

# Exploring marketing strategies of FMCG in Amaravathi region of Andhra Pradesh.

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**Abstract-** Marketing is a business area that's built on passion. It's about passion for the consumer. Passion for knowing what consumers think on a daily basis. The majority of emerging market nations continues to have largely rural, agrarian – based economies. But nowhere is it more evident than in rural India. There is, thus an emerging need to build expertise in rural marketing. Over the years there has been a great change with regard to income and lifestyle of Indian rural and urban consumers. Marketing strategies always give rise to core competencies and helped taking advantage of increasing competition. The study is relating to the marketing strategies which were followed in FMCG goods in recent days. Fast Moving Consumer Goods (FMCG) are more in demand and frequently purchased by customers. These goods include all consumable goods (other than pulses and grains) and consumers buy at regular intervals in small quantities. Main items in this category are detergents, soaps, shaving products, shampoos, toothpastes and brushes, packed food stuffs, household accessories, creams, oils, tea, coffee etc. Contribution of FMCG sector in every economy is significant. Now, due to globalization, every economy is facing tough competition. To carry out the business in this sector, it has become very difficult. Fast Moving Consumer Goods (FMCG) are more in demand and frequently purchased by customers. These goods include all consumable goods (other than pulses and grains) and consumers buy at regular intervals in small quantities. Main items in this category are detergents, soaps, shaving products, shampoos, toothpastes and brushes, packed food stuffs, household accessories, creams, oils, tea, coffee etc. Contribution of FMCG sector in every economy is significant. FMCG industry consists of both a supplier side and a retail side. Retailers tend to have similar strategies. Many studies have focused either on the consumers of FMCG or the strategies of retailers but no focus has been made to study the supplier side. Consequently, there is a need to examine the marketing strategies of these distinguished FMCG manufacturing enterprises. Therefore, our study “Exploring marketing strategies of FMCG in Amaravathi region of Andhra Pradesh enables us to cover all the above mentioned queries in detail.

**Key words:** Rural markets, Marketing Strategies, Rural consumers, Fast Moving Consumer goods etc.

## I. INTRODUCTION:

Over the years there has been a great change with regard to income and lifestyle of Indian rural and urban consumers. Marketing strategies always give rise to core competencies and helped taking advantage of increasing competition. While developing strategies, the marketers need to treat the rural consumer differently from their urban counterparts because they are economically, socially and psycho graphically different from each other.

Liberalization of an Economy has its own pros and cons. The decision to liberalize the Indian Economy at the beginning of the 1990s had far-reaching consequences. On the marketing front, there was the arrival of many well-known MNCs, which are household brands in the international market today. A relevant example is of Hindustan Unilever, the largest FMCG Company generating half of its annual income from rural market. The rural India comprises almost 75 percent of the population living in 6.4 lakh villages, speaking 33 languages, 1652 dialects and has diverse sub-cultures and diverse requirements. More than 80 percent of the rural consumers depend upon agriculture and allied activities for their livelihood. The rural market has been growing steadily since the 1980s and is now bigger than the urban market for both fast moving consumer goods (53 percent share of the total market) and consumer durables (59 percent). An analysis of the National Samples Survey (NSS) data reveals that 75 percent of the expenditure on manufactured goods is accounted by rural India. Technological developments are taking place in rural areas at a rapid rate as is in the urban areas. The disposable income in rural India has increased manifold in the last five years than the urban area. Higher rural income means, the need for larger markets and at the same time they are exposed to large number of products so their brand awareness is magnified.

A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging product placement, product promotion or pricing. Innovative marketing of products is about leveraging the marketing mix, namely, the four P's which are Product (Design and Packaging), Price, Place and Promotion.

### *1.1 Fast Moving Consumer Goods:*

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (F.M.C.G.). F.M.C.G. Products are those that get replaced within a year. Examples of F.M.C.G. generally include a wide range of frequently purchased consumer products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. F.M.C.G. may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars. India's F.M.C.G. sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages. The total F.M.C.G. market is in excess of Rs. 85,000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate. F.M.C.G. Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized segments.

### *1.2 FMCG Sector in India:*

The fast Moving Consumer Goods market (FMCG) is valued at more than US\$ 30 billion, which the F&F industry feeding this market is close to US\$ 500 million. This industry touches the life of every Indian and therefore has perhaps the widest reach among all industries in the

The Top Companies in FMCG Sector:

1. Hindustan Unilever Ltd.
2. ITC (Indian Tobacco Company)
3. Nestlé India
4. GCMMF (AMUL)
5. Dabur India
6. Reckitt Benckiser
7. Cadbury India
8. Britannia Industries
9. Procter & Gamble Hygiene and Health Care
10. Marico Industries
11. Colgate-Palmolive (India) Ltd.
12. Gillette India Ltd.
13. Johnson & Johnson
14. Modi Revo
15. Nirma Ltd

### *1.3 Major segments of FMCG sector:*

The fast-moving consumer goods (FMCG) sector is an important contributor to India's GDP and it is the fourth largest sector of the Indian economy. Items in this category are meant for frequent consumption and they usually yield a high return. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. The Indian FMCG sector, which is the fourth biggest sector in the Indian economy, has a market size of `2 trillion with rural India contributing to one third of the sector's revenues.

The Indian FMCG sector is highly fragmented, volume driven and characterized by low margins. The sector has a strong MNC presence, well established distribution network and high competition between organized and unorganized players. FMCG products are branded while players incur heavy advertising, marketing, packaging and distribution costs. The pricing of the final product also depends on the costs of raw material used. The growth of the sector has been driven by both the rural and urban segments. India is becoming one of the most attractive markets for foreign FMCG players due to easy availability of imported raw materials and cheaper labour costs.

## SOME OF THE FAST MOVING CONSUMER GOODS IN INDIA



### II. REVIEW OF LITERATURE:

For review of literature, latest books, articles, research papers, M.Phil. And PhD. these works, committee reports, seminar proceedings were referred. All the literature after 2000 on rural Marketing throw light on present rural markets, problems, strategies, rural consumer needs, behavior etc., all the literature referred has given a deeper insight in to the subject.

- Devi Prasad kotni (2012) “prospects and problems of Indian rural markets”. The main theme of the study to rural markets as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural market. A tool, namely SWOT analysis matrix has been adopted. The input for this matrix has been collected from past studies of rural reports. Finally they conclude that study almost twice as many lower income household in rural areas as in urban area. Development of infrastructure and effective implementation of laws, rules and regulations will protect of interest of rural consumer.
- Anita N. Halamata (2013), “consumer behaviour and brand preference of titan watches – an empirical study with reference to haveri district, Karnataka”. The main theme of the study to know the market share of titan watches. In order to collect the primary and secondary data has been used for the purpose of collecting data. The study had found that majority of the respondents are male. Finally they conclude the titan brand of watch coming from the titan industries is known for quality and performance in the domestic and international markets.
- N.Ratna Kishor (2013) “Study on rural consumer behavior towards consumer durable goods in India”. The main theme of the study pre – purchase rural consumer behavior towards consumer goods, the usage rate of consumer durable products in rural areas in Guntur district. The sampling used 600. The study had found that measures for effective implementation of marketing strategies by various consumer durable goods companies with reference to rural and urban area in Guntur district. Finally they conclude that modify the product to market it more suitable for the need/usage conditions of rural consumer. Develop entirely new products for rural markets.
- Subhashree Naya (2013) “Determinants and pattern of saving behavior in rural households of western odisha”. The main theme of the study examines and identifies the determinants of the saving behavior in rural households of sundargarh district of odisha. The tools used in the study 300 samples used and tools are linear regression analysis used. The study had found that is accounting to the changing pattern of saving of the rural household. Finally they conclude that we found that the savings does not depend upon income alone rather on the consumption pattern of the individuals also.
- Srivaasthava and Kumar (2013) analyzed that FMCG sector is a vital contributor to India’s Gross Domestic Product. It has been contributing to the demand of lower and middle-income groups in India. Over 73% of FMCG products are sold to middle class households in which over 52% is in rural India. Rural marketing has become the hottest marketing arena for most of the FMCG companies. The rural India market is huge and the opportunities are unlimited. After saturation and cutthroat competition in urban areas, now many

FMCG companies are moving towards the rural market and are making new strategies for targeting the rural consumer. The Indian FMCG companies are now busy in formulating new competitive strategies for this untapped potential market. Therefore, a comparative study is made on growth, opportunity, and challenges of FMCG companies in rural market. One of the most attractive reasons for companies to tap rural consumers is that an individual's income is rising in rural areas and purchasing power of lower and middle income groups is also rising and they are eager to spend money to improve their lifestyle. This research paper provides detailed analysis about the contribution of FMCG industry in growth of Indian rural market and aims to discuss about customer attitude towards better purchasing decision for FMCG products in rural market with growing awareness and brand consciousness among people across various socio-economic classes in rural market.

### III. RESEARCH METHODOLOGY:

Indian rural market its size and demand base offers a great opportunity to markets. Rural market has 742 million consumers throughout India. Urban market is 27% in the total market. Durable products in the rural marketing are one of the latest mantra of business organization.

In Andhra Pradesh. Guntur is one of the Major districts, in which majority of people are living in rural areas. This study has selected six Villages from Guntur, Narasaraopet and Tenali and Gurajla revenue divisions in Guntur district. In each revenue division researcher has selected three villages depending on socio-economic standards of villages. One is developed and another is developing and the third under developed village. In Narasaraopet revenue division this study selected Ravipadu and Uppalapadu and Yadlapadu. In Tenali revenue division this study selected Pedaravuru and Samgam Jagarlamudi, and Mulukuduru. In Guntur revenue division this study selected Nambur and Koppuravuru villages and Gorantla as per their socio-economic conditions.

It was decided to select respondents from all age groups. Both male and female samples were chosen for data collection and opinion survey. The purpose of selecting from all age groups was to get a comprehensive idea of what the respondents think of FMCG products and brands, and what factors influence them for buying decisions. 608 respondents were selected from 242 Women and 366 men, depending upon their ability to understand and answer questions.

Coming to the sample taking this study selected the durable products,

1. Oral care: Tooth paste and Tooth brush
2. Personal care: Bath soap and Talcum powder
3. Fabric care: Detergent cakes and soap powder
4. Hair care: Hair oil, shampoos and Hair dye.

Which are useful in households,. At the time of selecting the samples I have taken into consideration all socio-economic conditions as per my selected study area concerned. Findings and Discussions:

Data analysis is the method of evaluating data by the use of various analytical and Logical reasoning to examine each component of the data provided. Data analytics is the science of examining raw data with the purpose of drawing conclusions about that Information. After collection of data from the sample respondents, different statistical Tests were used to analyze the data. The data analysis was done by using software package for statistical analysis.

Table No 1 Awareness of Fast Moving Goods

Awareness	Women		Men		Total	
	N = 242	%	N = 366	%	N = 608	%
Yes	102	42.15	323	88.25	425	69.90
No	140	57.85	43	11.75	183	30.10
Total	242	100.00	366	100.00	608	100.00

Awareness of Fast Moving Goods is presented in Table 1. More than 80% of the respondents from Men are aware of the fast moving goods while 40% of the respondents from Women are aware of the fast moving goods. There are significant differences in this regard

Table No 2 Influence of Ad Media

Ad Media	Women		Men		Total	
	N = 242	%	N = 366	%	N = 608	%
News Papers	68	28.10	140	38.25	208	34.21
Magazines	59	24.38	26	7.10	85	13.98
TV	71	29.34	133	36.34	204	33.55
Hoardings	16	6.61	58	15.85	74	12.17
Melas/Fairs	27	11.16	8	2.19	35	5.76
Any other	1	0.41	1	0.27	2	0.33
Total	242	100.00	366	100.00	608	100.00

Newspapers and TV are the most popular ad media of majority of respondents of both Women and Men respondents. Magazines, Hoardings, Melas and Fairs were preferred by few respondents. Table 2 speaks about this.

Table No 3 Place of visit to buy products

Place of Visit	Women		Men		Total	
	N = 242	%	N = 366	%	N = 608	%
Nearby towns / cities	156	64.46	165	45.08	321	52.80
Nearby exhibitions	45	18.60	79	21.58	124	20.39
Metro cities	28	11.57	77	21.04	105	17.27
Any other places	13	5.37	45	12.30	58	9.54
Total	242	100.00	366	100.00	608	100.00

Nearby Towns/Cities and nearby Exhibitions are the places of visit to buy products by majority of respondents of both Women and Men. Table 3 reveals this analysis.

Table No 4 .Preferences in purchasing product

Preference	Women		Men		Total	
	N = 242	%	N = 366	%	N = 608	%
Quality	114	47.11	135	36.89	249	40.95
Price	84	34.71	92	25.14	176	28.95
Packaging	44	18.18	139	37.98	183	30.10
Total	242	100.00	366	100.00	608	100.00

The reasons to prefer in purchasing a product are furnished in Table 4. According to this, quality and packaging in case of Men respondents and quality and price in case of Women respondents are the most preferred reasons in purchasing a product.

Table No 5. Reasons of influence to approach the retailers

Reasons	Women		Men		Total	
	N = 242	%	N = 366	%	N = 608	%
Nearer to home	54	22.31	54	14.75	108	17.76
Credit facility	41	16.94	51	13.93	92	15.13
Quality of products	25	10.33	99	27.05	124	20.39
Reasonable prices	11	45.87	144	39.34	255	41.94
Courtesy of retailers	11	4.55	13	3.55	24	3.95
Total	24	100.00	366	100.00	608	100.00

There are three important reasons which influence the respondents to approach the retailers. The reasons are quality of products, nearer to home and credit facility etc. These reasons are endorsed by majority of respondents of both Women and Men. The responses are recorded in Table 5.

Table No 6 Reasons for Preferences of small packs

Reason	Women		Men		Total	
	N = 144	%	N = 269	%	N = 413	%
Price is affordable	76	52.78	180	66.91	256	61.99
Storing is not possible	56	38.89	69	25.65	125	30.27
Both	12	8.33	20	7.43	32	7.75
Total	144	100.00	269	100.00	413	100.00

There are two important reasons which are expressed by majority of respondents for preferring small packs. There are affordable price and strong is not possible. Similar views are endorsed by majority of respondents of both Women and Men.

#### IV. SUGGESTIONS:

1. Rural consumers are price sensitive nature, they are very much attracted towards that price sensitive, so the FMCG companies should have to consider price sensitive.
2. To retain and gain from rural markets, promotional offers are great influence on buying behaviour.
3. Rural markets look variety in same brand like Colgate, Colgate Salt, Colgate Sensitive, Colgate Total etc. other FMCG companies also follow same strategies.
4. For making popular its products in women respondents, it is suggested the at Company should make its presence more in weekly Haats however presence in Melas is significant but in Haats it is very less.
5. At the micro level, the strategies will have to be designed with regard to the marketing " of the product to improve the organizational performance in the market to the some extent Hindustan River has been following this technique successfully in shampoo and soap segment now 'there is need to apply in other product segments also.
6. Product Awareness is very important for the marketer to induce a trial. Women respondents visit high congregation areas like haats/fairs etc. where product awareness can be created. Therefore, the right product needs to reach the right person at the right time and place.
7. For analyzing the buying decisions of the respondents in respect of select FMCG products viz. chocolate Bar, Milk, Edible oil, Bath Soap & Shampoo, we had used nine Factors like Price, Availability, Quality, Taste, and Attractiveness of the Packages, Quantity, Ingredients Brand and Influence by Media. The basis of decision making was measured on 3 point Likert scale as Most Important, Important & Not Important
8. Company lowered price of its shampoo sachets but the other companies are providing more quantity in the same price e.g. Chik and Ayur shampoo brands are providing more quantity of product at the same price. This strategy of competitors is affecting the sales of Hindustan Lever Limited. Therefore it is suggested that company should provide more quantity at the same low price to increase sales and face competition from others'.
9. To increase sales in remote villages company should start personal Selling under the nearest dealer of Hindustan Lever Limited.
10. The women respondents are spread over a large area where reach is expensive and the mass is heterogeneous. The spending power of women respondents fluctuates with the Agri-yield. Hence, demand is not consistent. Besides this, low level of product exposure, poor Standard of living, spurious products with high margins for retailers and lack of Infrastructure leads to low penetration.

#### V. CONCLUSION:

Rural markets have seen a lot of activity in the last few years. Since penetration levels are pretty high in most categories, future growth can come only from deeper rural penetration and higher consumption. As rural income increases and distribution network improves (in line with road development projects), the penetration levels are set to increase. Brand building and extensive distribution network is a key factor. A successful brand is a precious asset, which could fetch a price many times the cost of assets required to make the product. A study conducted by A&M-ORG-MARG reflects that the share of branded goods is high for a number of daily used products, and the share of unbranded products is shrinking, albeit slowly. It is observed in the present study that there is high demand for most of the branded products and the share of traditional products is also handy. Majority of the households across different income groups belonging to Gen, ST and SC population opined that they are aware and make use of FMCG products in their daily life. The marketers who understand the rural consumer and fine tune their strategy are sure to reap benefits in the coming years. Definitely there is lot of money in rural India. But there are Hindrances at the same time. The greatest hindrance is that the rural market is still evolving and there is no set format to understand consumer behaviour. Lot of study is still to be conducted in order to understand the rural consumer. Only FMCGs with deeper pockets, unwavering rural commitment and staying power will be able to stay longer on this rural race and hence should venture into this territory.

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