

A Study on FMCG Marketing in Rural Sector

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Abstract: *The fast-moving consumer goods (FMCG) sector is an important contributor to India's GDP. Fast moving consumer goods (FMCGs) constitute a large part of consumers' budget in all countries. Rural markets offer a great scope for FMCG Companies to market their products because of the recent increase in the rural incomes. The tough competition in the FMCG sector makes it important to constantly revise the schemes as per the market conditions. Understanding the taste and preference of the consumers provide the useful insight into the market conditions and helps companies formulate their schemes accordingly.*

Keywords – Buying Behaviour, FMCG, Rural Markets, Competition.

Introduction

The rural market of India is fascinating and challenging at the same time. It offers large scope on account of its sheer size. And, it is growing steadily. Even a modest growth pushes up the sales of a product largely, in view of the huge base. It is attractive from yet another angle. Whereas the urban market is highly competitive, the rural market is relatively quiet. In fact, for certain products, it is totally virgin market. Simultaneously, the market also poses several problems and hurdles. The firms have to encounter them squarely and put in a great deal of effort, if they have to get a sizeable share of the market. Efforts to capture the market with due thought and focus on the constraints with streamlined strategies to overcome the same will tend to define the path ahead for rural marketing in India.

Rural Marketing Environment

The rural market environment need a separate examination as it varies significantly from that of the urban market. We shall deal with the subject under the three headings :-

1. The rural consumer.
2. The rural demand.

1. The Rural Consumer - Size of Rural Consumer Group In numerical terms , India's rural market is indeed a large one ; it consists of more than 740 million consumers. 73% of India's total population is rural . The rural market consists of more than 12 crores households, forming over 70% of the total households in the country. Characteristics of Rural Consumer Group:-

Location pattern - Rural Market of India is a geographically scattered market. The rural population is scattered across 5,70,000 villages . And, of them , only 6300 villages , have a population of more than 5,000 each . More than 3 lakh villages, are in the category of 500 people or less.

Socio – Economic position - Rural Consumers continue to be marked by low per capita income/ low purchasing power. Similarly, they continue to be a traditional -bound community, with religion, culture and tradition strongly influencing their consumption habits. Nearly 60% of rural income comes from agriculture. Rural Prosperity and discretionary income with rural consumers are thus linked to a sizeable extent with agricultural prosperity.

Literacy level - Rural India has a literacy rate of 28% compared with 55% for the whole country. The adult literacy programmes launched in the rural

areas are bound to enhance the rural literacy rates in the years to come . The rate is certainly on the low side.

Lifestyle - The rural consumers are marked by a conservative and tradition-bound lifestyles. But this lifestyle of a sizeable segment of rural consumers has already changed significantly in recent years .The changes can be attributed to several factors such as: Growth in income and change in income distribution, Growth in education, Enlarged media reach (particularly television), Growing interaction with urban communities, Marketers effort to reach out the rural market.

Buying behavior - Buying behaviour of rural consumers have been effected by the following factors:- **INFLUENCE OF CULTURE:-** Rural consumers perception of products are strongly influenced by cultural Factors . For example-the preference in respect of colour, size and shape is the result of cultural factors. **GEOGRAPHIC LOCATION:-** Rural consumer behaviour is also influenced by the geographical location of the consumers. For example , gbgggg mmm,,,,...9997 nkjjjjhgjkloneariness to feeder towns and industrial projects influenced the buying behaviour of the consumers in respective cluster of villages.

2. The Rural Demand - Characteristics of Rural Consumer Group :-

Change in the composition of Rural Demand - The composition of rural demand has also been changing significantly in recent years Many new products have entered the consumption basket of the rural consumers. and the relative shares of the different categories of products in the consumption basket .The upper segments, in particular , have started buying and using a variety of modern consumer products, which were till recently unknown in the rural market.

Several products already well established in the rural market - Marketers cannot now assumes that rural India consumes only certain traditional/ essential products and that its share in other product category is meager. It is perhaps well known that products like packaged tea , bath soaps and washing products, including detergents/detergents cakes , are popular items of consumption in rural market .Products like shampoo ,toothpaste and talcum powder , and durables like electric irons , bicycles , mopeds, scooters and motorcycles have

joined this category in recent years. The rural demand for electric irons , mopeds and motorcycles have note between 30 and 50 percent of the all-India demand.

In many products, rural consumption accounts for a larger share than urban - In many products , rural consumption now accounts for a larger share than urban . In washing soaps (cakes/bars) , the rural share is over 60 per cent . In popular bath soaps , it is more than 50 per cent and in batterie4s ,it is more than 56 per cent .similar is the case with packed tea and hair oils. Among durable, the rural market now accounts for a larger share of the total sales in Sewing machines

- Radio/ transistors.
- Tape Recorders.
- Wrist watches
- Black and White Television sets.
- Bicycles.
- Table Fans.

In Many Products, the rural markets has overtaken the urban in growth rate - A survey by NCAER shows that the rural market is growing faster than the urban market several products These includes packaged tea, detergent powder , washing shop, and detergent cake. Growth of motorcycle too has been more in the rural market than the urban market.

The expectation revolution - The 'rising expectations' of the rural people have greatly influenced the rural market environment . It has enlarged the desire as well as awareness of the rural people ; it has strengthen their motivation to work ,earn and consume. The rise income provide substance to the aspiration. Rural Demand is More Seasonal:- Rural demand is more seasonal compared to urban demand .The predominance of agriculture in the income pattern is one main reason for this. The relatively greater influence of marriages and festival on the purchase pattern is the another. After all, agriculture in many parts of India is still depends on the vagaries of the monsoon.

Research Methodology

In order to carry out any research investigation there is a need of a Systematic method and to adopt a well defined procedure for each and every research there is also a need of methodology . Methodology of any research constitutes the

selection of representative sample of the universe or the general population ,application of the appropriate research tools and the techniques.

There is an old saying in Spain “TO BE A BULLFIGHTER YOU MUST LEARN TO BE BULL” means you never really understand a Person until you consider things from his point of view . In the same way to meet and satisfy the target customer the study of customers behaviour of crucial important because he is king. Customer behaviour studies , how individuals , groups and organizations selected buy use and dispose of goods , services, ideas or experiences to satisfy their needs and desires.

The research involves the following steps:-

1. DEFINE THE PROBLEM AND RESEARCH OBJECTIVE - If the problem is clearly defined ,it is half solved .The problem /Objective here to assess the scope of rural marketing for FMCG sector.
2. COLLECT THE INFORMATION - The information is collected from secondary sources- websites , magazines , newspapers , and magazines.
3. ANALYZE THE INFORMATION :- The next step in the marketing research process is to exact findings from the collected data .
4. PRESENT THE FINDINGS AND CONCLUSIONS - As the last step ,the findings and conclusion of whole research are presented in the end .

Strategies Adopted by Different FMCG Companies in Rural Marketing

Strategies adopted for rural marketing by different FMCG Companies :-

ITC's e-choupal -

ITC's e-choupal initiative is changing the lives of farmers on a scale no other venture has ever done. The company is entering more than 30 new villages a day, every single day of the week, 365 days a year. . Take a remote village. Go to the smallest farmer there. Educate him in the best farming techniques. Inform him of daily weather conditions and price movements in the market. Make available to him at his doorsteps the best possible seeds, pesticides and fertilizers at the most competitive

prices. And when his crop is ready, help him find the best buyer. Imagine doing all of this in 30,000 villages across six states season after season, year after year. Doing it at no cost to the farmer and yet making money for yourself. Impossible, would be the most obvious verdict to such a proposal. Yogesh Chander Deveshwar, chairman of Rs 12,000 crore ITC, said when S. Sivakumar, chief executive of its agri-business, approached him with an equally ambitious idea in 2000. Knowing that he was asking for the moon, Sivakumar initially requested Rs 50 lakh to test the idea among soya farmers in Madhya Pradesh. Deveshwar granted him Rs 10 crore. The rest, as they say, is history. ITC's e-choupal network has already reached 3.1 million farmers, and is expanding into 30 new villages a daymaking it corporate India's most ambitious rural initiative ever. Partnering ITC in the network are 37 companies, NGOs and state governments, together creating a new ecosystem for villages and establishing a direct link between what consumers eat and what farmers grow.

ITC'S E- choupal achievement It's achievement

- (1) 5,050 choupals, 29,500 villages, 3.1 million farmers.
- (2) Using e-choupal to source a range of farm produce (foodgrains, oilseeds, coffee, shrimps).
- (3) Marketing a variety of goods and services though e-choupal(agriinputs, consumer goods, insurance, market research).
- (4) Transactions:\$100 in (2003).

SWOT Analysis For Colgate in Rural Areas -

The swot analysis is very important tool for knowing the competitor strategy. The swot analysis for the Colgate in rural areas is given.

STRENGTH -

- (1) The qualified staff-as company is today dealing with best available staff having good selling techniques.
- (2) Strong financial backup.
- (3) White gel-it provides maximum freshness in the mouth and also helps in fighting against bacterial action.

(4) White crystals provide instant freshness help in removal of plague.

(5) It provides 12 hour protection help in prevention of tender germs.

OPPORTUNITIES -

(1) Large investment – as they are easily available with large investment due to their past sales, they can easily fulfill their financial needs or can make huge investment.

(2) Intensive distribution – product they are producing & of nature or the daily usable commodity so the company is using intensive distribution which provides opportunities for the company.

(3) Stable economic condition – company is having stable economic condition which helps in boosting the growth of the product

(4) The technology factor being used by Colgate Company is at its BANG.

(5) Today the world is becoming a global village – so taking it is an opportunities.

WEAKNESS -

(1) Giant competitors like pepsodent and close up....The company has been facing immense competition from organized as well as unorganized players. HLL is the closest rival of Colgate with a share of 34% with its pepsodent and Colgate.

(2) High taxes – due to highly taxation policy the prices of the tube rises which sometimes creates a hurdle in the growth of the company.

THREATS -

(1) Chance of failure – as the company produce different types of paste in Colgate brand like in gel form or in crystal form or the orange gel, so the product is new to the market may be the people accept .the new taste in the toothpaste field or maybe they may reject it Company has no idea of success.

(2) Many companies are there to compete the same product in the market. There are high rate of the competition in the market.

(3) Sometimes due unstable political condition as the different government provides different subsidies.

Recommendation & Suggestion

1. Advertisements on rural media like radio, press media has been increased .

2. Physical Distribution channel must be made strong.

3. Awareness about the product must be increased among the peoples.

4. Profit –margin percentage of the product for the retailers should be increased.

5. Infrastructure like- road, electricity facility must be improved because most of the MNC's tap the rural market due to such difficulties.

6. In advertising local languages can be used to attract more and more viewers

Conclusion

Rural market is having huge potential in Indian market and more than 65% population is residing in rural areas which require proper attention, effective strategy and wide marketing network. No single marketing strategy can be suitable for rural and urban market due heterogeneous in nature. Where the rural market does offer a vast untapped potential, it should also be recognized that it is not that easy to operate in the rural market because of several attendant problems. Rural marketing is thus time consuming affair and requires considerable investment in terms of evolving appropriate strategies with a view to tackle the problems.

The major problems faced by manufacturing and marketing men in rural areas are as follows - Lack of proper physical communication facilities, Low level of literacy, Seasonal demand, Many languages and dialects, Low per capita income.

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