IJFANS INTERNATIONAL JOURNAL OF FOOD AND NUTRITIONAL SCIENCES

ISSN PRINT 2319 1775 Online 2320 7876

Research paper UGC CARE Listed (Group -I) Journal Volume 10,Iss 12, 2021

Growth in Retail Marketing with the focus on FMCG Innovative Products in Rural India

Reena Lenka*, Pankaj Jain** Dr. Vikas Dole***

*Assistant Professor, Neville Wadia Institute of Management and Studies and Research, Pune.
**Assistant Professor, Neville Wadia Institute of Management and Studies and Research, Pune.
***Associate Professor, Neville Wadia Institute of Management and Studies and Research, Pune.

Abstract— **"Chalo Gaon" or "Go rural" is the slogan of marketing gurus after analyzing the increasing demand and socio-economic changes taking place in villages. Rural India is considered today as a huge storehouse of untapped marketing opportunities, by marketers. Marketers have realized the opportunity recently. Rural India today is considered to be an untapped market for most FMCG and also for consumer durables. Marketers including multi-nationals have started entering into rural market in a significant manner. As a result of Green Revolution in agriculture and the white revolution in dairy, and other developmental activities implemented through the five year plan, the productivity, prosperity and disposable incomes of the rural population have improved. Consequently, rural consumers are keen on branded goods now-a-days, so the market size for products and services seems to have increasing rapidly. The rural population has shown a trend of switching to a state of gradual urbanization and the shift is because of saturation of urban market. Rural marketing strategies aimed at an urban or industrial consumer. Study objectives revolve around the strategies to tackle the huge opportunity, ethics and market development covered with case studies.**

The paper attempts to focus on the initiatives of the industries to attract the rural India for the FMCG products. We feel that henceforth, only those companies will survive and win over the rural consumers who apply strategies in innovative ways by understanding the mindset of the rural costumers.

***Keywords*— Extension, Adaptation, Innovation, Ethics & Market development.**

I. INTRODUCTION

Rural marketing has become an important aspect of marketing environment today. There are number of myths and realities regarding immense potential of the Indian rural market. There is no doubt that the rural market presents a huge untapped opportunity for marketer as nearly 70% of the population lives in rural India. However, marketers need to explore growth indicators and key strategic tools for successful exploitation of this untapped market. A rural market will represents a community in a rural area with a population of 2500 to 3000. The rural market is zooming ahead at around 25% annually and is growing faster than urban India now. The reasons for improvement of business in rural area are socio-economic changes (life-style, habits and tastes, economic status), literacy level (25% before independence – more than 65 % in 2001), Infrastructure facilities (roads, electricity and media), increase in income and increase in expectations. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to be increasing rapidly. The rural population has shown a trend of switching to a state of gradual urbanization in terms of modernization and the shift is because of saturation of urban market. Entering such low–income markets in emerging economies may require a different strategic approach.

But now due to increase in the income level and change of life style in rural areas, Fast Moving Consumer Goods (FMCG) and durables have gained a good market share in villages. One can find a choice of branded cosmetics, soaps, detergents, packaged food items and common use durables like torches, pressure cookers, and mopeds in villages. While the rural consumers go to sell agricultural produce, they also buy durables and FMCG articles for their use. Most of the rural shops stock a variety of such items. Hindustan Lever has done a pioneering job of rural distribution and marketing for packaged products. The market share of the rural market for most of the consumer items is around 50% of the all India market. Further, it is growing at a great speed of 60% per annum. Marketers have three strategic options, namely:

A. Extension
B. Adaptation
C. Innovation

A. Extension

Extension refers to the strategy of extending the product from urban to rural markets without any modification. Examples are Parle-G, Lifebuoy, Lux, Brooke Bond Red Lable tea are sold in the rural market without any modifications.

B. Adaptation

Adaptation, which implies customizing the product to suit the rural buyer's demography, is required since income and seasonality continue to impact rural demand. This adaptation could be in product benefits and even distribution. Small packs (sachet) are one form of the product adaptation. This is not applicable for all the products.

C. Innovation

The innovation strategy delivers results when product awareness is low or product is low in the customer's priority. It also delivers when infrastructure constraints make the product purchase redundant. Electronics and electrical items that can be operated even without power will be more readily accepted. Also, if it is easy for the farmer to maintain a product, then the product diffusion will be faster. Further, the product must be perceived by the customer as meeting his/her needs and being good value for money.

II. OBJECTIVE

The potentiality of rural markets is said to be like a 'woken up sleeping giant'. These facts are substantiated in a study of market growth conducted by various researches. Recently, however, a number of MNCs have launched new initiatives that explore the untapped market potential at the base of the economic pyramid, the largest and fastest-growing segment of the world's population. Reaching the four billion people in these markets poses both tremendous opportunities and unique challenges to MNCs, as conventional wisdom about MNC global capabilities and subsidiary strategy in emerging market may not be appropriate. Also, rural marketing strategies are significantly different from the marketing strategies aimed at an urban or industrial consumer. Study objectives revolve around these strategies, covered with case studies. The paper is first of its kind as all the strategies have been taken up and exemplified with examples and case studies.

III. TACKLE THE HUGE OPPORTUNITY

The strategy is designed suitable to the location and the client. In case, however, the product is being launched on all-country basis, the marketer in view with the holistic approach keeps in mind the consumption pattern in various geographical locations. Besides this, he also keeps in view the brand development index, sales volume, local market problem and opportunities. The marketers conduct various farmer specific campaigns. This involves participation between marketing agencies and the client. A personal attention is necessary for this. Under this, there is a greater scope for private sector and farmer organization to get into input supply and especially into retail distribution, as it is a low risk activity. This initiative of industries will also strengthen the backward and forward linkages of the rural market, besides accelerating the innovations of the rural products. Definitely, this strategy will also give a remarkable dividend to the industries and profit making companies.

Manufacturers have been modifying package size of branded products to make them affordable (e.g., Chota Pepsi- Rs.5/- only) in rural markets. Some products which were popular in rural markets include PVC shoes and chappals, Rajdoot Bullet motorcycles, Hawkins pressure cookers, and TVS mopeds. Hindustan Lever (HLL) is one company which had succeeded in rural marketing. They introduced many schemes like 'Operation Harvest', 'Operation Bharat' and 'Project Shakti' to harness the rural potential for FMCG items. Rural publicity vans were used by HLL extensively for promotion and awareness building. Today, durables like TV, DVD, washing machines, fridges and even luxury cars are purchased by rich rural farmers.

To tackle the huge opportunity entrepreneur should know where and when a product should be sold, which transport is efficient and what the condition of the market is. As the tastes of rural consumers are different from urban consumers thus marketers have to use different strategies for rural retailing. The producers can use Tamasha, Nautanki, Puppetry, Hatts, Melas and Interactive games to advertise and sell their products.

Agri-input Dealers*:* the government of India has specified as per essential Commodities Act that fertilizers should be made available to the farmers within a range of four to five kilometers from their place of residence. Because of this rule, there are about 2.5 lakhs fertilizer dealers in India, in both co-operative and private sectors. Especially during the agricultural off-season, these dealers sell FMCG and durables to cater to the increased post-harvest demand in villages- a result of income generation from the harvest. Marketers can effectively tap these dealers to succeed in rural marketing.

IV. ETHICS

Major proportion being illiterate, firms should give more emphasis on product information, quality and proper pricing. The firms need to have a good rapport and a sound relation with the rural clients, in order to make a long-term impact on the business by means of ethical conduct. There has been growth of imitation or piggyback products which are cheap look-alikes of popular branded items. Thus 'Run' is sold as 'Rin', 'Narima' as 'Nirma', 'Lifejoy' as 'Lifebuoy', 'Friends and Lovely' as 'Fair and Lovely' and 'College Toothpaste' as 'Colgate Toothpaste'.

In case of large and varied quantities of disparate consumables of every day use and requirements, called FMCG such as for health and beauty care, toiletries, over the counter products like aspirin and cold-balms, soft drinks, and so on, that it is not possible for the manufacturer and the buyer-consumer to have one to one interface. The consumer has to believe in the good image of the producer and trust in honesty and truthfulness of the claims made in the advertisement.

V. MARKET DEVELOPMENT

Rural consumers are displaying considerable resilience in spends on FMCG despite the economic slowdown, while overall consumer spends on FMCG are showing a smart rates of growth, the growth in rural markets at 20% plus has overtaken urban markets, which is growing at around 17 to 18%. According to experts the availability of commodities, affordable price influence of advertising affects the purchasing decision.

A. A case of project shakti by HUL

In this project near about 15000 shakti entrepreneurs

ISSN PRINT 2319 1775 Online 2320 7876

participated, covering 61400 villages and 71 million people. They aim to increase shakti entrepreneurs to 100000 and covering 5 lakhs villages and reaching out 600 million villagers by 2012.

B. A case of ITC's e-choupals

In June 2000 Madhya Pradesh launched first official website "Soya Choupal". In April 2005, six states, 5050 e-Choupal Kiosks covered 35000 villages and 3.5millon e-farmers. The aim is to increase it to 15 states, 20000 e-Choupals Kiosks, 100000 villages and 10millon e-farmers which will benefit for better purchase price for agricultural inputs, knowing market prices for their produce. Choupal sugar offers wide range of products and customer services to the rural customers and facilities like godown space for the storage of farm products.

C. A case of Godrej Aadhar

Godrej aadhar is into FMCG products, fertilizers, animal feed, banking, insurance, pharmacy, postal services and petrol pumps. It has 24 outlets in eight rural location, each outlet services 20 villages in its vicinity. They plan to setup 1000 outlets by 2012. Godrej aadhar provides crop advisory services, soil and water testing services, crop finance and supply of agri inputs and animal feed.

D. A case of Hariyali kisan bazaar (DSCL Corporation)

DCM Shriram Consolidated limited launched Hariyali kisan bazaar in the year 2002-03 with 177 number of outlets in eight states and plans to expand upto 300 by 2012. Each outlet covers 3-4acres of land, managed by 7-8 personnel offering rural household like consumer goods, related services along with financial services. It has triggered rural economy by focusing on creating higher purchasing power, helps the farmer to increase their incomes and educate before they sell their produce.

E. The case of Lifebuoy soap

In 2002, HLL embarked on a major rural contact program to reposition Lifebuoy. The re-launched Lifebuoy had a new formulation, fragrance, lather profile, new range (Lifebuoy active orange, Lifebuoy international plus and lifebuoy international gold) and shift in positioning from a male soap to family soap.

F. The case of HUL's 'Sehatmand tea'

HLL has done well in the FMCG in the rural area. HLL has launched 'Sehatmand' tea to tap the low income profile especially in the rural area. It has got 'Taj Mahal' in the premium segment, 'Red Label' in the popular segment, 'Lipton Taaza' in the mid-segment. HUL has identified the potential in the lower segment especially in the rural area. As per the survey for the tea market, it is observed that only one third of the people in India prefer branded tea. Only 40% of people prefer branded tea which also includes other brand like Tata tea. Rest two third of population prefer loose tea. To tap such segment HUL has come up with 'Sehatmand tea'. 80% of rural population is under nourished. Taking this into consideration, HUL has emphasized on adding vitamins in each granule of the tea, especially vitamin B12. As far as pricing strategy is concerned, this tea is available at lesser price than the premium prices. With this product, HUL want to be affordable and accessible. For promoting 'Sehatmand tea' HUL has organized a campaign in the rural area. This project is called as "Sehatmand Bharat, Swastha Parivaar" this project has given employment to rural women which focuses on the women entrepreneurship.

VI. CONCLUSION

Even since technology became powerful, companies have naturally used it not only to come out with advanced products but also have used the advancements in IT as a mean of communications to let a large number of people know about their products. The social, economic and ethical aspects of advertising needs to be analysed and the marketers and the public policy makers should take different stances on how advertising should be treated.

A. Marketing research is a pre requisite before entering into rural market in order to estimate the range or anticipated influence sphere of the market.
B. Market the goods or services that suit rural requirement.
C. Use different media to promote retail outlets which are used by rural population.
D. Organised retailers should open discount store so that rural people will feel that they are getting benefits in terms of money saving.

At last, in these testing times it is logical that only the fittest will survive and those who look for hidden opportunities will not only survive but thrive.

REFERENCES

[1] Business Ethics, *Bowie & Duska*, 2nd edition.
[2] Rural Marketing-Indian Perspective, *Kumar and Pandey*, 2005.
[3] Tapping rural markets-Oppourtunities, Challenges and Strategies, *Shivadattagouda Honnalli* in Marketing Mastermind, April 2008.
[4] Rural Marketing-A developmental approach, *Rao KLK and Ramesh Tagat*.
[5] Business Standard dated 26th Jan,2010, & 2nd Feb,2010.