



BRILLIANT MARKETING TACTICS OF FMCG MERCHANDISE IN RURAL SECTOR

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ABSTRACT

Marketing plays an important role on sales of a product. As for FMCG products which has been considered as the heart of Indian economy, it is very necessary to make it available in rural markets as producers are mainly focusing in urban areas. Since decades it has been analyzed that there exists a rigorous feel of rivalry among producers in order to make their products highlighted from others. But this feel of marketing has been observed only in urban areas while it is also required to do the same in rural markets. As it has been observed from last ten years that man in rural areas is also trying to raise his income and wants to change his lifestyle like urban .So it is a huge opportunity for the producers to enter in rural markets with such a strategy which may pull the rural consumers towards your product under their funds. So in this paper the author has tried to bring out some strategies which may be beneficial for marketing in rural markets. These strategies are based on some classifications which have been derived from specific surveys made in rural areas.

KEYWORDS: FMCG Product, Marketing Strategies, rural market.

INTRODUCTION

Fast-moving consumer goods (FMCG) or **consumer packaged goods (CPG)** FMCG or CPG are products that are sold speedily and at moderately low rate. FMCG have a short shelf life also as an outcome of high consumer demand or since the product deteriorates quickly. Several FMCGs such as meat fruits as well as vegetables dairy foodstuffs along with baked merchandise are extremely fragile. Other goods like alcohol toiletries soft drinks pre-packaged foods plus cleaning products contain high revenue charge.

Although the profit margin made on FMCG products is comparatively small they are usually sell in huge quantities therefore the growing revenue on such foodstuffs can be considerable. FMCG is probably the most classic case of low margin and high volume business.

FMCG goods are popularly known as consumer packaged merchandise. Objects in this category include all consumables people buy at regular gaps. Most general in the record are toothpaste, detergents, toilet soaps, shampoos, shoe polish, packaged foodstuff, shaving products in addition to domestic accessories and extends to certain electronic merchandise. These items are meant for daily of frequent consumption and have a high return.

CHARACTERISTICS

The foremost characteristics of FMCGs:

From the consumers' viewpoint:-

- ✧ Regular purchase
- ✧ Little participation
- ✧ Low cost
- ✧ Small shelf life must utilize for regular utilization.



From the marketers' direction:-

- ✧ Large volumes
- ✧ Low contribution boundaries
- ✧ Widespread allocation system
- ✧ High store income

The fast moving consumer goods sector is the fourth largest sector in the Indian financial system. The market size of FMCG in India is estimated to grow from US\$ 30 billion in 2011 to US\$ 74 billion in 2018. Foodstuff products is the leading segment accounting in favor of 43 per cent of the overall marketplace. Private concern 22 per cent and fabric care 12 per cent come next in terms of market share. Increasing attentiveness easier entrance as well as shifting standard of living has been the key growth drivers for the emerging segment.

Rural: situate on the way to get higher:-

Rural areas expected to be the foremost driver for FMCG as enlargement prolong to be far above the ground in these districts. Rural areas saw a 16 per cent as against 12 per cent rise in urban region. The majority of companies rushed to capitalize on this as they quickly went about growing straight allocation and giving superior communication and infrastructure. Companies are also working towards creating specific products specially targeted for the rural marketplace.

The Government of India has also been supporting the rural residents through superior least sustain charges MSPs loan waivers and disbursements through the National Rural Employment Guarantee Act NREGA programmers. These measures have helped in reducing poverty in rural India and given a boost to rural purchasing power. Therefore rural demand is set to rise with rising incomes and greater awareness of brand name.

Metropolitan Inclination:-

By means of rise in disposable incomes mid and high income consumers in urban areas have reallocated their purchasing style from crucial to finest foodstuffs. In response firms have started enhancing their premium products collection. Indian along with multinational FMCG company are leveraging India as a strategic sourcing hub in favor of cost competitive merchandise expansion in addition to manufacturing to furnish to international advertisers and promoters.

Top Companies:-

According to the study performed by AC Nielsen 62 of the top 100 brands are owned by MNCs and the balance by Indian companies. There are 15 companies who own these 62 brands and 27 of these are owned by HUL.

The top 10 Indian FMCG brands are:

1. Hindustan Unilever Ltd.(HUL).
2. ITC (Indian Tobacco Company)
3. Nestle India
4. GCMF (AMUL)
5. Dabur India.
6. Asian Paints
7. Cadbury India.
8. Britannia Industries
9. Procter & Gamble (Hygiene and Health Care)
10. Marico Industries.

Millenniums anticipation:-

According to a study and Marketing Sciences that surveyed 2000 people across dissimilar age crowd ranging young consumers are the coherent and likely to spend more time weighing up potential procure. Investigation as well suggests that younger public is utilizing commendation from their peers about products and services in order to make coherent purchase judgment. According to the study shoppers aged 18 to 24 are 174 per cent more expected to utilize suggestions on social media than shoppers aged 25 and above.

Another key factor today is speed and swiftness. Today consumer wants packaged goods that work better along with faster and smarter. The need for speed fashion highlights the significance of speed as a potentially critical purchase factor for packaged goods products in a world wherever distinctions stuck between foodstuffs are shrinking.

Younger consumers express the greatest need for speed not a huge surprise for the Smartphone age group. Records monitors 2013 Consumer Survey found that younger consumers those in the 15 to 24 year old age group were two times as probable in the direction of saying that outcome are accomplish rapidly have a extremely far above the ground amount of persuade on their health and splendor merchandise choices than consumers in the oldest age group those aged more than 65. Speed matters and 2014 will almost certainly see the introduction of new game changing timesavers.

WAY AHEAD

FMCG brands would need to focus on R&D and innovation as a means of enlargement. Companies that continue to do well would be the ones that have traditions so as to encourage using customer insights to create either the next generation of products or in some cases new product class. One area that we see global and local FMCG brands investing more in are health and wellness. Health and wellness is a mega trend shaping consumer preferences and shopping habits and FMCG brands are

paying attention. Foremost global and Indian food and beverage trademark have embraced this trend and are focused on constructing new promising brands in fitness and wellness.

Indian Market Demographics Report 2010 the consuming class household's annual income between Rs 45001 and Rs 215000 in rural India equals the number in town India. This is well recognized that for the similar level of earnings the disposable surplus purchasing power in rural areas is a lot superior because foodstuff shelter crucial education as well as strength are virtually free whereas in urban India 60 to 70 per cent of the income is spent on these necessities. As per the study done by NCAER National Council for Applied Economic Research there is as various middle incomes in addition to above households in the rural region as there are in the urban region. Almost there are two times as many lower middle income households in rural areas as in the urban region. On the uppermost income level there are 2.3 million urban households as alongside 1.6 million households in rural region. According to the projections done by NCAER the number of middle and high income households in rural India is expected to grow from 111 million to 140 million by 2014. In urban India the same is expected to grow from 59 million to 80 million. Thus, the absolute size of countryside India is predictable to be twice that of urban India. However despite the high rural share in these categories the rural saturation rates are low therefore contribution tremendous potential for growth.

Go rural is the jingle of marketing gurus after examine the socioeconomic alterations in villages. The achievement of a brand in the Indian rural market is as changeable. Constantly it has been tricky to find out the rural market. Countless brands which should have been successful have failed unhappily. Frequently people attribute rural market success to fortune. Hence marketers require recognizing the social dynamics along with attitude variations within each village though nationally it follows a consistent blueprint looking at the challenges. Future is very capable enough for persons who can recognize the dynamics of rural marketplace also utilize them to their greatest improvement. The fundamental modify in attitudes of marketers towards the vibrant and burgeoning rural markets is called for so they can productively make an impression on the rural consumers widen over about 630000 villages in rural India.

Rural India buys small set as they are perceived as worth for wealth. Presently there is brand adhesiveness wherever a consumer purchases a brand out of habit and not actually by preference. Brands rarely fight for

encouraging share. They presently contained to be noticeable in the right position. Still luxurious brands like Clinic shampoo, Close-up and Marie biscuits are doing healthy because of bottomless allocation of countless brands are doing well not including much marketing support Ghadi a big detergent brand in North India is an example.

EFFICIENT MEDIA COMMUNICATION

Effective communication is an important tool to contact the rural viewers. Among the mass media at some point of time in the late 50s and 60s radio was considered to be a potential medium for communication to the rural people. One more mass media is television and cinemas. Nowadays the picture has changed. Television, mobile, telephone, internet etc. reached to every house in the rural India. Thus communication through these has become more easy and better to the remote region. Rural consumer is brand loyal and understands symbols superior. Television has been a major efficient communication system for rural mass and as a result companies should see themselves by means of their personal add. Advertisements stirring the emotions of the rural individuals could force a quantum jump in sales. Collective media is capable to attain only towards 57% of the rural residents. Alternative media including ambient media for generating the awareness events like fairs and festivals. Walls and wells are other media vehicles that have been utilized to increase brand and pack visibility.

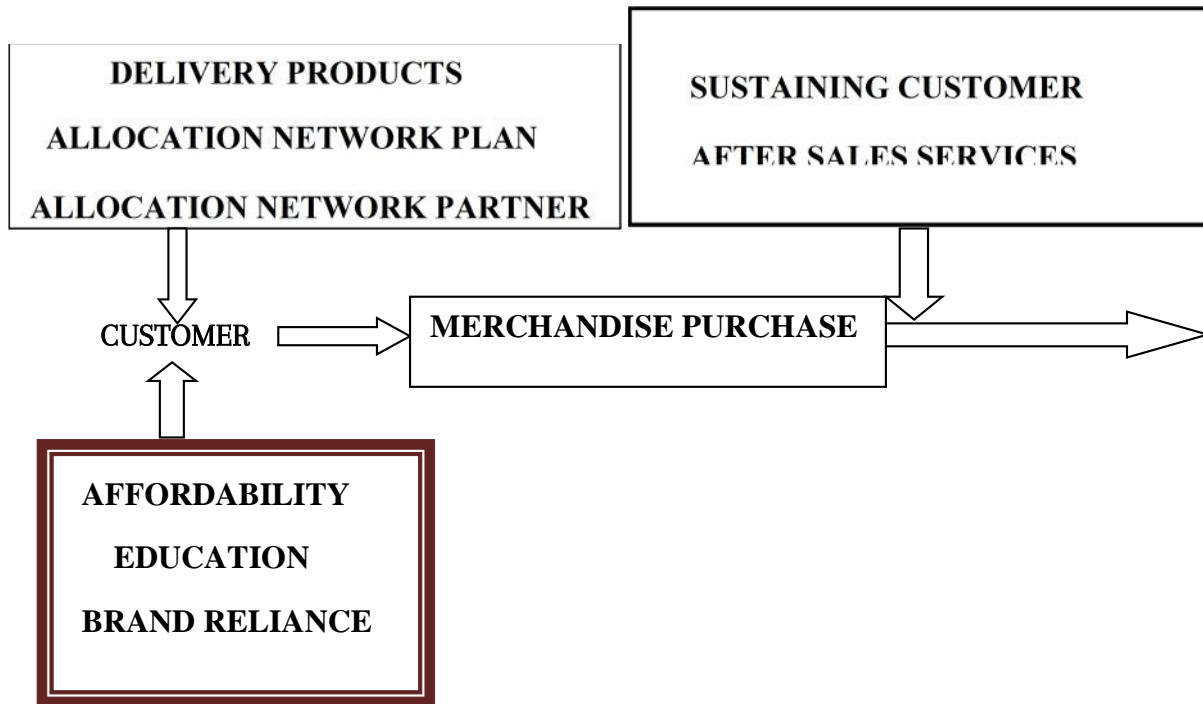
A STRUCTURE FOR MARKETING CHANNEL APPROACH IN RURAL PROMISING MARKETS

SUSTAINING CUSTOMER AFTER SALES SERVICES

As I have described in the sections above there are numerous actions a company by means of a new product or service and an unknown brand in the region wants to obtain while constructing their advertising channels in a rural promising marketplace. The resulting marketing channel will consist of numerous mutually dependent associations 72 functioning jointly to enable a consumer to derive value from a company merchandise or service. Framework I suggest for constructing marketing channels in rural emerging markets is centered on the necessities of the consumer with focuses on stimulating customers delivering products and maintaining customers. Buyer activation and merchandise deliverance are mandatory to facilitate consumers to purchase products while maintaining customers is compulsory for the consumer

to originate long term worth from the merchandise or service. By building a marketing channel that can execute these actions efficiently as well as in a cost proficient way

a company entering a rural emerging market with a new merchandise or service will significantly enlarge its probability of succeeding in the marketplace.



ACTIVATING CUSTOMERS

Prior to a consumer in a rural up-and-coming market will even believe in purchasing a merchandise. The consumer wants to be enabled to make the purchase. A company’s marketing channel must incorporate organizations either the business itself otherwise partners task activities that unlock the hidden aspiration in the consumer to make the purchase. The customer activation activities are given below that should be included in the marketing channel.

- **EDUCATION**

Consumers in rural promising marketplace frequently require information about topics like banking and modern hygiene practices in addition to present agriculture practice. Companies should perform first hand interviews and ethnographic research or associate through rural selling research firms such as MART in India to determine how consumers currently perform the targeted behavior or else purpose is to study what breaks in knowledge consumers presently has. Then the company should design education inventiveness targeted at the rural clients as well as colleague with local non profit and governmental organizations to deliver the business significance.

- **AFFORDABILITY**

Customers in rural promising marketplace have low and sporadic incomes often subsisting off of less than \$2 USD

per day and earning their incomes from periodic agriculture harvests. Despite the fact that several companies have struggled to sell goods into this market others have split the affordability challenge and flourished. Entering companies should consider the type of product or service they are selling the financial wants of the target consumer and the monetary wants of the company itself while originate their payment method approach. ~~Strategies that are worked~~

products to decrease their price offering consumer financing partnering with women’s Self Help Groups programs and targeting consumers in the area who have higher and more constant earnings.

- **BRAND RELIANCE**

Due to a lack of credible information and a surplus of fake and near to the ground value foodstuffs presented to them consumers in rural talented markets will be hesitant to trust new brands when they are introduced into the bazaar. Although this challenge constructing a credible brand is essential to the success of a product before corporation. In addition once a brand gains dependence in a rural emerging market it will more than likely retain that trust suitable to the brand stickiness of rural customers. Companies entering into this market with unknown brand have found connected on established and trust brands to be a successful strategy for gaining

consumer trust. Entering companies can decide to piggyback on profitable brands like Coca Cola did with Thumps Up or they can choose to piggyback on the expected local leaders plus non profit organizations such as ITC e Choupal does with the important community farmers.

DELIVERING PRODUCTS

Along with activating customers a successful marketing channel must deliver products or services in an effective and capital efficient way. Significant considerations when making product delivery decisions include which are given below.

- **ALLOCATION NETWORK PLAN**

Many companies entering into rural emerging markets have struggled to design distribution networks that both deliver products to where consumers seek to purchase them and that are cost effective for the corporation. This is challenging because rural populations are widely geographically dispersed and because rural transportation infrastructure is either poor or non presence. Based on these challenges recommend that entering companies match their distribution network design to the product they are selling. If a company is selling fast moving consumer goods the products need to be placed at the village retailer height. To get products to these retailers entering company should mimic Coca Colas distribution network design and use a model in which the company delivers products to a central distribution point and then independent entrepreneurs purchase the products and deliver them into the rural community. If a company is selling consumer durables product demand should be aggregated as much as possible into population centers to decrease inventory and transportation expenses. Consumer durable companies do need to keep in mind however that they may need to maintain a local presence close to rural consumers in order to provide installation and after sales service.

- **ALLOCATION NETWORK LOGISTICS**

In rural emerging markets operating a distribution network can be even more challenging that designing individual. It is due to poor infrastructure highly fragmented distribution industries and a lack of accountability displayed by warehousing and logistics firms. Since as much as possible companies should piggyback on effective distribution networks that have already been built by corporations or that already exist in the fabric of civilization. Entering companies can either partner with established corporations to distribute products and services through established networks or they can focus

on business to business sales and allow companies and organizations established in the target regions take complete ownership over distribution. Companies have also found distribution success by partnering with local non profit organizations like women's Self Help Groups and farmer confederation. To enable its own long term commercial success the entering company needs to ensure that the established organization it is piggybacking on has a long term commercial or social interest in partnering with the rider.

SUSTAINING CUSTOMERS

- **AFTER-SALES SERVICE**

After a customer in a rural emerging market has been has purchased a product the customer may eventually need additional assistance from the company if the product breaks or requires regular servicing. Contributing quality after sales service is an important but often overlooked activity that companies need to consider when they are constructing their marketing channels in rural emerging markets. But a company does not continue to ensure a good experience for customers after they have purchased a product the company will eventually see a drop in sales as customers look elsewhere for their next purchase and tell their neighbors and friends about their bad understanding. Corporation can provide after sales service either through their own employees or by partnering with local retailers repairmen. Corporation should choose the option that best meets the needs of their customers and should carefully consider the cost of providing after sales service when determining the size of the market they want to roll their product out to.

CONCLUSION

Business that enters a rural district of a promising market to sell a product or service will face countless challenges. Dispersed populations, low education levels, and infrequent incomes are now a few of the many troubles so as to companies will have to address to be flourishing. There is vast potential and absolutely there is lot of money in rural India. In this paper I recommend that the key to construction a successful marketing channel in a rural emerging market depends on a company's capability to stimulate customers, distribute goods, and sustain products. Only performing these activities is not enough if a company seek to be profitable in the long-term the activities will have to be performed with an eye in the direction of cost efficiency and economic revisit. Companies entering rural market must do so for tactical causes and not for premeditated gains as rural customer is still a closed book and it is only through unwavering

dedication that the companies know how to make a impression in the marketplace. The framework I introduced for marketing channel strategy in rural emerging marketplace is intended to assist company's pilot the demanding working surroundings. By educating and cultivating consumers, controlling imaginative strategies and constructing brand trust companies will be able to unlock rural customer's latent desire to consume. Ultimately the winner would be the one with the required resources like time and money and also through the greatly desirable pioneering thoughts to tap the country marketplace. By designing appropriate distribution networks and constructing truthful allocation channels companies will be capable to make products obtainable when and where rural consumers expect them as well as by giving efficient after sales service companies will be capable to preserve affirmative customer interaction and go on with to expand brand trust and confidence.

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