

A Critical Review of Marketing as a Major Function with Specific Reference to FMCG

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Abstract:

The Fast Moving Consumer Goods (FMCG) sector is a foundation stone of the growing Indian economy. This sector strikes every facet of human life. The FMCG producers now realize that there is a lot of prospect for them to enter into the rural market. The rising incomes and growing lifestyle is a significant attraction for this sector. There are more than middle income households in the rural areas as compare to the urban. Thus the rural marketing has been growing progressively over the years and is now bigger than the urban market. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups in India. More than 70% of sales are made to middle class households today and over 50% of the middle class residing in rural India. The FMCG sector is energized about a rapidly increasing rural population whose incomes are intensifying and which is willing to spend on goods designed to improve their lifestyles. Also with a near saturation and cut throat competition in urban India, many manufacturers and marketers of this sector are driven to formulate new strategies for targeting the rural consumers. But the rural penetration rates are low. This presents a tremendous opportunity for manufacturers of branded products who can convert prospective consumers into consumers to buy their products. Companies including Multi National Companies and regional players started developing marketing strategies to attract this untouched market. While formulating the strategies, the marketers need to take care of the rural consumers differently from urban consumers because they are economically, socially and psycho-graphically different from each other.

Keywords:Fast Moving Consumer Goods, Rural consumer, Marketing Strategy, Urban consumers, Indian Economy

Introduction:

The ultimate objective of all production is consumption for the satisfaction of varied needs of man. A free market economy provides freedom to the consumers to buy and consumer goods of their choice. Buying preferences of the consumers send signals to the producers to produce various commodities in required quantities. Producers, therefore, produces only those commodities which are desired by the consumers. Consumer behaviour is related to likes and dislikes and expectations of the consumers. Consumer behaviour has changed in recent years owing to enhanced awareness, information technology and more importantly governmental intervention through legislations. Thus, the manufacturers are more cautious in dealing with consumers of their respective products.

The rural consumers in India account for about 73 percent of the total consumers. In recent years, the lifestyle of a large number of rural consumers in India has changed dramatically and the process of change is on. The buying behaviour of the rural consumers is influenced by several factors such as socio-economic conditions, cultural environment, literacy level, occupation, geographical location, efforts on the part of sellers to understand buying behavior of rural masses which is influenced by a host of diverse factors. The work is useful to understand the Indian rural consumer psyche in order to formulate an appropriate marketing strategy.

According to experts, the current growth in rural consumption is due to a number of reasons. One of the key factors is the rise in non-farm job opportunities which were beyond the purview of the market-based economy that dominated the agrarian society's equations till now. To sustain this rural boom, it is critical to substitute short-term income boosters (government-backed poverty eradication and self-reliance programs) with empowering job opportunities.

Rural India is a powerhouse propelling the economy's growth. Home to two-thirds of the country's one billion consumers, it is the zone where almost half of the national income is generated. Marketers are focussing on the Indian hinterlands to achieve their revenue targets by increasing their presence into the rural markets. Marketers are looking the aspiring rural and semi-urban India to yoke growth opportunities. Cable and satellite penetration has helped in a big way to access hard-to-reach rural areas. Moreover, advertising budgets for rural markets do not demand much of the liquidity. Marketing of products and services through simple ways like village melas (fairs),

nukkadnatikas (road theatre), boat branding, mobile vans and wall paintings prove to be very effective and that too at minimal costs.

Both FMCG companies and automobile companies are the biggest advertisers in semi-urban and rural markets. Most of the FMCG firms follow the strategy of coming up with small size packs for the people residing in remote areas. Euromonitor International's survey has found that 68 per cent of personal care products were sold in rural India in FY 12 as against 31 per cent in cities. Thus, markets in rural and semi-urban India are on the edge to be the future growth drivers due to higher disposable incomes, rising desires of people to own quality products and improved infrastructure support extended by the Government for the development of these areas. The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty odd years. The FMCG sector is a foundation stone of the Indian economy. This sector touches every aspect of human life. Indian FMCG market can be divided between the organized sector and the unorganized sector.

Unlike the US market for FMCG which is dominated by global players, India's FMCG market remains highly fragmented with roughly half of the market going to unbranded, unpackaged and homemade products. This presents a tremendous opportunity for manufacturers and marketers of branded products who can convert consumers to buy their products.

Around the Globe, the FMCG sector has been successful in selling products to the lower and middle income groups, and the same scenario is true for Indian markets. Around more than 70% of sales are made to middle class households today and out of which more than 50% is in rural India. The sector is excited about a rapidly increasing rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many manufacturers of FMCGs are driven to formulate new strategies for targeting the rural consumer. MART, the specialist rural marketing and rural development consultancy, has found that 53 per cent of FMCG sales and 59 per cent of consumer durable sales lie in the rural areas. According to a study by Chennai-based Francis Kanoi Marketing Planning Services Pvt Ltd, the rural market for FMCG is worth Rs. 65,000 crore, for durables Rs 5000 crore, for tractors and agri-inputs Rs. 45,000 crore and two- and four-wheelers, Rs. 8000 crore. In total, a whopping Rs. 123,000 crore. This could be doubled if corporate understood the rural buying behaviour and got their distribution and pricing right.

Objectives of the study:

1. To identify the major problems in tapping the rural market.
2. To identify the potential of FMCG product in India.
3. To analyze the consumer behavior in the rural areas.

Data Collection

Secondary data: Secondary data is old fact which is collecting and analyzing data by old researcher. The secondary data is previously old unruffled data by past investigators for their own research rationales. There might be in the either appearance, unrefined data of research fact as well as available material.

Literature Review:

R. Sivanesan (2014) in his research found that with the increase in purchasing power and disposable income. Improvement in the road systems linking the villages has led to a systematic product distribution system. Earlier, there was a “trickle down “of the stocks observed to the buyers in the interior villages. These days, companies use delivery cum promotion vans that travel 8-10 hats/markets daily as a part of direct contact with villagers.

Singh Priyanka (2013) in her finding stated that in rural marketing, the vast spectrum of courses to be followed require special care and attention with respect to the product, its quality, packaging, brand, pricing, advertisement, personal selling and channel of distribution.

Verma and Munjal (2003) identified the major factors in making a brand choice decision namely quality, price, availability, packaging and advertisement. The brand loyalty is a function of behavioral and cognitive patterns of a customer. The age and demographic variables affect significantly the behavior and cognitive patterns of the customers while other demographic characteristics such as gender and marital status are not significantly associated with these behavior and cognitive patterns of the consumers.

Singh A.K. (2014) in his finding stated that, in order to capture the rural market, the FMCG companies need to manage their channel distribution efficiently and to address their grievance immediately. The successful distribution channel leads to the customer satisfaction which in turn leads to the company’s success.

Jain and Rathod (2005) found that customers were not happy with product quality and variety available in the rural market. Promotional offers also never reached rural consumers and retailers were found selling promotional items separately. Proper marketing strategies are needed to prevent product imitation.

Shinde Rajesh (2007) analyzed that the rural India has more than 70% population in 6.27 lakh villages, which is a huge market for FMCG products. All the income groups purchase the FMCG product but their brands differ from each other. The place of purchase, which the rural consumer prefers, is the weekly market, which is a good channel of distribution of FMCG.

Tripathi Aditya Prakash (2008) in his research noticed that the Indian rural market has a tremendous potential that is yet to be tapped. A small increase in rural income results in an exponential increase in buying power.

JogheeShanmugan&Pillai Pradeep Kumar (2013) in their study found that the variables Gender, Educational Qualification, Occupation, Annual Income, Family size and Frequency of purchase are having positive correlation with impact on buying of selected respondents towards FMCG products and the variable mode of purchase is having negative correlation with impact on buying FMCG products.

Rana Jyoti (2012) in her finding with regards to premium FMCG brands found that only a few consumers are form this market as per as rural consumers are concerned. She suggests that the companies should decide their target market for premium brands and approach them. Youth can be a great help in this direction. Kumar Pawan and Dangi Neha (2013) in their studies concluded that brand awareness among consumers in rural areas is increasing for FMCG.

Kumar, S. A., &Madhavi, C. (2006) in their research found that today economy is conformed to two major and far-reaching changes - a change form domestic to global and a change from when to rural. Both these changes are evolutionary. Corporate sector has already realized the vast opportunities. Existing in the rural sector and are trying to harness these with their strategies specially aimed at rural markets. Marketing in rural areas needs altogether different strategy as against the marketing in urban area and the psyche entirely from the of when consumer. Addressing certain issues pertaining to rural marketing. This paper aims at exploring the consumer behavior

patterns of rural consumers with reference to FMCG product of tooth paste, shampoo and toilet soap.

According to Subbaiah, P. V., & Bharathi, P. C. (2017), the rural markets in India are undergoing a silent but definite revolution in terms of vastly enhanced purchasing power, consumption priorities and overall volume of consumption of goods and services. The sheer size of the market, as large sections of rural population get converted into consumers, is enough to demand focused attention from both marketing practitioners and academics, to convert the emergent opportunity into realizable market shares and growth, the underlying reasons for undertaking specific efforts to understand marketing practices and to evolve a suitable framework for developing appropriate marketing strategy for the rural India. Main objective of the study is to study the Rural Marketing Strategies of selected H.U.L. products and its Influence on buying behavior of the selected rural respondents from rural market in A P State. To study the Rural Marketing Strategies of selected H.U.L. products and its Influence on buying behavior of the selected rural respondents from rural market in A P State, to assess consumer awareness for H.U.L. products in selected rural areas of A P State and to study the satisfaction level associated with selected H.U.L. products in rural areas Of A P state. For this purpose, data is collected from 500 respondents in selected based on convince sampling in rural areas of Rayalaseema Region. The collected data is analyzed with the help descriptive and inferential statics with respect to different demographic profile of the rural consumers.

Naidu, A. (2017) in his paper brings together recent research findings and on-ground efforts of marketing to the rural Indian customer. The major premise of the paper is that to serve the rural markets, marketers need to plan and implement the 4 As of marketing mix. Drawing from literature review as well as from real life marketing exercises as found in news articles in business periodicals, textbooks, and case studies, the paper presents the Indian rural marketing experience so far. By bringing out the current practices in rural marketing in India, the paper demonstrates strategies for effective marketing to the rural markets in India as anchored on the 4 As model of rural marketing.

According to Zabiullah, I., & Devaraju, P. (2017), Rural Marketing is one of the emerging concepts which have attracted the attention of marketers globally in the recent years. The concept incorporates the marketing of rural specific goods and services leading to exchange between rural and urban markets. The green and white revolutions in the rural areas have raised the standard of

living, purchasing capacity and consumptions levels of huge quality and quantity of industrial and manufactured goods. This move have made many business houses to plan strategies to extend their business to rural areas, the trade channels for different types of commodities available in rural areas are private, cooperatives, processors, regulated markets and state agencies. The rural markets offer huge opportunities for enhancing businesses. In spite of much scope for business development very less attention has been paid for the development of rural marketing concept. Further, under developed market, people, infrastructure, communication, transport and many more factors have contributed for the unbalanced growth of rural markets. The researcher has consulted secondary sources of literature for the development of the title. On the whole, in this paper an attempt has been made to discuss the problems of rural markets in India and at the end some solutions have been offered for overcoming the same.

Jayadatta, S. (2018) in his paper found that rural market as such in recent years has certainly acquired major significance and also attracted attention of marketers. There has been a substantial increase in the purchasing power pattern of the rural communities and overall growth of economy has increased as nearly 68.84% population of India reside in 6, 38,000 villages. Rural marketing inculcates the process of promoting, pricing, developing and distributing rural specific services and products which in turn leads to exchange between rural and urban market which indeed satisfies consumer demand and in turn also achieves a firm's objectives. With rapid pace of technology advancing in every sphere and aspects of economic, political, social, cultural life, distributing and expecting higher profits the focus certainly is tapping the rural markets. Rural areas are consuming large quantity of manufactured and industrial products due to green revolution. Thus in this way rural market offers opportunities necessarily in the form of large untapped market, increase in literacy level, increase in disposable income and large scope for penetration. A special marketing strategy called as "Rural Marketing" has emerged in order to tap the potential and take advantage of various advantages available in rural areas. For the rather poorly serviced rural markets and hugely untapped markets, organizations in order to succeed are now redefining their marketing mix strategies as rural markets by their sheer population size are much bigger than the combined population of many of the foreign nations. As such the present paper is a step forward in exploring various strategies to be adopted readily in rural markets keeping in mind the scenario of rural marketing, highlighting key challenges and opportunities in rural marketing arena.

The article 'Rural Marketing Scenario in India' – Sheelam, H. (2020), The Online Village Ahead' speaks widely about the growth of e-commerce in rural areas. It explains the need for change in

strategies to adapt to the new, diverse market, and provides a list of prerequisites for rural marketing. This article also concentrates on how the study on 'analysis of customer' can be completed to better understand the market. The four major characteristics of rural customers are highlighted, on the basis of which rural marketing may be performed. Government initiatives in agriculture, Digital India, AgTech, and so on are relevant subjects which are accustomed to the future of rural markets as an online village. Rural marketing is highly important for businesses in India because of the wide customer base in those areas; businesses, therefore, need to penetrate the markets there. No business can succeed if it is based primarily only in the cities. Hence, this article covers the need for rural marketing in India.

According to Mangalagangothri, K., & Mangalore, D. K. (2021). Marketing is the process of identifying the needs and wants of the consumers, then prepare that particular product or service in order to satisfy them, keeping in consideration the benefits of the organization. This concept applies to every type of marketing, whereas when we talk of rural marketing the emphasis is to be given on the rural areas. Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, exam results, career counselling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities of change are becoming visible. Rural areas exhibit several distinctive characteristics that are different from the urban areas. Literacy levels, family structure, occupational patterns, spatial distribution of household settlements, social customs and norms, and several other features, are unique to rural India. This paper discusses the present scenario of rural marketing, its importance and highlights certain problems related to rural marketing. Further, it highlights the improvements that make the rural marketing system most effective.

According to Azhagan, D. C. T., & Sowmiyaa, E. L. (2020), Rural marketing is an untapped market in India. The attribute of rural consumer is poised by lack of education and awareness, low income levels where income comes in seasonal basis. In Indian economy the Fourth largest sector is Fast Moving Consumer Goods (FMCG) sector. The household consumables such as packaged foods,

beverages and Personal Care accounting for 50 percent of FMCG sales in India. Various factors influence rural consumers to make buying decision of FMCG products which includes, low price, convenient packaging, immediate need, availability, quality, lifestyle, economic condition, advertisements, offers, discount. FMCG firms adopting various marketing strategies to attract and retain rural consumers. This paper helps to establish the key factors determining consumer attitude and buying behavior of rural consumer towards FMCG products.

According to Revankar, B. (2021), the word “Rural” is so much associated with agriculture and farmers. Rural marketing is converting the purchasing power of rural consumer into effective demand for specific products and services and moving them to the people in rural areas to create satisfaction and a better standard of living. Beside food, health and wellness, hygiene and immunity boosting products are now at the forefront of consumer demand even in the rural market. The objective of the study states that; 1. To study the present scenario of rural market. 2. To study the major challenges and identify the opportunities available in the rural market. The hypothesis of the study states that; Ho1: There is no association between age group and influence to buy the product. Ho2: There is no significant relationship between average expenditure among male and female. Ho 3: There is no association between occupation and reason for buying. Methodology: primary data through collected using online questionnaires and secondary data through relevant website, research article and discussion. About 323 respondents where samples for the descriptive research with SPSS Software. Findings; Most of the male and female respondents are students and farmers including job holders, businessman and others, Most of the respondents are aware of ITC FMCG products and HUL FMCG products but, they are not much aware of Marico FMCG products. Hence, the conclusion of the study reveals that Rural people are aware of FMCG Products especially ITC FMCG products but, not many customers are aware of brands like Marico and Dabur.

According to Karthikeyan, S. (2021), rural marketing is one of the emerging concepts which promote the socio-economic empowerment of entrepreneurs and poverty standard living people. Rural marketing is fully pledged services marketing distribution of goods and services through directly. An entrepreneur is many challenges faced number of difficulties sell their products delivered in regularly. Rural marketing strategies refer to planning adequate supply of consumer goods and agricultural goods. Rural marketing strategies can be divided into product, price, distribution, promotion, marketing and sales promote the economic activities depend upon the market. Rural marketing is supply chain management-based service quality dimension of products sale to customers.

Conclusion

The direct marketing process which involves two fundamental concepts including “understanding customers” and “interacting with retailers”, has been used here. Direct marketing always involves analyzing customers’ data. Most organizations seek to understand customers in order to attract them more efficiently. Interacting with retailers is also an essential element for attracting and stimulating retailers’ responses. However, if both concepts are compared, understanding customers is considered more vital than interacting with retailers. This research scope will be limited to the study of understanding customers and retailers in the direct marketing process of FMCG.

Hence, the present research work was aimed at developing an insight into the buying behavior of rural customers for certain selected fast moving consumer goods (FMCGs). This study was limited to the consumer households in the sample villages of the representative district. For this purpose, representative FMCGs (tea, Toothpaste, soap, shampoo, detergent and cooking oil) were selected to include those products which are normally purchased by the rural customers.

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