

Opportunities for MNC'S (FMCG Products) in Rural Market

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Abstract:

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or Labor economics. Typically, a rural market will represent a community in a rural area with a population of 2500 to 30000. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG). FMCG products are those that get replaced within a year. The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian economy. This sector touches every aspect of human life. This paper will provide detailed information about the growth of FMCG industry in rural market of India and examining the challenges, opportunities for the FMCG's in rural market with growing awareness and brand consciousness among people across different socio-economic classes in rural area of India and how the rural markets are witnessing significant growth.

Keywords: Indian rural market, marketing opportunities, Rural Marketing,

I. INTRODUCTION

Every year bring some change with the era of globalization. In Indian Context we seem s changes at business, Consumers, Strategies, Investments or many other manners. Everyone wants to differentiate itself in cluttered Markets because "the customer is king". Smart companies use defensive strategies to deal with competitive attacks. Marketing in general sense define as all activities directed to identifying and satisfying customers needs and wants.

Marketing is not a new phenomenon in the present era. Marketing plays a crucial role in the growth and survival of an enterprise. All the activities ranging from product design, development of goods and services, market research, sales promotion, advertising and distribution etc come under marketing. With the fast changing market the tastes, attitudes, social behavior of consumers are also changing. While marketing tries to achieve various objectives, its focus remains on customer satisfaction. Those firms which are not able to fulfill the needs of the consumer cannot survive in the market. The success of any enterprise depends on its ability to satisfy this need. Besides it is also the responsibility of the firm to provide better quality products at economical rates.

Rural Market

According to the census of India village with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400 Sq.km and with at least 75% of the male working population engaged in agriculture activities would qualify as rural. According to this definition there are 6,38,000 villages in the country of these 0.5% has a population about 10,000 and 2% have population between 5,000 and 10,000 around 50% has a population less than 200. Interestingly, the FMCG and consumer durable companies, any territory that has more than 20,000 & 50,000 population respectively in rural market so for them it is not rural India which is rural.

Demographical details of Indian rural market

- About 285 millions live in urban India where as 742 millions reside in rural areas.
- The No. of middle income & high income households in rural India is expected to grow from 46 millions to 59 millions.
- Size of rural market is estimated to be 42 millions household and rural market has been going at 5 times the growth of the urban market.
- More government, rural development programs.
- Increase in agricultural productivity leading to growth of rural disposable income.
- Lowering of difference between taste of urban and rural customers.

The Indian rural market with its vast size and demand offers great opportunity to marketers. Our national is classified in around 450 districts & approx. 6, 30,000 village which can be stored in different parameters such as literacy level, accessibility income levels, distance from nearest town etc.

The rural market accounts for half of the total market for Tv sets, fans pressure cooker's, bicycle's, washing soap, tea salt & tooth powder, what is more, the rural market for FMCG product is growing much faster than the urban market.

II. REVIEW OF LITERATURE

Literature on rural marketing is still in its nascent stage. A majority of the studies on rural markets have been carried out after 2000 both in India as well as abroad. Patel and Prasad (2005) conducted a study on brand awareness of rural consumers and their behaviour towards various FMCG brands. The study revealed that local brands rule the market due to easy availability, awareness and influence of retailers on consumers. It was found that rural consumers understand the local dialect and prefer to be informed in local language. Sehrawet and Kundu (2007) examined the influence of packaging on buying decisions and found that rural people find to be more powerful in buying, as a indication of better product and are more influenced by the ease of storing a packaged item than their urban counterparts. Although, labelling is considered to be an important part of packaging, yet rural respondent gave less importance to it. Parinar et al. (2007) in their study tried to identify urban and rural consumer buying behaviour in terms of their preference for technology, style, brand image, price and after sales service and found that the rural consumers profile is different from that of their counterparts in terms of education, income, occupation, reference group and media habits. Patro and Varshney (2008) have studied the relationship of brand awareness on perceived quality and its impact on buyers of brands of bathing soap. The study found that there is positive effect of brand building measures through higher sales in the rural areas which leads to modification of consumer's behaviour, association between brand recall, brand liking, brand quality perception and brand usage was also found. Erda(2008) tried to find out the various motivational factors that influence the buying behaviour of rural consumers. The study on mobile phones as stimuli revealed that rural consumers are less conscious in matters of quality, functions and brand compared to their urban counterparts. The study further concluded that rural marketing cannot succeed if the marketing strategy and action plan are only extrapolation or minor modification of the urban marketing strategy and plans. Mathews and Nagaraj (2010) tried to make VALs Analysis of youth based on gender and also to identify the behaviour of youth with reference to family, fashion, education, brand and shopping activities. The study revealed that man and woman tend to have different attitudinal and behavioural orientation based partly on genetic makeup and partly on socialization practice.

III. RESEARCH PROBLEM

In rural areas more than 75% of the population engaged in agriculture. They also required products and services for consuming similar to urban areas. Because it effects their values. Life style .attitude and standard of living. It's a big opportunity to all the product and service providing companies to cover-up all persons living under rural areas.

Objective

There are following objectives of the project:-

- To determine about the rural consumers preference towards FMCG products.
- To know about the recent demand of FMCG products in rural area

Research Methodology Data Collection

To determine the number of respondents that will be asked to participate and give information regarding the study convenience sampling will be used. Convenience sampling means to collect or interview individuals who actually experience the phenomenon. Convenience sampling will focus on individuals who covers under rural areas.

Primary and secondary sources of data would be used for the study. Surveys will the primary method of data collection. Internet survey would be the primary source of data. Internet surveys have been both hyped for their capabilities and criticized for the security issues it brings. Internet surveys would also require less time for the researchers and the respondents. Secondary source of data would involve the use of books and journals.

Limitation of study

The research design chosen is both exploratory and conclusive in nature. In spite of all the positive measure, the Present study has some limitation. This study is restricted only to FMCG product of MNC's in rural market of India.

What Rural India Buys?

- Products more often (mostly weekly).
- Buys small packs, low unit price more important than economy.
- Many brands are building strong rural presence without much advertising support, like shampoos, detergent, talcum powder and beauty cream, etc.
- Fewer brand choices in rural areas; number of FMCG brands in rural areas is half of urban area.
- Buys value for money, not cheap products.

Opportunities for marketers

• Untapped Potential

It offers a great chance for different branded goods as well as services for large number of customers. It is estimated by HLL that out of 5 Lakh villages in india, only 80 thousands has been taped so far, which goes on to indicate the market potentials of the rural market.

• Market Size And Potential

The size of India s rural market is stated as 12.2 % of the percentage of the old population this means 12.2% of the worlds consumers leave in rural India. In India, rural household farm about 72% of total household constitutes a huge market by any standard.

- **Increasing Income**

Different programs undertaken have helped to improve the economic the economic situation of the rural areas. The increase in income is seen in both absolute values as well as in the increase in average number of days of occupation in a year.

- **Accessibility Markets**

Though the road network has not developed to the best possible extent but a fire amount of development has been made in many regions, making these regions accessible from the urban region and making in easier for supplying products to these regions.

- **Competition in Urban Areas**

The urban market is getting saturated and thus is enable to provide the much needed market to many companies and in search of greener pastures many of these companies are now targeting the rural market.

IV. SUGGESTION

It is necessary for all the FMCG major companies to provide those products which are easy to available and affordable to the consumers. It is right that the profit margin is very low in the FMCG products, but at the same time the market size is much large in the rural area. The companies can reduce their prices by cutting the costs on the packaging because the rural consumers don't need attractive packaging. Application of 4A* is also a major task for the major companies in this area.

(*4A= Availability, Affordability, Acceptability, Awareness)

V. CONCLUSION

Rural Market play a vital role as it provides great opportunities to the corporations to stretch their reach to nearly seventy percent of population. Rural market also benefits the rural economy by providing infrastructure facilities and quality of life of the people resides in rural area. Though the rural market has become a favorite destination for every marketers A thorough understanding of rural markets and systematic move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to taken into account the complex factors that influence the rural consumers buying behaviour. The rural market is developed by rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to boost the rural economy. In spite of all complexities involved in the rural marketing, the rural scene of rural environment is changing steadily in India. The biggest challenge today is to develop a scalable model of influencing the rural customer mind over a large period of time and keep it going. Traditional urban marketing strategies will have to be localized as per the demands of the rural markets. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioural change. Government support is necessary for the development of rural market in India to face the emerging issues and challenges in the core areas like; transportation, communication, roads, and credit institutions, crop insurance for better utilization of land and water management. The future no doubt lies in the rural market. In conclusion, the rural markets are enticing and marketing to rural consumers is exciting. However, a clear understanding or the rural consumers and their current and future expectations are the major part of strategies to tap the rural market nowadays.

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