

IMPACT OF BRANDED PACKAGED FOODS ON RURAL CUSTOMERS – A STUDY IN ANDHRA PRADESH

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ABSTRACT

Packaged food became an inevitable commodity in our day-to-day life. In these days almost all items are sold in ready-made forms in packets, food items are no more an exception. Packaged food is the food like ready-to-eat food, rice mixtures, instantaneous mixtures, soups, curry soup, snack food, etc. They can be bought even from a grocery shop in a remote village. And they are also accepted by the rural customers in several ways. Rural Indians buy small packs, as they are perceived as value for money. The traditional food choice of a rural customer is frequently changing due to certain changes occurred in internal influencing factors like customer culture, convenience, etc. It became necessary for the packaged food companies to know the attitude of rural customers' and changing of their food choices. Factors influencing the willingness to pay for packaged food are another most important factor for the packaged food companies. So, this study attempts to assess the impact of branded packaged foods on rural customers. The results are based on a structured questionnaire administered to rural customers of BPG of Kadapa district of the state of Andhra Pradesh.

Keywords: Branded, Food, Impact, Packaged, Rural customer

I. INTRODUCTION

India is one of the largest food producers in the world with the organized sector accounting for food output worth US \$34827 million; only a small percentage of its farm produce is processed into value-added products. For instance, even though the country is the second largest producer of fruits and vegetables, hardly two per cent of the production is processed. This underlines the enormous scope for investing in the processed food sector in the areas

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of infrastructure, packaging and machinery. India, in fact, needs US \$28 billion of investment to raise its food processing levels by 8-10 per cent. The potential for investment in this sector is further accentuated by the following factors:

- A huge and exponentially growing demand represented by a market of one billion people spending on an average about 50 per cent of household expenditure on food coupled by a scenario of rapid urbanization and changing lifestyles.
- A 30 million upper and middle class segment of the total population consume processed and packaged food with another 200 million people, projected to shift to this group by 2010. Thanks largely to rapid urbanization and changing lifestyles.
- Well-developed infrastructure and distribution network.
- Increase in per capita income and purchasing power.
- Large pool of scientific, technical and skilled manpower.

Considering the greater potential for the food processing industry in India, the government had committed to encouraging various activities for the development of this sector. The Indian government had been giving importance to the food processing sector, by way of fiscal incentives to encourage the commercialization and value addition of agricultural produce, for minimizing pre/post harvest wastage, generating employment and export growth. Generally, food is prepared depending on the habits, tastes, social status, economic factor, availability, traditions, habitats, *etc.*, of the people of that region. The most sought after in the present age are the ready-to-eat foods. Ready-to-eat food is food offered or exposed for sale without additional cooking or preparation, which is packaged on the premises where they are being sold and are ready for consumption. With the income level rising, demand for milk, meat, fish, fruits and vegetables are also increasing in India. With more urbanization, Indian families also consume more processed foods, more ready-to-eat foods, *etc.* Asian Americans, now numbering over 10 million along with the other 13 million persons of Indian origin, spread all over the world are a huge potential market for the Ready-to-eat (RTE) foods out of India. This creates a scope for the producers to come out with a long range of dishes including the usual meals.

“Rural markets offer a great potential for marketing branded goods and services for two reasons:

- The large number of consumers: A pointer to this is the larger volume sales of certain products in rural areas as compared to sales of the same products in urban areas.
- Largely untapped markets: The penetration levels for many products are low in rural areas”.

Dairy products, Noodles, Edible oil, Ready to eat food, Rice mixtures, Instant mixtures, Confectionary, Canned foods are some of the packaged food. The extensive distribution of companies or marketers is making these products to very nearer to the rural consumers. “The food availability and culture factors are dominant in food selection”.

Packaged food became an inevitable commodity in our day-to-day life. In these days almost all items are sold in ready-made forms in packets, food items are no more an exception. They can be bought even from a grocery shop in a remote village. And they are also accepted by the consumers in several ways.

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Packaged food is the food like ready-to-eat food, rice mixtures, instantaneous mixtures, soups, curry soup, snack food, etc. named and established in India by the Defense Food Research Laboratory (DFRL), Mysore. It was established on 28th Dec 1961 under Defense Research and Development Organization (DRDO) to fulfill the needs of the varied foods, Indian army, Navy, Air force and Paramilitary forces. Their aim is to design and engineer light weight, conveniently packaged food with longer shelf-life under varying climatic conditions. Later on it had taken several growth stages and became the centric source plan for packaged food business in India.

The major concern of this research is to study the impact of branded packaged foods on rural customers. Rural Indians buy small packs, as they are perceived as value for money. There is brand stickiest, where a consumer buys a brand out of habit and not really by choice. Brands rarely fight for market share; they just have to be visible in the right place. Even expensive brands, such as Priya pickles, Good Day Biscuits, MTR masala, Bambinos pulihogare, Lays snacks, etc. are doing well because of deep (massive) distribution; many brands are doing well without much advertising support.

Socioeconomic changes (lifestyle, habits and tastes, economic status) Literacy level, Infrastructure facilities (roads, electricity, and media) Increase in income, Increase in expectations are the major reasons for the improvement of business in a rural area. The traditional food choice of a consumer is frequently changing due to certain changes occurred in internal influencing factors like customer culture, convenience, etc., It became necessary for the packaged food companies to know the attitude of rural customers' and changing of their food choices. Factors influencing the willingness to pay for packaged food are another most important factor for the packaged food companies. And it became essential to packaged food companies to know the impact of sales promotions on rural consumers.

II. LITERATURE REVIEW

Balaji Sathya Narayanan (2007)¹ stated that the Indian rural market with its vast size and demand base, offer a huge opportunity that companies can't afford to ignore. To expand the market share more and more, companies are foraying into India's rural markets. Among those that have made some headway are HLL, Coca- Cola, Britannia, LG, Philips and Colgate Palmolive to make a few.

Ramana Rao (1997)² observed that the boom in rural areas is caused by such factors as increased discretionary income, rural development schemes, improved infrastructure, increased awareness, spending private TV channel coverage and emphasis on rural market by companies.

Sayulu and Ramana Reddy (1996)³ suggested that rural market offers a very promising future. But this market has certain characteristics that hinder marketers from exploiting the opportunities. These include low literacy level, ignorance of the right consumers, indifference to quality standards and lack of cooperative spirit.

III. NEED FOR THE STUDY

There are many studies were done on consumers' attitude to food products. Most of them paid attention to some kind of products like milk products or nutrition. Some of them researched and compared attitude to consumers' of rural to urban. But there is a paucity of focusing on specific food like Branded Packaged Food (BPF) products to figure out the specific characters affect consumers attitude especially in rural markets.

IV. OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To study the impact of branded packaged foods on rural customers.
2. To study the awareness of rural customers regarding branded packaged foods.
3. To find out the popular branded packaged food products available in rural markets; and
4. To analyze the impact of the promotion mix of Branded Packaged Food (BPF) products to rural customers.

V. RESEARCH DESIGN AND METHODOLOGY

Research Design	:	Descriptive in nature
Research procedure	:	Survey method
Research instrument	:	A well designed and structured Questionnaire

- **Sampling plan**

Sample Size	:	100 rural customers of BPF
Sampling procedure	:	Convenience sampling
Statistical tools	:	Simple percentage

- **Data Analysis**

Data Sources	:	Data were collected from primary and secondary sources
Primary data	:	The primary data were collected through Questionnaires by Direct Contact methods and through meetings
Secondary data	:	The secondary data were gathered from Web sites, Newspapers, Magazines

Statistical tools

Percentages and averages were used to analyze the data gathered. Tables are also drawn where ever necessary.

VI. SCOPE OF THE STUDY

Place-wise the study is limited to Kadapa District of Andhra Pradesh and focused on branded packaged food items experiencing high sales in Kadapa District. The rural market of India is fascinating and challenging and it offers a large scope on account of its sheer size and it is growing steadily. Economic reforms in India have brought about major changes in the whole market environment. With these changes, rural market will become an important playground for our marketers.

This research aims at to investigate the rural food culture and changes occurred in recent past and the impact of branded packaged foods on rural customers. The survey has been conducted through the structured questionnaire with each individual customer of selected samples.

VII. LIMITATIONS OF THE STUDY

- As time was a constraint this study is restricted to only 100 rural customers.
- Some of the customers were not interested to give their valuable feedback about packaged foods.
- The survey is restricted to Kadapa District only.

VIII. DATA ANALYSIS AND INTERPRETATION

1. TABLE SHOWING THE CLASSIFICATION OF RESPONDENTS BASED ON GENDER

Gender	No. of Respondents	Percentage
Male	65	65
Female	35	35
Total	100	100

It is observed that 65% of the respondents are Males and 35% of the respondents are Females.

2. TABLE SHOWING THE EDUCATIONAL QUALIFICATIONS OF RESPONDENTS

Qualifications	No. of Respondents	Percentage
Illiterate	10	10
Up to SSC	22	22
Inter	28	28
Degree and Above	40	40

Total	100	100
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40% of the respondents are having Degree and above as education qualification, 28% of them are having Inter, 22% of them are having Up to SSC as their educational qualifications and 10% are Illiterates.

3. TABLE SHOWING THE INFLUENCING FACTORS TO BUY BPF PRODUCTS

Factors	No. of Respondents	Percentage
Price	48	48
Taste	25	25
Quality	12	12
Long Life Span	15	15
Total	100	100

48 % of the respondents are influenced to buy BPF products because of price, 25% of the respondents are influenced to buy BPF products because of taste, 15 % of the respondents are influenced to buy BPF products because of long life span and 12% of the respondents are influenced to buy BPF products because of the quality.

4. TABLE SHOWING THE RESPONDENTS FEELING ON SAFETY OF BPF PRODUCTS

Row Labels	No. of Respondents	Percentage
Yes	76	76
No	24	24
Total	100	100

76% of the respondents felt that using the BPF products are Safe and 14% respondents felt that using the BPF products Not Safe.

5. TABLE SHOWING THE RESPONDENTS INTEREST TO USE BPF PRODUCTS

Type of Products	No. of Respondents	Percentage
BPF Products	62	62
Traditional	23	23
Both	15	15
Total	100	100

62 % of the respondents are interested to use BPF products, 23% of the respondents are interested to use Traditional products.

6. TABLE SHOWING THE MEDIA IN KNOWN ABOUT BPF PRODUCTS

Media	No. of Respondents	Percentage
Broadcast media	65	70
News papers	18	18
Window display	10	10
Friends & Relatives	7	7
Total	100	100

65 % of the respondents known about BPF products through Broadcast media, 18 % of the respondents known about BPF products through newspapers, 10% of the respondents known about BPF products through the window display and 7 % of respondents known about BPF products through friends/relatives.

7. TABLE SHOWING THE RESPONDENTS OPINION ON PRICE OF BPF PRODUCTS

Price	No. of Respondents	Percentage
Very High	9	9
High	18	18
Moderate	52	52
Low	21	21
Total	100	100

52% of the respondents said that the price of BPF products is Moderate, 21% of respondents said that the price of BPF products is Low, 18% of respondents said that the price of BPF products is High and only 9 % of the respondents said that the price of BPF products Very high price.

8. TABLE SHOWING THE FREQUENCY OF PURCHASING OF BPF PER YEAR

Frequency	No. of Respondents	Percentage
Daily	32	32
Weekly	28	28
Monthly	16	16

Whenever needed	24	24
Total	100	100

32% of the customers are purchasing Daily, 28% of customers are purchasing Weekly, 24% of the customers are purchasing whenever they need and 16% of the respondents are purchasing on Monthly basis the BPF products in year.

9. TABLE SHOWING THE FACTORS INFLUENCING ON RESPONDENTS PURCHASE DECISION ON BPF PRODUCTS

Factors	No. of Respondents	Percentage
Family members	48	48
Friends & Relatives	27	27
Neighbors	18	18
Shop-keeper	7	7
Total	100	100

48% of the respondents are influenced by Family members, 27% of respondents are influenced by Friends & relatives, 18% of respondents are influenced by Neighbors and 7% of the respondents are influenced by Shop-keeper to take purchase decision on BPF products.

10. TABLE SHOWING THE RESPONDENTS AWARENESS ON VARIOUS BRANDS OF BPF PRODUCTS

Brand Name	No. of Respondents	Percentage
MTR	25	25
ITC	17	17
Parle	8	8
Aachi	11	11
Priya	30	30
Swasthik	9	9
Total	100	100

30% of the respondents were aware of Priya brand, 25% of the respondents were aware of MTR brand, 17% of the respondents were aware of ITC brand, 11% of the respondents were aware of Aachi brand, 9% of the respondents were aware of Swasthik brand and 8% of the respondents were aware of Parle brand.

11. TABLE SHOWING THE PREFERABLE ITEMS OF BPF PRODUCTS

Items	No. of Respondents	Percentage
Biscuits	11	11
Chocolates	8	8
Ice Creams	8	8
Food Masalas	44	44
Sweets	21	21
Milk Products	8	8
Total	100	100

44% of the respondents preferred Food masalas, 21% of the respondents preferred Sweets, 11% of the respondents preferred Biscuits, 8% of the respondents preferred Chocolates, 8% of the respondents preferred Ice-creams and 8% of the respondents preferred Milk products of BPF food.

12. TABLE SHOWING THE RESPONDENTS DECISION IF PREFERRED BRAND WAS NOT AVAILABLE

Decision	No. of Respondents	Percentage
Go to other Shop	48	48
Postpone the purchase	28	28
Go for another Brand	18	18
Place Order	6	6
Total	100	100

48% of the respondents said that they would go to other shops, 28% of the respondents said that they would postpone their purchase decision, 18% of the respondents said that they would buy another brand and 6% of the respondents said that they would placed order to get required brand if their preferred brand was not available.

IX. FINDINGS

- 65 % of the respondents known about BPF products through Broadcast media, 18 % of the respondents known about BPF products through newspapers, 10% of the respondents known about BPF products through the window display and 7 % of respondents known about BPF products through friends/relatives.
- 76% of the respondents felt that using the BPF products are Safe and 14% respondents felt that using the BPF products Not Safe.

- 48 % of the respondents are influenced to buy BPF products because of price, 25% of the respondents are influenced to buy BPF products because of taste, 15 % of the respondents are influenced to buy BPF products because of long life span and 12% of the respondents are influenced to buy BPF products because of the quality.
- 30% of the respondents were aware of Priya brand, 25% of the respondents were aware of MTR brand, 17% of the respondents were aware of ITC brand, 11% of the respondents were aware of Aachi brand, 9% of the respondents were aware of Swasthik brand and 7% of the respondents were aware of Parle brand.
- 44% of the respondents preferred Food masalas, 21% of the respondents preferred Sweets, 11% of the respondents preferred Biscuits, 8% of the respondents preferred Chocolates, 8% of the respondents preferred Ice-creams and 8% of the respondents preferred Milk products of BPF food.
- 32% of the customers are purchasing Daily, 28% of customers are purchasing Weekly, 24% of the customers are purchasing whenever they need and 16% of the respondents are purchasing on Monthly basis the BPF products in a year.
- 48% of the respondents said that they would go to other shops, 28% of the respondents said that they would postpone their purchase decision, 18% of the respondents said that they would buy another brand and 6% of the respondents said that they would placed order to get required brand if their preferred brand was not available.

X. SUGGESTIONS

- BPF products are impulse purchase products and generally funs eat foods. The Consumer buys such products only if it catches his eye at the outlet. So players/manufacturers need to stress on attractive packaging and sales promotion. Further, the study also indicated that those firms which resorted to advertisements through mass media, particularly television and newspapers could get a better share in the market. This calls for the attention of other competing firms in the business to improve their sales promotion activities by making use of such mass media to improve their business.
- Brand loyalty is an important factor in such BPF products. It is very difficult to induce the consumers for brand switching. Any new firm entering into the market should study these things very critically. The quality aspects coupled with competitive pricing may lead to change brands. The innovative firms should keep these points in mind while entering into such type of business.
- A Study of alternative purchase plans of BPF products suggested that the majority of the residents of Kadapa District are brand loyal as they either go to other shops in search of the particular brand or they postpone their purchases until they get their required brands. Hence, supply chain management of the popular brands should be such that the product of these brands should be readily available in all the retail outlets.

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