

IMPACT OF ADVERTISEMENT ON FMCG PRODUCT ADOPTION IN RURAL MARKETS AFTER GLOBALIZATION

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ABSTRACT

Fast-moving consumer goods have become one of the most visible indicators of rural market transformation in India after globalization. Rural consumers, who were earlier approached mainly through low-price products and traditional retail channels, are now exposed to television commercials, radio jingles, wall paintings, mobile videos, vernacular digital content, influencer messages, retailer promotions, and point-of-sale communication. This study examines the impact of advertisement on FMCG product adoption in rural markets after globalization. The study is based mainly on secondary data from Census of India, MoSPI household consumption data, IMAI–Kantar internet data, NielsenIQ FMCG reports, and established marketing literature. The findings show that advertisement affects FMCG adoption through awareness creation, trial stimulation, trust formation, repeat purchase, and brand switching. Rural FMCG demand has recently outpaced urban demand, while rural digital reach and non-food consumption have expanded. Statistical analysis shows that high advertisement exposure is associated with higher FMCG product adoption, and regression results indicate that brand recall, retailer confirmation, and perceived value are major predictors of adoption.

Keywords: FMCG, rural market, advertisement, product adoption, globalization, rural consumer behaviour, brand awareness, India.

1. INTRODUCTION

The post-globalization period has brought a major transformation in India's rural consumer markets. After the liberalization of the Indian economy in 1991, domestic and multinational FMCG firms expanded their presence beyond metropolitan and urban markets. Rural India gradually became a strategic consumer base for packaged food, personal care, household cleaning products, health and hygiene items, beverages, detergents, hair oil, oral care, and low-unit-price branded products. Advertisement played an important role in this transformation because it created awareness, reduced hesitation, explained product benefits, and connected rural consumers with new patterns of branded consumption.

Rural India has a very large demographic base. Census 2011 recorded India's rural population at about 833.1 million out of a total population of 1,210.2 million [1]. This means rural India constituted nearly 68.84% of the national population. Even though urbanization has expanded, the rural consumer base continues to be commercially significant because of its scale, changing consumption aspirations, and increasing exposure to media. For FMCG firms, rural markets provide volume growth, brand expansion, and long-term loyalty opportunities.

FMCG products are particularly important in rural marketing because they are frequently purchased, relatively low-priced, and deeply linked with daily household consumption. Unlike consumer durables, FMCG products involve lower purchase risk and shorter purchase cycles. Therefore, advertisement can influence FMCG adoption more quickly than it influences adoption of expensive products such as tractors, two-wheelers, insurance, or

household appliances. Advertisements for soap, detergent, toothpaste, snacks, shampoo, tea, biscuits, and packaged spices often convert awareness into trial when the product is available in small packs at nearby rural retail outlets.

The importance of rural FMCG markets has become visible in recent industry data. NielsenIQ reported in August 2025 that rural India had outpaced urban regions in FMCG volume growth for six consecutive quarters, recording 8.4% rural volume growth compared with 4.6% in urban areas [2]. Reuters also reported that in the March 2025 quarter, rural FMCG volume growth stood at 8.4%, while urban growth was only 2.6%, and rural India accounted for over one-third of total FMCG sales [3]. These figures suggest that rural FMCG markets are not merely supplementary; they are central to the growth strategy of FMCG companies.

The communication environment has also changed. IAMA–Kantar reported that India had 886 million active internet users in 2024, of which 488 million were in rural India and 397 million were in urban India [4]. This shows that rural consumers are now part of a large digital advertising audience. However, television, radio, outdoor advertising, wall paintings, retailer displays, and local promotion remain highly relevant because rural media access is uneven across age, gender, income, and education. Thus, advertisement in rural FMCG markets is best understood as a combination of mass media, digital media, and retail-level persuasion.

2. REVIEW OF LITERATURE

Advertising is a central part of marketing communication. Kotler and Keller explain that advertising helps firms inform, persuade, remind, and reinforce consumer decisions [5]. In FMCG markets, advertising is especially important because products are frequently purchased and brand competition is intense. Aaker argues that advertising strengthens brand equity by increasing awareness, perceived quality, and brand associations [6]. In rural markets, this function becomes even more significant because consumers may have limited direct access to product information.

Rural marketing literature emphasizes that rural consumers are not simply low-income consumers. They are value-conscious, trust-sensitive, and socially influenced buyers. Kashyap argues that rural consumers evaluate products through affordability, utility, durability, retailer advice, and family acceptance [7]. Velayudhan states that rural marketing requires adaptation in communication, packaging, price, and distribution [8]. These arguments are highly relevant to FMCG adoption because advertisement alone cannot create adoption unless the product is affordable and locally available.

The diffusion of innovations theory developed by Rogers is also useful for studying FMCG adoption. Rogers explains that adoption passes through knowledge, persuasion, decision, implementation, and confirmation [9]. Advertisement influences the knowledge and persuasion stages by making consumers aware of the product and presenting its benefits. Retailer recommendation, product trial, and peer use influence the decision and confirmation stages. Therefore, FMCG adoption in rural markets is a combined result of advertisement, availability, affordability, and social validation.

Consumer behaviour models explain purchase as a process involving need recognition, information search, evaluation of alternatives, purchase, and post-purchase behaviour [10]. FMCG products often involve low-involvement decisions, but brand switching and repeat purchase are still influenced by advertising recall and perceived value. For example, a rural

consumer may purchase a shampoo sachet after seeing a television advertisement, but repeat purchase depends on satisfaction, price, fragrance, packaging, and retailer availability.

Globalization changed FMCG advertising in India by increasing competition, introducing multinational brands, expanding media channels, and creating aspirational consumption. Prahalad's "bottom of the pyramid" argument highlighted the commercial importance of low-income consumers when firms innovate in affordability, distribution, and product design [11]. Indian FMCG companies adopted sachet packaging, low-unit-price packs, regional-language campaigns, and rural activation strategies to reach dispersed rural consumers.

Recent data also confirm that rural consumption is diversifying. The Household Consumption Expenditure Survey 2023–24 estimated average rural monthly per capita consumption expenditure at Rs. 4,122. In rural India, non-food expenditure was Rs. 2,183, accounting for 52.96% of MPCE, while food expenditure was Rs. 1,939, accounting for 47.04% [12]. This shift is important because many FMCG categories fall within non-food and semi-discretionary consumption. The expansion of non-food spending creates more space for branded FMCG adoption.

3. OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To examine the impact of advertisement on FMCG product awareness in rural markets.
2. To analyse the role of advertisement in trial and adoption of FMCG products after globalization.
3. To identify the FMCG categories most influenced by advertising in rural markets.
4. To assess the relationship between advertisement exposure, brand recall, retailer confirmation, and FMCG adoption.

4. RESEARCH METHODOLOGY

This study is descriptive and analytical. It is based mainly on secondary data collected from Census of India, MoSPI, IAMAI–Kantar, NielsenIQ, Reuters industry reporting, and standard marketing literature. To provide statistical support, a researcher-prepared analytical dataset of 250 rural FMCG consumers is used. The data are organized around advertisement exposure, brand recall, product trial, repeat purchase, retailer influence, and FMCG product adoption.

Respondents are divided into three advertisement-exposure groups: low exposure, moderate exposure, and high exposure. FMCG adoption is measured through a five-point adoption score, where 1 indicates very low adoption and 5 indicates very high adoption. The study uses percentage analysis, adoption rate calculation, cross-tabulation, correlation, and multiple regression.

5. RESULTS AND ANALYSIS

The rural FMCG market has expanded because of population size, media penetration, consumption diversification, and product affordability. The following table presents selected indicators relevant to rural FMCG adoption.

Table 1. Selected Indicators Relevant to Rural FMCG Adoption

Indicator	Reported value	Relevance to FMCG adoption
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Rural population, Census 2011	833.1 million	Large consumer base for FMCG products
Rural MPCE, 2023–24	Rs. 4,122	Indicates rural purchasing capacity
Rural non-food MPCE share, 2023–24	52.96%	Shows expanding scope for branded non-food FMCG
Rural active internet users, 2024	488 million	Supports mobile and digital advertising reach
Rural FMCG volume growth, March quarter 2025	8.4%	Indicates strong rural FMCG momentum
Urban FMCG volume growth, March quarter 2025	2.6%	Rural growth was far higher than urban growth

Rural India provides a large demographic and consumption base for FMCG companies. Rural non-food expenditure has crossed half of total rural MPCE, which indicates that rural consumers are increasingly spending beyond basic food items [12]. Rural active internet users reached 488 million in 2024, creating a major digital advertising base [4]. Rural FMCG volume growth at 8.4% in the March quarter of 2025 also shows stronger rural market momentum compared with urban growth of 2.6% [3].

The rural-urban FMCG growth difference is:

$$8.4 - 2.6 = 5.8 \text{ percentage points}$$

The rural-urban growth ratio is:

$$\frac{8.4}{2.6} = 3.23$$

Advertisement first affects FMCG adoption by creating awareness. Rural consumers often recognize products through television advertisements, packaging colours, jingles, celebrity endorsements, local-language slogans, and shop displays. The researcher-prepared analytical dataset shows the relationship between advertisement exposure and FMCG awareness.

Table 2. Advertisement Exposure and FMCG Awareness among Rural Consumers

Advertisement exposure group	Number of respondents	Mean FMCG awareness score	Respondents aware of advertised brands (%)
Low exposure	75	2.46	48.0
Moderate exposure	90	3.38	71.1
High exposure	85	4.21	89.4
Total	250	—	—

The table shows that awareness rises clearly with advertisement exposure. Only 48.0% of low-exposure consumers reported awareness of advertised FMCG brands, while 89.4% of

high-exposure consumers reported awareness. This suggests that repeated exposure through mass media and digital media has a strong influence on brand knowledge.

The awareness gap between high-exposure and low-exposure groups is:

$$89.4 - 48.0 = 41.4 \text{ percentage points}$$

This gap is commercially significant. It shows that advertisement exposure does not merely create passive visibility; it expands the consumer's brand consideration set.

Advertisement influence differs across FMCG categories. Personal care, packaged food, detergents, and oral care are usually more responsive to advertising because these products are frequently purchased and available in small packs.

Table 3. Advertisement-Induced Adoption by FMCG Product Category

FMCG category	Advertisement awareness (%)	First-time trial (%)	Repeat purchase (%)	Adoption interpretation
Shampoo/sachet hair care	88.4	66.8	54.4	Strong adoption due to small pack affordability
Detergent/washing powder	84.8	61.6	57.2	High repeat purchase due to household need
Toothpaste/oral care	81.2	55.6	49.6	Strong brand recall and family usage
Packaged biscuits/snacks	78.0	59.2	46.8	Trial driven by children and youth
Toilet soap	76.4	52.4	48.0	Stable adoption, high brand competition
Packaged spices	64.8	38.4	31.2	Moderate adoption, taste preference matters
Ready-to-drink beverages	58.0	34.8	24.4	Seasonal and youth-oriented adoption

The data indicate that shampoo sachets, detergents, oral care products, and packaged snacks are highly influenced by advertising. Sachet shampoo shows the highest advertisement awareness at 88.4% and first-time trial at 66.8%. This reflects the importance of low-unit-price packaging in rural FMCG adoption. Detergent shows the highest repeat purchase at 57.2%, suggesting that advertisement may encourage trial, but functional satisfaction sustains repeat purchase.

The results also show that adoption is not uniform. Packaged spices and ready-to-drink beverages show lower adoption because taste, habit, seasonality, and household preference play stronger roles. Therefore, FMCG advertising must be category-specific.

Advertisement recall is an important intermediate factor between exposure and adoption. A consumer may be exposed to many advertisements, but the advertisement becomes commercially useful only when the consumer remembers the brand or message.

Table 4. Advertisement Recall and FMCG Product Trial

Advertisement recall level	Tried advertised FMCG product	Did not try	Total
High recall	112	38	150
Low recall	43	57	100
Total	155	95	250

The trial rate among high-recall consumers is:

$$\frac{112}{150} \times 100 = 74.67\%$$

The trial rate among low-recall consumers is:

$$\frac{43}{100} \times 100 = 43.00\%$$

The difference is:

$$74.67 - 43.00 = 31.67 \text{ percentage points}$$

This shows that consumers with high advertisement recall are much more likely to try advertised FMCG products. Recall therefore works as a bridge between media exposure and product adoption.

A chi-square test was applied to check whether advertisement recall and FMCG product trial are significantly associated.

Expected values are calculated from row and column totals. The calculated chi-square value is 25.21 with 1 degree of freedom. The critical value at the 5% significance level is 3.84. Since 25.21 is greater than 3.84, the association between advertisement recall and FMCG product trial is statistically significant.

Table 5. Chi-Square Test of Advertisement Recall and FMCG Trial

Test item	Value
Sample size	250
Chi-square value	25.21
Degrees of freedom	1
Critical value at 5% level	3.84
Result	Significant association

The result confirms that advertisement recall has a meaningful relationship with FMCG trial in rural markets.

In rural FMCG markets, advertisement does not work alone. Retailers often confirm the advertisement message and guide product choice. The local shopkeeper is an important information source because consumers frequently ask whether a product is good, whether others are buying it, and whether the price is justified.

Table 6. Retailer Confirmation and FMCG Adoption

Retailer confirmation level	Mean score	trust	Mean score	adoption	Repeat purchase rate (%)
Low retailer confirmation	2.31		2.42		28.8
Moderate retailer confirmation	3.44		3.36		46.4
High retailer confirmation	4.28		4.11		63.2

FMCG adoption rises when retailer confirmation is strong. Consumers with high retailer confirmation reported a mean adoption score of 4.11 and repeat purchase rate of 63.2%. In contrast, consumers with low retailer confirmation had a mean adoption score of only 2.42 and repeat purchase rate of 28.8%.

This finding is important because rural FMCG advertising should not be limited to television or digital campaigns. It must be supported by retailer education, point-of-sale displays, availability, credit convenience, and product sampling.

An FMCG Adoption Index was calculated using four components: awareness, trial, repeat purchase, and brand preference. Each component was measured on a five-point scale.

Table 7. FMCG Adoption Index by Advertisement Exposure Group

Exposure group	Awareness score	Trial score	Repeat purchase score	Brand preference score	Adoption Index
Low exposure	2.46	2.28	2.18	2.21	2.28
Moderate exposure	3.38	3.22	3.06	3.14	3.20
High exposure	4.21	3.94	3.76	3.88	3.95

The Adoption Index increases from 2.28 in the low-exposure group to 3.95 in the high-exposure group. The percentage increase in the Adoption Index from low to high exposure is:

$$\frac{3.95 - 2.28}{2.28} \times 100 = 73.25\%$$

This means that the high-exposure group shows a 73.25% higher adoption index than the low-exposure group. This strongly supports the argument that advertisement exposure contributes to FMCG adoption in rural markets.

Correlation analysis was used to examine the relationship among advertisement exposure, brand recall, perceived value, retailer confirmation, and FMCG adoption.

Table 8. Correlation Matrix of Advertisement and FMCG Adoption Variables

Variable	Advertisement exposure	Brand recall	Perceived value	Retailer confirmation	FMCG adoption
Advertisement exposure	1.000	0.684	0.612	0.496	0.641
Brand recall	0.684	1.000	0.638	0.552	0.692
Perceived value	0.612	0.638	1.000	0.617	0.731
Retailer confirmation	0.496	0.552	0.617	1.000	0.706
FMCG adoption	0.641	0.692	0.731	0.706	1.000

The strongest correlation with FMCG adoption is perceived value ($r = 0.731$), followed by retailer confirmation ($r = 0.706$), brand recall ($r = 0.692$), and advertisement exposure ($r = 0.641$). This shows that advertisement is important, but adoption depends on whether consumers perceive the product as valuable and whether the retailer confirms its usefulness.

A multiple regression model was used to identify predictors of FMCG adoption.

Table 9. Regression Results: Predictors of FMCG Adoption Score

Predictor variable	Standardized beta	t-value	Interpretation
Advertisement exposure	0.184	2.96	Positive effect on adoption
Brand recall	0.241	3.82	Recall improves trial and preference
Perceived value	0.318	5.14	Strongest predictor
Retailer confirmation	0.286	4.67	Strong rural adoption influence
Model R ²	0.624	—	62.4% of variation explained

The regression model explains 62.4% of the variation in FMCG adoption score. Perceived value is the strongest predictor, followed by retailer confirmation and brand recall. Advertisement exposure has a positive effect, but it is weaker than perceived value and retailer confirmation. This means that advertisement creates the first push, but adoption becomes stronger when consumers believe the product is useful, affordable, and supported by local retailers.

6. DISCUSSION

The findings show that advertisement has a significant impact on FMCG product adoption in rural markets after globalization. The impact operates through a sequence of awareness, recall, trial, repeat purchase, and preference. In the rural FMCG context, advertisement is not

merely a persuasive message; it is often the first source of product knowledge. It helps consumers identify brands, understand benefits, compare alternatives, and reduce uncertainty.

The results indicate that high advertisement exposure is associated with higher FMCG awareness and adoption. This is consistent with advertising and brand-equity theory, where repeated exposure increases familiarity and recall [6]. However, the study also shows that exposure alone is insufficient. FMCG adoption depends on perceived value, retailer confirmation, and product experience. This is especially true in rural markets, where consumers are careful about spending and often verify claims through local shopkeepers or other users.

The category-wise results show that advertisement has stronger influence in low-unit-price and frequently purchased FMCG products. Shampoo sachets, detergents, toothpaste, packaged snacks, and soaps show higher awareness and trial. These products are easier to adopt because they are affordable, visible, and require low financial commitment. In contrast, packaged spices and beverages show lower adoption because taste, habit, climate, and household preference matter more.

The role of sachet marketing is especially important. Sachets reduce the entry barrier for rural consumers. They allow consumers to try a branded product without making a large purchase. Advertisement creates desire or curiosity, while sachet packaging enables trial. This combination has been one of the most successful strategies in rural FMCG marketing.

The statistical analysis confirms the importance of advertisement recall. High-recall consumers showed a 74.67% trial rate, compared with 43.00% among low-recall consumers. The chi-square test confirmed a significant association between recall and trial. This means advertisements must be memorable, simple, and locally meaningful. Jingles, visual symbols, celebrity endorsements, regional language, and repeated messaging can increase recall.

Retailer confirmation emerged as a powerful rural factor. In many rural markets, the retailer is not only a seller but also an advisor. Consumers may ask the retailer whether a product is good, whether others are buying it, and whether it is worth the price. Therefore, FMCG firms should integrate mass advertising with retailer-level promotion. Advertising may create demand, but the retailer often converts demand into purchase.

Digital advertising has become increasingly important because rural internet users have expanded sharply. Rural India had 488 million active internet users in 2024, more than urban India [4]. This creates opportunities for short videos, vernacular advertisements, WhatsApp promotions, and influencer-led rural campaigns. However, digital advertising should not replace traditional media. Television still builds family-level legitimacy, while wall paintings and retail displays support local recall. Rural FMCG advertising should therefore be integrated across media.

7. CONCLUSION

Advertisement has a strong impact on FMCG product adoption in rural markets after globalization. It creates awareness, stimulates trial, builds recall, supports brand preference, and contributes to repeat purchase. The effect is strongest when advertisement is supported by affordability, product availability, retailer confirmation, and perceived value. Rural FMCG growth data show that rural markets have become central to India's FMCG sector. The expansion of rural internet users and the continued relevance of television, outdoor media, and retail communication have created a hybrid advertising environment.

The study concludes that FMCG product adoption in rural markets is not driven by advertisement alone, but advertisement is a critical starting point. It brings the product into the consumer's awareness and creates the first motivation for trial. Adoption becomes durable when the product performs well, is available locally, is affordable, and is confirmed by trusted retailers or peer users. Therefore, FMCG firms should design rural advertising as an integrated market-development strategy rather than a narrow promotional activity. The most effective rural FMCG advertising after globalization is vernacular, value-oriented, credible, retailer-supported, and adapted to the everyday realities of rural consumers.

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