potato chips and chocolates with 79.8 %, 73 %, 72.1 % and 76 % consumption levels respectively. The least popular products or products with less awareness are ready-to-eat, cheese, vermicelli and pickle. Taste is the primary reason of consumption in most food products. The reasons of consuming the branded products are given in Table 5. Around 7 % respondents said that they did not like noodles, and 7 % agree that they did not consume sauce because they did not like its taste. Consumer’s perception of their eating habits is an indication of their desire for healthier diets. This observation is supported by the fact that around 50 % of the families having children more than the average of the sample (i.e. 2), who have consumed milk powder, report health as the reason of consumption. On the contrary only 35% cite this reason in the case of health drinks. The number of household owning television is around 76 % which is the best medium for reaching masses in the rural areas of India. This fact is supported by the observation that most information about food items is gathered by the respondents through television. Brand recall was also observed to be good as some respondents, on seeing the products, were able to recall the jingles and the person endorsing the brand. The junk food such as sauce, noodles are popular with teenagers and young people in the age category 15 – 24 years. Other products such as chocolates, aerated drinks, and potato chips are also popular with teenagers.

Table 5: Reasons of Consumption

Products	Taste	Low Price	Easy Availability	Health	Lifestyle	Convenience	Any Other
Milk Powder	44.2	4.8	5.8	14.4	1.0	9.6	1.0
Butter	51.0	5.8	2.9	0.0	0.0	1.9	2.9
Ghee	23.1	4.8	2.9	0.0	0.0	2.9	5.8
Cheese	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Ice-Cream	58.7	1.9	0.0	0.0	1.0	0.0	1.0
Sauce	59.6	1.9	0.0	0.0	0.0	1.0	1.0
Jam	36.5		1.0	3.8	0.0	1.0	1.0
Juice	77.9	11.5	14.4	1.9	1.0	1.0	1.9
Pickle	7.7	0.0	0.0	0.0	0.0	1.9	2.9
Squash	77.9	7.7	14.4	0.0	2.9	2.9	1.9
Vermicelli	9.6	1.0	1.0	0.0	0.0	0.0	0.0
Noodles	71.2	20.2	22.1	0.0	1.0	1.0	1.9
Bread	40.4	5.8	8.7	2.9	0.0	8.7	0.0
Papad	59.6	2.9	3.8	0.0	1.0	0.0	4.8
Energy Drinks	32.7	1.0	2.9	21.2	0.0	0.0	1.0
Potato Chips	71.2	5.8	9.6	0.0	0.0	1.0	1.9
Namkeen	49.0	6.7	9.6	0.0	0.0	0.0	0.0
Chocolate	74.0	6.7	10.6	0.0	0.0	0.0	1.9
Ready-To -Eat	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Aerated Drinks	94.2	51.0	52.9	0.0	4.8	3.8	3.8
Baby Food	13.5	0.0	0.0	0.0	0.0	1.0	0.0

Table 6: Reasons for not preferring Branded Products

Products	Unlikeness Towards Processed food	Costlier	Unavailability in Local Shops	Preference for local/ home made products	Any Other Reason
Milk Powder	2.9	5.8	2.9	28.8	0.0
Butter	1.0	5.8	7.7	15.4	0.0
Ghee	2.9	5.8	5.8	28.8	0.0
Cheese	0.0	1.0	3.8	0.0	0.0
Ice-Cream	1.9	5.8	4.8	13.5	0.0
Sauce	6.7	6.7	5.8	5.8	0.0
Jam	1.0	12.5	6.7	0.0	0.0
Juice	1.9	7.7	4.8	1.9	0.0
Pickle	1.0	0.0	0.0	9.6	0.0
Squash	1.9	1.0	1.0	6.7	0.0
Vermicelli	0.0	3.8	0.0	8.7	0.0
Noodles	6.7	4.8	4.8	0.0	0.0
Bread	2.9	1.9	2.9	8.7	0.0
Papad	2.9	1.0	0.0	11.5	0.0
Energy Drinks	1.0	33.7	27.9	0.0	1.9
Potato Chips	0.0	4.8	2.9	8.7	0.0
Namkeen	1.0	5.8	2.9	13.5	0.0
Chocolate	2.9	5.8	4.8	3.8	1.0
Ready-To-Eat	0.0	1.0	1.0	0.0	0.0
Aerated Drinks	1.0	0.0	0.0	0.0	0.0
Baby Foods	0.0	10.6	7.7	0.0	1.9

Education has a significant effect on awareness and consumption of selected food items. An individual having education more than secondary level is relatively more aware of some of the products. Similarly, families belonging to higher income group (i.e. 60,000 – 75,000 and more than 75,000) are consuming products like energy drinks. 6 out of 7 families in the income group more 75000 per annum category consume energy drinks and 6 out of 9 families in 60,000 – 75,000 income category consumed energy drinks. Around 82 % of the respondents, who are aware of the product, consider it costlier. Hence, economic status is one of the most important factors the food companies need to pay attention to while framing their marketing strategies.
Climatic conditions are also found to influence the consumption of some food items. Around 19.2 % of surveyed rural consumers consumed bread during winter months, the reason being that the bread normally gets contaminated in summer.
Local manufacturers with numerous local brands cater to populous segment and contribute considerably in the bread segment. This is evident from the fact that 53 % of respondents consumed local brands in the bread category. Most respondents reported that they liked home-made or local manufacturer's brands in pickle, vermicelli and papad segment because these items are customized according to local tastes and needs (Table 6). Branded papad is consumed occasionally during Indian festivals such as Diwali and Holi. Products in milk sector are also dominated by local brand or home made products. However, due to the promotion campaign by dairy firms, the demand in milk powder and butter is expected to increase in rural areas as around 5% respondents consider that milk powder and ghee are low priced. These figures reveal that there is a huge potential of the above mentioned products with the promotion of co-operative dairy firms. Individuals who have migrated to city for job or any purpose have a good awareness level and consumption level as compared to other individuals. This indicates that exposure to processed and packaged food markets influences consumption decision among rural consumers.

Conclusions and Recommendations

The results indicate that there is a huge potential for MNC and National Companies to tap the hitherto neglected processed food market in the rural India. With the expected growth of food sector and huge amount of foreign investment pumping into the markets and overseas joint ventures there will be, sooner or later, a demand supply gap. To fill up the gap the companies have to adopt some unconventional marketing techniques. As stated earlier in this article, no generalized model of rural market can be drawn, so marketers have to adopt innovative techniques. It has been variously defined as affordability and an accessibility issue in which affordability encompasses price, income and sensible spending, whereas access is wider and includes geographic, social, practical and cultural issues.

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