

## Marketing strategies of FMCG Companies in Rural market

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### Abstract

In this study researcher aims to analyze various marketing strategies of Fast moving consumer durable goods (FMCG) companies to promote products into rural segment. and also to study how these company followed marketing strategy to cover such huge rural market. Further, the study will also make an attempt to understand that the Fast Moving Consumer Goods (FMCG) sector in rural and semi- urban India is estimated to cross US\$ 100 billion by 2025. Rural FMCG market accounts for 40 per cent of the general FMCG market in India, in revenue terms.

**Keywords:** - FMCG, Marketing Strategy, Rural segment, Product, Promotional strategy.

### Introduction

We often mention things like potato chips, bath soap, butter, toothpastes, razors, household care products, packaged food and beverages, etc. But can we know under which category this stuff come? they're called FMCGs. FMCG is an acronym for fast moving consumer goods, which ask things that we buy from local retailer, supermarkets on day to day , the items that have high turnover and are relatively cheaper. FMCG goods are popularly named as consumer grocery. Items during this category include all consumables (other than groceries/pulses) people patronize regular intervals. The foremost common within the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, packaged foodstuff, and household accessories and extends to certain electronic goods. These things are meant for daily use of frequent consumption and have a high return. In financial year 2018, the size of the FMCG market in India amounted to about 23.6 billion U.S. dollars. This sector had recorded significant growth rates in recent years and accounted for 45 percent of the country's FMCG market. Rising income levels had led to a transparent increase in non-food expenditure (As per Statista 2021). Therefore the FMCG marketing has been growing gradually over the years and now's become bigger than the urban marketplace for FMCGs.

### Objectives of the Study

The study concentrates on the following sub objectives.

- To study various marketing strategies of FMCG companies to promote products in rural market.
- To study most preferred products in FMCG categories.

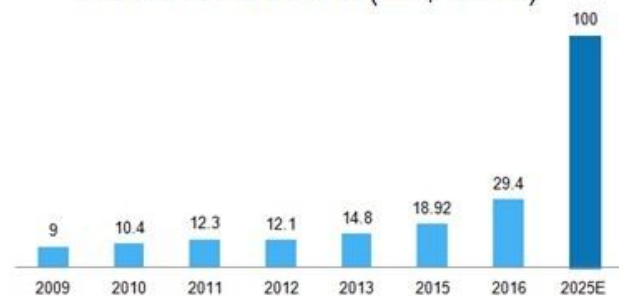
### Methodology of the Study

In this study secondary data have used to undertake this research. The study is conceptual and exploratory in nature. This secondary data collected from various published and unpublished journals, various articles available on various websites, textbooks and different popular journals to analyze the marketing strategy of fast moving consumer goods companies for selling & promoting their brand in rural market.

### Current Scenario of FMCG Market

Major players in FMCG industry in India are shown here. As per the reports in the last few years, the FMCG market has grown at a faster rate in rural segment in India compared to urban segment. Other segment like Semi-urban and rural are also growing at a rapid pace and FMCG products account for 50% of the total rural spending. As per the study of India band equity foundation (ibef) the retail market in India is estimated to reach US\$ 1.1 trillion by 2020 from US\$ 840 billion in 2017, with modern trade expected to grow at 25% per annum, which is likely to boost revenue of FMCG companies. Revenue of FMCG sector reached Rs. 3.4 lakh crore (US\$ 52.75 billion) in FY18 and is estimated to reach US\$ 103.7 billion in 2020. As per survey report FMCG market is expected to grow at 9-10% in the year 2020.

The Fast Moving Consumer Goods (FMCG) sector in rural and semi- urban India is estimated to cross US\$ 100 billion by 2025. The overall Rural FMCG market in India is accounts for 40 per cent in terms of revenue. As fa as the leading retailers is concern, Dabur generates over 40-45 per cent of its domestic revenue from rural sales. Hindustan unilever



Source: AC Nielsen, TechSci Research, Dabur Reports  
Note: E - Estimate

limited revenue in rural market is 45 per cent of its overall sales while other companies earn 30-35 per cent of their revenues from rural areas.

### **Marketing Strategies Followed by FMCG Companies**

A marketing strategy is the basis of a marketing plan. A marketing plan covers specific actions to successfully implement a marketing strategy. For example – “Use a low cost product to attract rural consumers. Today’s FMCG industry is a multi-billion dollar sector that’s typically dominated by well-established household brands around the world. Therefore, it can be easily said; FMCG industry is considerably big and demanding in India. FMCG marketer’s follows a different combination of strategies. Some of the major strategies adopted by FMCG companies to make their brands outstanding in competitions are as below:

➤ **New Product Development**

A company can add new products in their product line through the acquisition of other companies or by making one’s own efforts on new product development. With the help of new products a company can enter into growing market and it also supplement its existing product lines. For example; Procter and Gamble is leading company in the world as reputed for new products development. Those companies who do not develop new products would be in great risk and might face stagnation in future. Some companies which have thrived in the market due to innovative product development are FMCG companies.

➤ **Product Flanking**

Product flanking relate to the introduction of different variety of products at different prices, to cover as many market segments as possible. It is mainly offering the same product in different sizes and in different price to tap diverse market opportunities. The idea behind this concept is to change the core product by offering different variations in size and price so that the consumer can finds some products to choose from. Cornflakes in small sachets and premium detergents (Surf excel, Tide, Ariel etc.) in small pouches are examples of this strategy.

➤ **Wide Distribution network**

In order to survive and succeed in a highly competitive market company have to have a distribution channel. Some well-known FMCG companies are: Parle, Britannia, ITC, Nestlé, Unilever, Procter & Gamble, Coca-Cola, Pepsi etc. has very wide distribution network systems have made them market leaders. Due to this strategy company increase the number of customers or by encouraging more consumption.

➤ **Multi-brand Strategy**

A company often develops different brands in the same group. There are various motives for doing this. The logic behind this strategy is to tap as much of the market share as possible. FMCG company cannot rely on single brand to cater to the entire market.

➤ **Brand Reliance**

Brand reliance is also one of the strategies followed by fmcg companies. But the challenge for the company to constructing a credible brand is essential to the success of a product. In addition once a brand become popular in a rural emerging market it will more than likely retain that trust suitable to the brand stickiness of rural customers. The Companies which are entering into this market with unknown brand have found connected on established and trust brands to be a successful strategy for gaining consumer trust. If companies have strong brand name then either launch of new product or selling existing one become easy.

➤ **Promotion & Advertising Strategy**

Take the case of Marico we came to know this company followed different promotional and advertising strategy in the urban as well as rural segment. Marico received plethora of medals and awards for its varied promotion campaigns is proof enough. Marico uses all types of media like Television, online, print media etc in its marketing mix. Some of the continuing advertisement of Marico are: • Nihar- Dikho Khoobsurat, Karo Khoobsurat, • Saffolalife- protect heart. This company is also known to rope in a lot of celebrity for its endorsements like Vidya Balan for Nihar, Ranveer Singh for Set Wet and Deepika Padukone for Parachute are some examples. Hence, This strategy is very effective for gaining attention as well as promoting their brand in market. As far as Lifebuoy is concern “Tandurusti ki raksha karta hai Lifebuoy ...” tagline made significant impact on customer.

### **Conclusion**

In this cut throat competition every company in the field of fmcg realized the value of rural market. Such FMCG companies will succeed in rural market whose products are branded and have marketing strategy, heavy advertising, slick packaging and strong distribution networks. One more important factor is prices of raw material play an important role in determining the pricing of the final product. Therefore the rural marketing has been growing gradually over the years and now is become bigger than the urban market for FMCGs. Now the challenge for the marketers is weather to follow same strategy for all segments or to go with specialized strategy to each sector.

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