A STUDY ON INNOVATIVE MARKETING STRATEGY TOWARDS FAST MOVABLE CONSUMER GOODS (FMCG) INDUSTRIES IN INDIA

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Abstract

FMCG have attracted Indian villagers. When the urban demands for the FMCG goods are getting saturated, the FMCG companies looks at this development as an opportunity. The untapped rural market is fast becoming a major attraction to many domestic and foreign organizations. But they lack in getting required support from the concerned Government Departments, Banks and other financial institutions and corporates, which is handicap in becoming more competitive in the national and international markets. The rural market, thus are the growth engines of Indian economy, a number of international brands are entering in to India which is one of the fastest growing and highly competitive markets in the world. Though, most of the global firms failed to understand the needs of Indian consumers as well as the market characteristics but there are a few of them who have been successful in positioning their brands into the Indian market because they attempt to understand well the needs of target group before introducing a brand into the market. Even some of the most successful brands in today’s time had committed several blunders or mistake while initially entering into Indian market.

Keywords: FMCG, India, Rural market, Consumers, Global firms.

I. Introduction

When the Indian markets were opened to the world after the complete overhaul of the policies related to the entry of Multi-National Corporations (MNCs) in India, most of the global brands started entering into the Indian markets. India is among the largest markets of the world in terms of its sheer size along with China which together account for 37 percent of the overall world population [1]. Having the huge potential, India is one of the most promising and progressively growing economies in the world. India is one of the very few countries to have consistently supported
small-scale enterprises in order to promote greater employment and perhaps also a more egalitarian distribution of wealth. This led to the growth of small enterprises in terms of output, employment and exports. Fast Moving Consumer Goods (FMCG) sector in India have taken up a development approach to nourish rural market. FMCG touches every aspect of human life and there is a lot of opportunity for them to enter into rural market. This sector is excited about the rural population whose incomes are rising and lifestyles are changing. Globally the FMCG sector has been successful in selling products to the lower and middle income groups and the same is true in India. Over 70% of sells is made to middle class households today and over 50% of the middle class is in rural India.

Small and medium business types are well-known for its strong roots and foundation. Through the experience and aid coming from the financial institutions, the small and medium enterprise can compete in both domestic and international market. Small and Medium Enterprises (SMEs) are the fountain head of several innovations in manufacturing and service sectors, Indian market is growing rapidly and Indian entrepreneurs are making remarkable progress in various industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector. But in India SME’s lack competitiveness. The companies like Hindustan Levers Ltd (HLL), Godrej, Proctor and Gamble, Nirma, Racket and Coleman, Karnataka Soaps and Detergents Limited has done considerable pioneering work in developing FMCG products for the rural market and initiating collaborative and innovative strategies. Foreign players such as HUL, P&G etc., have already been established or they are actively looking towards entering India through natural and/or unnatural routes. Kraft Foods has entered India by buying Cadbury. Dabur and Marico have established themselves in niche segments by developing differentiated products and positions and have thus become industry leaders.

Post liberalization period in the Indian economy has brought many challenges and opportunities for business firms. Competition at global level, technological progress and varying needs of consumers are continuously changing the competitive paradigms. It makes all enterprises- be it a big or a small, to understand the complexities and requisites of markets so as to sustain in competition. Small Medium Enterprises are considered as backbone of economic growth in all countries because of their number and variety. They are well known for their contribution in terms of production, exports, employment generation, support to large sector and all round development of the country. They are involved in all segments of the economy such as Food processing, agricultural inputs, Chemicals & Pharmaceuticals, Engineering; Electricals; Electronics, Textiles and Garments, Leather and leather goods, Bio-engineering, Sports goods, Plastics products, Computer Software, etc

II. Review of Literature

Fast Moving Consumer Goods (FMCG) are also well-known as consumer packaged goods (CPG) are products that are sold rapidly and usually consumed at a habitual basis, as divergent to durable goods such as kitchen appliances that are

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replaced less frequently. The FMCG industry mainly includes the production, distribution and marketing operations of consumer packaged goods. A review of earlier literature reveals that there is a vast difference in various studies done so far on rural markets & packaging. A vast number of studies concentrated on the consumer behavior & consumption pattern of rural consumers & evaluated the achievement of the objectives of the concern studies. Kotler [VIII] defines Fast Moving Consumer Goods (FMCG) as products of low unit value that are consumed within a short period of time and are purchased on a frequent basis. FMCG as a highly segmented industry with sub-segments such as oral care, soaps and detergents, health and hygiene products, cosmetics, hair care products, food and dairy-based products, cigarettes, and tea and beverages. Poultry, cheese, cigarettes, alcoholic beverages, butter, milk for babies, and coconut oil, along with other packaged goods can be included in the FMCG sector [II, VI, VII].

To promote brands in rural markets requires the special dealings. Due to the social and backward condition the personal selling efforts become a challenging role to play. The word of mouth is an important message carrier in rural areas. Infect the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts. The experience of agricultural input industry can act as a guideline for the marketing efforts of consumer durable and non-durable companies [V, VII]. Relevance of Mass Media is also a very important factor. The Indian established Industries have the advantages, which MNC don't enjoy in this regard. The strong Indian brands have strong brand equity; consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas.

Satisfaction belongs to price, quality, quantity, color and availability to rural consumers. It is found that high price is an important problem of rural consumers. Further Anandam.C, Prasanna.M & Madhu.S [I] revealed that the quality is the major driver to prefer a particular brand in the rural market. It is found that there is a significant relationship between the age of the respondents and the factors influencing the customers’ brand preferences. All the income groups purchase the FMCG products but their brands differ from each other. The place of purchase, which the rural consumer prefers is the weakly market, which is a good channel of distribution of FMCGs moreover, the youth are influenced by the city culture & it is reflected in their purchase decisions [III, IX, X].

India has always been a country with a big part of world population, be it the 1950’s or the twenty first century. Taking that into consideration, the FMCG market potential has always been very big in India. However, from the 1950’s to the 1980’s investments in the FMCG sector were very less due to stumpy purchasing power and the government’s unconditional support to the small-scale sector. FMCG sector is the fourth largest sector in the economy with a total market size in excess of Rs 60,000.
crore. Every day, every minute, from the start to the end of the day, we are bounded by products which make our life easier in a lot of ways. And this is achievable due to the dedication and effort of FMCG companies. Examples of FMCG products comprise toiletries, soap, cosmetics, oral hygiene, detergents, packaged food products, soft drinks, shaving products, candy and chocolate bars, etc. A company likes Unilever, continuous improvisation & innovations in packaging were necessary to compete effectively in high competitive FMCG industry. In emerging markets like India, Unisilvers products like shampoos were sold in small pouches or sachets of 8ml to 10ml volume. These sachets were affordable and accounted for almost 70% of total consumption in India [XI].

III. Conceptual Framework

The Indian FMCG sector comprises foreign players, strong Indian players and regional or small domestic players. Thus it includes firms with different sizes which may be categorized as small, medium and large firms. The concept of small scale industries lacks clarity. It has undergone changes from time to time. Before Independence, the present small scale industry was meant to denote the village and the urban cottage industry. Prof. K.T. Sash was the first Indian economist, who realizing the importance of Small scale industries in India, tried to give a workable definition of these industries. He defined “A small scale or cottage industry may be defined as an enterprise or series of operations carried on by a workman skilled in the craft on his responsibility, the finished product of which, he marketshimself.

![Innovative Marketing](image)

Fig. 1: Innovative Marketing

Marketing Strategies

Marketing strategy is a game plan designed by the marketer for increasing its sales and market share for higher profitability and to retain customers continuously. A marketing strategy combines product development, pricing, promotion, channel, and

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relationship management. It encompasses the strategy involved in the management of a given product. The activities start from marketing research, need identification, market segmentation, product design, product modification, branding, packaging, product launching, pricing, changes in prices, advertising, personal selling, publicity, sales promotion, distribution, feedback etc. These activities are divided into various groups and are called marketing mix, coined in 1953 by Neil Borden in his American Marketing Association presidential address.

![Marketing Strategy](image)

**Fig. 2**: Marketing Strategy

**IV. Statement of the Research Problem**

The current market scenario is characterized by strong competition, speed and change. New technologies affect the way of doing business and rise in new market possibilities. These factors force today’s companies to quickly respond to new changes and demand situations within short product life cycles. Fast changing technology and new market situations have forced businesses to be more innovative and apply strategy of change with continuous innovations of their products.

**V. Significance of the Study**

This attempt will bring marketing strategies of various FMCG manufacturing enterprises in one single study. This study will be of significant importance to the marketing literature as it will present an in-depth understanding of what marketing strategies are being adopted by different FMCG manufacturing enterprises established particularly in Malwa region. It will help to understand and analyze their marketing strategies and its impact on their respective performances. The contribution of this study shall consist of more profound understanding of the role and practices of marketing in various FMCG manufacturing enterprises and, thus, of the development of marketing theory with reference to this context. This will help FMCG manufacturing enterprises of various categories in framing differentiated marketing strategies, sustain product access, drive market creation and strengthen sales and
marketing capabilities. As such, the completion of this dissertation will provide understanding of the concepts presented so as to generate data and information that every organization could use in order to come up with plans and designs that will strategically position them in the highly competitive, diverse, and complex business environment that is experienced at present.

Scope of the study

The FMCG rural marketing required the separate skills and techniques from its urban counterpart. The Marketers have many facilities to make them believe in accepting the truth that rural markets are different in so many terms 70% of the Indian population lives in rural areas. This segment, commonly referred to as the 'bottom of the pyramid', presents a huge opportunity for companies. 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.

FMCG Rural markets a sport of any economy have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges By the marketers. India produces caustic soda and soda ash, which are required for the production of soaps and detergents. The availability of these raw materials gives India the location advantage. Low quality products of company are available at lower prices in rural India. Products like ghatka, cool drinks, beedis, cigarettes, and tea and coffee powders came to the rural areas in smaller packets and lower rates than those sold in urban area. Rural people believe that product that has rugged, tough or robust looks and bright colours will last longer. Low income levels and poor cash flow in rural sector favor pricing strategy which is in tune with the packaging and product strategy. 2015 innovation in marketing activities is on improvements (incremental innovation) or change (radical innovation), so that the decision to innovate in marketing can improve the current experience of a firm, aiming to improve pre-existing skills and procedures in relation to marketing activities.

Although studies on the marketing strategy process relate the effectiveness of the process with firm performance, they ignore the very nature of the strategy process involving change in marketing activities, and then there is a gap in relation to the results of the process. Thus, this article proposes that, in formulating a marketing strategy, content is new or improved for the organization and the effective implementation impacts on the marketing innovation capacity and firm performance. The higher the intensity with which firms develop the elements of the marketing strategy process, the greater the outcomes. Although it seems very simplistic association of marketing innovation capacity as an outcome of the process, this association aims to demonstrate the importance of marketing strategy process to occur.

The commitment of resources during the marketing strategy process relating to the appropriate allocation levels of people, time and money to the development and implementation of marketing strategy, the marketing strategy process cannot be successful if adequate resources, cover both tangible resources (staff and managers)
as intangible resources (time spent), are not committed to the results. The emphasis on marketing assets and capabilities is the use of resources and skills of the permanent core of marketing that the marketing strategy is based. The use of marketing resources, such as price, product, channel management and marketing communication, is related to firm performance.

**Objective of the Study**

The FMCG sector is characterized by a well-established distribution networks, intense competition between the organized and unorganized segments and low operation cost. The FMCG market is all set to treble from US $ 11.6 billion in 2003 to US $ 33.4 billion in 2015. The rapidly growing economy, rising disposable income, changing consumer expenditure patterns and increasing number of middle class families, the FMCG market is set to take a big leap in the coming years.

FMCG main advantages
- Availability of Raw Material
- Labor Cost Comparison
- Small Size Package
- Low-Priced Package
- Brand Image,

Rural market is much different from urban market as rural people spend money for basic needs. Due to low income, for any purchase they think hard and try to postpone or spend very little, rural people identify the brands in their own way. For example, Everyday battery cells are called red-battery and many products are identified by symbols and specially symbols related to the Hindu deity. Many manufacturers use symbols like Balaji, Swastik and Om etc. to make it easy to remember by the rural areas.

✓ Socio-economic changes (lifestyle, habits and tastes, and economic status)
✓ Literacy level (25% before independence –more than 65% in 2016)
✓ Infrastructure facilities (roads, electricity, media)
✓ Increase in income
✓ Increase in expectations
✓ Increase technology update information available

As the literacy rate of rural people is very low, a different combination of promotion tool is required for rural India as discussed below.

✓ Cinema- Product advertisements before a movie and during interval is a good source of promotion of FMCG in Rural India.
✓ Television- Few TV serials and sports etc. have made TV a important promotional channel in rural India.
✓ Radio- Rural people are very radio friendly, so marketers are using it as an important promotion tool.
✓ Print Media- Due to low literacy rate and poor reading habits, this is not a popular promotion tool in rural India.
✓ Hoardings- Hoardings on village entry junctions, writing in local language and paintings on walls of public buildings in villages with picture of product and catchy slogans are considered to be best promoters of FMCG in rural India.
Various Events - Mela, Jathra, Shondis and Hats are important places for promotion of FMCG in rural India.

Two types of strategies followed for small villages are either reach all villages above 2000 population or reach all those within 50 km radius of big towns and cities. Distribution vans are used to cover villages on fixed period (at least once a week) so that the shopkeepers as well as the public are sure of supplies from the manufacturer. Public Distribution Systems and less busy petrol pumps in rural India play important role in selling of FMCG in Rural India. Towns are regularly visited by rural people for the purchase of FMCG products.

VI. Analysis of data interpretation

Two companies – Dabur India Limited (DIL) and Godrej Consumer Products Limited (GCPL) which are pioneers in Fast Moving Consumer Goods (FMCG) in the rural market were selected to study their marketing strategies in rural districts of Rajasthan.

1. Different questionnaires were obtained from each level distribution and at the time of consumption.

2. The nature of firms includes either their association with Dabur India Ltd or GCPL.

3. Distributors, stockists and super-stockist were exclusive for either Dabur India Ltd. or GCPL & wholesalers and retailers were not exclusive.

4. These companies are pioneers and hold the good FMCG market share together.

The tool used here is questionnaire. Primary data is collected through survey among rural respondents and the interview of different channel members including super-stockist, stockiest, wholesalers, distributors, retailers, corporate people and rural customers from rural market.

1. The field survey and personal interview technique was adopted in illuminating responses.

2. The data collected has been tabulated and presented in the form of tables, charts and graphs.

3. Percentage method is used to analyze the collected data.

In detail, it explains the various methods used for analyzing the collected data. It also discussed the various statistical tools used for the analysis. During this research, pie charts and bar graphs are used. Percentage method is used to analyze the collected data. Microsoft Excel was used for analysis purpose of the collected data. Advertising in rural areas is considered to be important and the presence of celebrity or mascots develops a curiosity among rural people which ultimately affects the sales of the product. Generally customers are more influenced by offers followed by Gifts with purchase, coupons and at the last money back offers.

Every company should promote innovative and customized products which will satisfy the needs of each customer. Customizing products and services is among the
most critical means to deliver true customer value and achieve superior competitive advantage. The challenge for any company is not to customize products and services in it – but to do it in a profitable way. Nowadays rural consumers buying behavior has changed, they are no more considered as price sensitive buyers, they now look for good quality products and value for their money. In rural areas, retailers’ advice is considered as very important and rural consumers take opinion from retailers before they make any purchase. For the rural customer the choices or even alternatives available are limited. So the retailer replays a crucial and advisory role in the purchase decision. Several researches on the buying behavior of rural consumers indicate that the rural retailer influences 35% of purchase decisions.

VII. Findings

There are two different questionnaires – one for channel members and the other for rural consumers. The questionnaires were designed covering various attributes and variables influencing the rural purchase of FMCG like Promotions, Packaging, Availability, Affordability, Advertising media and role of the channel members including Distributors, Wholesalers, Super-Stockiest and Stockiest and Retailers. The second point kept in mind was the satisfaction of rural consumers i.e. whether they, in turn, are served well by the existing FMCG channels in the rural market which decides the effectiveness of these channel members.

It highlights the conclusions based on the analysis carried out. It also provides the findings from the study and contribution. Based on the findings and conclusion chapter also includes suggestions for managerial implications.

The primary vehicle that facilitated digital marketing has been the Internet. Internet has so far been experienced by people through PCs. As a result the internet penetration has remained limited to less than 10-15% in a country like India. According to the channel members including retailers, rural consumers are not price sensitive nowadays. They have named on to higher price products. Rural consumers don’t prefer low quality products but they look for those products which value for given money.

They don’t think FMCG giant HUL pose any threat to the chances of growth of any company. Rural consumers and even channel members advocated the attractive and colorful packaging of FMCG products but it affects the cost of the product, it has now become a trend to get the packaging attractive features such as easy to hold or dispense, those with airtight or leak proof caps, measured pouring while others may value eco-friendly on bio-degradable packaging.

It has now become a trend to get the packaging attractive features such as easy to hold or dispense those with airtight or leak proof caps, measured pouring while others may value eco-friendly on bio-degradable packaging. But the popularity of Dabur Products is higher than the products of Godrej Consumer Products among rural masses in India. It shows despite having aggressive rural strategies and good brand

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image and awareness, GCPL is less effective in terms of popularity among rural masses in India.

**Suggestions**
First, it appeals to people’s rational, not just their emotions. People have stereotypical images of people who appear in the advertisements. Dove, however, speaks out against those standards in their ads, showing that appealing to be rational.

Second, the ads engaged people emotionally because they address people’s self-esteem issues. They showed that they care about how you feel and ensure that you have a positive view of yourself and that your attitude towards beauty is one that you define and not one that has been defined for you.

Third, the ads promoted a strong sense of social awareness and good values because they are letting you know you should be standing up for something that is inherently wrong. Foregoing the supermodel and celebrity spokesperson and using diversity in the models shows that they are care about everyone and are not just focused on selling a product with a pretty face.

**Television** - Few TV serials and sports etc. have made TV an important promotional channel in rural India.

**Radio** - Rural people are very radio friendly, so marketers are using it as an important promotion tool. Print Media - Due to low literacy rate and poor reading habits, this is not a popular promotion tool in rural India.

Analysis was done on the basis of earlier research work on marketing innovation in FMCG Sector. The direct opinion of customers and marketers of the FMCG Industries is not collected and evaluated for deriving conclusion, the study being conceptual in nature.

The business cannot survive without understanding the importance of CRM. The 80:20 principle of Pareto’s law holds good even in industrial marketing as well. The 20% of the business customers bring 80% of the business and 20% of the sales executives bring 80% of the revenue to the organization.

The overall aim of the digital agenda is to deliver sustainable economic and social benefits from a digital single market based on fast and ultra-fast internet and interoperable applications. Digital marketing tactics, marketing automation tools and the latest best practices can result in a tremendous revenue growth opportunity for FMCG Industries.

Listening posts help organization achieve the unachieved through better understanding of their customer’s needs. Technological listening posts as a means for technological knowledge sourcing were seen to be a widespread empirical phenomenon in centers of technological excellence and innovation clusters.

Businesses that rely on local customers will benefit from helping community-based causes and help increase the goodwill among customers which can spread through word-of-mouth or viral marketing.
FMCG Industries need not have to rely exclusively on a small team or just the marketing staff to produce fresh ideas. It is up to the companies to take advantage of the scope available for fresh ideas and products. Building the reputation of FMCG Industries is on their courage to shoulder responsibility, and on their performance.

VIII. Conclusions

FMCG Companies should offer the product with affordable cost, new packaging design. Innovation process should be continuous and it should cater to local needs rather than global. Innovation varies at different stages of Product life cycle so the marketers should have a clear understanding of issues and problem regarding a brand, Innovation should also focus to the need of rural customers since a major population lives in rural area. Rural India offers wonderful opportunity for MNC’s to tap. Looking at the challenge and the opportunity, which rural markets offer to the marketers, it can be said that the future is very promising. Various factors which need considerations are customer’s demands, proper distribution channels, pricing of product and effective marketing strategies. Thus, an essential change in approach of marketers towards the ex-citing and growing rural markets is called for, so they can successfully make an impression on millions of rural consumers in rural India. There are many FMCG packaging strategies existing in market like Unique Shape & Differentiation Packaging Strategy, Easy To Use Packaging Strategy, Sachet and Small Size Packaging Strategy, Easy To Store Packaging Strategy, Functional Packaging Strategy, Better Protective Packaging Strategy, Multi-Packs Packaging Strategy, Promotional Packaging Strategy, Brand Reinforcement Packaging Strategy, Fun Packaging Strategy, From a brand perspective, the positive aspects far outweighed the critical commentary about the campaign.

The brand did run the risk of being labeled as the brand for fat girls or a mediocre beauty brand, but given the brain and money power put behind the campaign and the ability of Unilever to fine tune and augment their Real Beauty campaign based on market feedback and response, I am confident that Unilever will be able to sustain this positioning long enough to reap the planned benefits. It used all the possible communication tools like media, noise, advertisements, public relations etc. in order to make this communication effective. Dove also encouraged the feedback channels from the audience via text messages, emails and interactive website in order to track the effectiveness of their communication and the image shift. It has been noted that the internet is having a huge impact on the marketing communications programs of companies. The hierarchy of effects model was used to analyze how the Web is being exploited by Dove for influencing consumers and evaluates its appropriateness and success of the campaigning.
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