



**MARKETING STRATEGIES FOR FAST MOVING CONSUMER
GOODS TO SUCCEED IN RURAL MARKET**

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Abstract:

The foundation of Indian Economy is based on FMCG Sector. It is one of the important contributors of India's GDP. Since last few decades Indian Fast Moving Consumer Goods industry has begun to excel at rapid rate. It offers incredible growth prospect in food & beverages, health care & personal care sector. As India is country of villages & about 70% of Indian population lives in rural areas & it has great potential for growth, it is almost impossible to succeed in business if we neglect the rural market. So many of the FMCG companies have started to implement innovative & creative strategies to attract the rural consumers & win their trust & to increase goodwill in the rural market. This paper tries to throw light on various innovative tactics used by FMCG companies to attract the rural market. As well as it also aims to highlight the challenges posed in rural market.

Keywords: FMCG, Rural Market, Strategies, challenges

Introduction:

Since past few decades Indian Rural Market is growing at the rapid rate & scope of rural market has become larger than urban market. About 70 % of Indian population resides in Rural areas.i.e., about 800 million people lives in rural areas of India. The Indian rural market with its huge extent & huge demand offers great prospects to the marketers. As the urban market of Fast-moving consumer goods has reached to saturation level, most of the FMCG companies are entering into uncharted & unexploited rural market to serve and to attract rural consumers. Fast Moving Consumer Goods are the goods that are manufactured to sell in retail market for mass consumption. FMCG are the products that are purchased frequently from the consumers. They are consumed quickly and so have high demand. As FMCG are widely available in the market they are sold at relatively cheap rate. Fast Moving Consumer Goods are consumed rapidly. The time span between purchase of the product and consumption of the product is very short. They move from sales point to the point of consumption within a very short period of time. FMCG have broad variety of products which include food products, beverages, clothing, toiletries, cosmetics and many more.

Objectives:

To study marketing strategies adopted in Rural Market for FMCGs.
To Study the various challenges posed before FMCGs in Rural Market.

Methodology:

The study is descriptive in nature. It is based on secondary data. The secondary data has been collected through reference books, research articles, journals, periodicals & internet.

Literature review:

Kotni V.V. Devi Prasad (2012): stated the various ways to tap the Indian rural market. The study was conducted to observe the potential of Indian rural market & identify the various problems faced in rural market. The author also offered the recommendations for getting successful in rural market.

Nancy Gulati, Swati (2013) : The authors highlighted the different marketing strategies that can be adopted in rural market to attract the rural consumers at large.

Dr. Shailendra Yadav , Neelam Raju (2019): The authors highlighted the recent trends & strategies that are adopted by FMCGs in Rural market. They also commented on market size of FMCG sector in Rural India.

Dr. T.V. Malick , J. Jothi Krishnan (2014): The author has thrown light on rural marketing environment. They also stated issues & challenges of rural marketing and suggested ways to overcome it.

Babita Saini (2014): The author has stated the features of rural market & how it is becoming important for the companies. The author has also suggested how to modify 4P's in rural market & also suggested 4A's model for rural market. The different challenges in rural market were also highlighted in her paper.

Marketing Strategies to Cater the Rural Market:

The companies have realized that the urban market has become saturated & there is stiff competition in urban market, and on the other side the, demand in rural market is increasing & there is high potential in rural market. So, the companies have started to focus on these unexplored, high potential areas. They started formulating the different strategies to attract rural consumers. These strategies are known as rural marketing strategies.

The marketing strategies for rural market are different than that of urban market because the urban population is highly concentrated & it is easy for the companies to contact these people, but on the other hand rural population is highly dispersed & due to lack of infrastructural facilities it becomes a difficult challenge to contact rural consumers. Similarly, the way of communication between urban & rural market have to be different due to illiteracy & low level of education, income & environmental as well as cultural differences between urban & rural market.

Segmentation & Targeting: Rural consumers are not homogenous in terms of economics conditions, literacy level, buying behavior & lifestyle. Therefore, the firms cannot assume the entire rural market as a whole and offer single offer and single product, price, promotion policy. The firms have to carry out thorough market segmentation & select the proper segment as a target market. The rural market can be segmented on following bases:

Geographic Segmentation: The market is divided on the basis of geographic factors like

Climatic Conditions & Level of Irrigation, nearness to a feeder town.

Demographic Segmentation: The market is segmented on the basis of demographic factors like age, gender, Income level, Literacy etc.

Buying Behavior Segmentation: The market is segmented on the basis of buying behavior of customers, their perception, attitude & purchase occasion.

Product Strategy: The most important component of marketing is the product. It is an offering of the marketer to the consumer which is capable to fulfil their needs or wants. The first stage about rural marketing is to decide whether the product which is being sold in urban market can be sold in rural market as it is or some modifications are required to cater the requirements of rural consumers. The product for rural market should match with the need & lifestyle of rural consumers before bringing the product in market. Through thorough market research requirement of the consumers, purchasing habits, income level, cultural factors etc. can be identified before redesigning & modifying the product. So, to develop the demand in rural market, and to cater the requirements of rural consumers, the marketers are required to modify or launch the product with innovative & attractive designs.

Brand Strategy: A brand is a name, symbol, design or combination of it. Brand name is intended to differentiate the goods of one seller from their competitors. A brand name is very essential for the consumers & Special strategies are required to promote the brand in rural market. A brand name for rural market should be concise and easy to remember. Brand name with Long & technical word should be avoided. Brand name should be unique & distinctive. Similarly, it should be easy to pronounce. Fancy & difficult brand name must be avoided because it fails to connect with rural consumers. The brand name like Rin Shakti, Nirma, Lux, Coca Cola etc. are easy to remember & pronounce. As well they are distinctive from each other.

Packaging & Storage Strategy: Small units: The rural consumers have very less cash with them so they prefer to purchase

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small packets in order to fulfil their day-to-day requirements. Various products like Parle G, Colgate, Fair & lovely are available in small packs to enter into rural market & persuade the consumers to try different brand.

Refill /Reusable Packs: The concept of refill packs is introduced as a money saver option. Packaging that is reusable and can be refilled attracts the attention of rural buyers. Once the consumers purchased the product packed in plastic or glass container, next time they purchase the refill pack instead of whole new pack. Refill packs are available for handwash, health drinks, toothpaste, detergent powder etc. Zandu Chyawanprash is providing plastic Containers that can be reused by the consumers.

Pricing Strategy: Rural consumers are price sensitive & they expect the value for money. Therefore, marketers have to provide the product in small quantity so that they can be affordable to rural consumers as well it helps to increase the sale. A collection of products can be sold together in a single package at a discounted price to the consumer. Similarly, the companies can implement the concept of value engineering. The costly raw material can be replaced by cheaper raw material without compromising the quality of product. Milk protein is replaced by Soya Protein by food companies. The soya protein is cheaper than milk protein & nutritional value of both is same. Lux soap is available in 25gm packs for Rs.5. Godrej has introduced their products like Cinthol & Fair Glow in 50 gm packs, Tata Tea introduced the tea in different packs of 250, 100 & 50 gm to cater the requirements of rural consumers. A pack of Shampoo & Conditioner of companies like Dove, Sun silk as well as a pack of toothpaste & toothbrush of Colgate is available.

Distribution Strategy: Physical distribution confers the time & place utility by making the product available at right time & at right place. Marketers can use their own delivery van to distribute the products in rural areas. It makes the product available to consumers at everywhere as well as helps to maintain direct contact with them. Different Cooperatives like dairy, credit, marketing, service cooperatives are operating in rural

market. They are like mini super markets for rural consumers. They have facilities for storage, distribution & transportation. The marketers can contact these societies to avail services of these cooperatives to sell their product.

Promotional Strategy: While promoting the products in rural area, marketer should select the media which is comfortable & suitable for rural population. Fairs & festivals provides the best platform for marketers to promote their product in rural market. Similarly, word to mouth through local group can be fruitful. Mobile van publicity, distribution of pamphlets in local language, wall painting etc. could be used to successfully promote the product in rural market.

Key Drivers of Rural Marketing: 4 A's Model

Whenever any organization decides to expand their business in rural market, they have to face certain challenges. As the rural population is mostly illiterate & belongs to lower income group, they are required to redesign their marketing strategies so as to fulfil the unique demands & requirements of rural consumers. To be more customer centric the organizations adopt 4A's of rural marketing. These 4A's are considered as a benchmark to get succeed in the rural markets.

1. **Affordability:** Generally, the income of rural population is much lower than that of urban population. They cannot afford to spend much amount on luxurious & lavish products rather they mainly focus on fulfilling their basic requirements. It is a major challenge for organizations to keep in mind the low-income level & low affordability of rural consumers & provide them budget friendly products. To overcome this challenge the company may provide the product in small packaging & at reasonable price so as to attract price sensitive consumers and fulfil their requirements within their budget. For eg. Coca cola launched Rs.5 bottle for rural consumers, Fair & Lovey is available in small packs, various shampoos are available in sachets, Parachute oil is available in 50 gm pack.
- Availability:** Availability of right product at right time and at right place is the biggest

challenge for the company's manufacturing the FMCS products. Indian villages are spread over 3.2 million sq.km. & More than 700 million population resides in rural areas. The population is widely dispersed and due to inadequate infrastructural facilities & poor conditions of roads it becomes difficult for the companies to reach these customers and then the product available as & when they require.

Hindustan unilever India's largest MNC has built a strong distribution system for their brands to reach the core of Indian rural market.

In order to reach interiors of rural market, Coca-Cola has developed HUB & Spoke distribution model. To ensure full loads the company depot supplies twice a week to large distributors. These distributors act as a hub. And they supply to smaller distributor once in a week.

2. **Acceptability:** One of the vital tasks for the company is to gain acceptance for their product or service in the market. So, they need to design the user-friendly product to offer benefit to rural consumers. The rural consumers look for the functionality of the product & value for their money. So, it is essential for the companies to modify their products to suit the consumers. The rural consumers should able to see value of the product and should satisfy their purpose. As a result, they will ready to spend extra excess amount for the product.

Due to shortage of electricity in rural market, Coca cola provides a tin box for their outlet.

3. **Awareness:** Creating awareness for the product among the consumers is imperative for the companies. As only 57 % of rural population has access to televisions, it becomes a challenging task to build a brand in rural market. Therefore, the marketers are required to focus on medium of communication & designing of message that is understood by majority of rural population. Unconventional media like cinema vans, paintings on walls

& wells can be used to generate the awareness among the rural consumers.

Challenges before FMCG sector in Rural Market:

Transportation

Transportation Infrastructure is very poor in rural India. Only 50% of rural area is connected through roads. The absence of proper & adequate network of rural roads is the main challenge for distributing the product in market.

Bottleneck:

Warehousing Problem: In rural area warehousing becomes one of the major concerns. There is no facility for private or public warehousing so the marketers face the problem for strong their goods.

Seasonal & Irregular Demand: Most of the rural population is associated with the farming activities which depends on the monsoon. They have money mostly in khariff & rabbi season. So, their demand is not stable & on regular basis.

Lower Literacy rate: The literacy rate in rural area is much lower than urban areas. It makes difficult for the marketer to communicate with rural consumers for promoting their product.

Social & Cultural values: The rural population have their own customs, beliefs, habits & tradition. These values & tradition have very strong impact on rural population, & rarely compromise with it. So, it becomes difficult for the marketer to introduce & promote their product in the rural market without affecting their social & cultural norms.

Low per capita income: Low per capita income of rural population results in low consumption pattern. So, the marketers face difficulty to decide about quantity, packaging & frequency of distribution in rural market.

Conclusion

FMCGs are the part & parcel of consumers. The rural market extremely differs than urban market. There is demographic, economic & geographic differences among the urban & rural consumers. To cater the rural consumers at large it is the vital responsibility of the companies to conduct a detailed market research. For this the companies are required to understand each component of marketing mix & customize it

according to the needs of rural consumers. The rural consumers can be catered at large by providing the right product, at right price, at right place & by creating awareness through right promotional strategy. It is often said that markets are made and not found, and is intensively true in case of rural markets of India. So, while designing the strategies for rural consumers, the marketers have to be creatively focused on 4A's of rural market in tune with 4P's of marketing in order to get succeed in market.

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