



## Road to Prosperity: FMCG Products: A case study of Guntur district

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### Abstract

Liberalization of an Indian Economy. 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.

As the Fast Moving Consumer Goods are low priced and many brands and companies are involved in the manufacturing and production of same categories of products, it becomes really difficult to project a special place in the minds of the consumers. Therefore, marketers have to think of special plans and ways in which they can attract consumers towards their products even at the time of normal economic circumstances or at the time of boom in the economy. Therefore, at the time of recession, the difficulties increase even more. As we all have seen or heard about the most recent recession that has affected the world economy really badly, it became difficult for many industries to survive. Similar is the case with FMCG as well. As it is a low priced and high volume area to work upon, it became really difficult for sellers to make or increase the profit margin regarding the same. The main reason for this is that due to recession and a need to save money people prefer buying cheaper brands as compared to highly expensive ones. Due to the profit margin being lower than other industries, it becomes really difficult for these FMCG companies to sustain and survive. The study is an attempt to study the prosperity of rural markets through marketing strategies that were adopted by rural markets to capture FMCG market share in Guntur District.

**Keywords:** liberalization, rural markets, rural economy, FMCG markets etc.

### Introduction

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. And passion for developing the simplest solutions to match. The majority of emerging market nations continues to have largely rural, agrarian - based economies. In India alone, of the one billion residents counted in 2011 census, roughly 720 million people in rural areas. Delivering products and services into this market presents both unique challenges and opportunities for companies.

Most marketers realize that India is on the cusp of momentous change. The economy is vibrant, incomes are raising, the habits, preferences and attitudes are changing rapidly. 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. While developing strategies, the markers need to treat the rural consumer differently from their urban counterparts because they are economically, socially and psycho graphically different from each other.

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article, I am trying to describe what can be done by these companies on how they can improve profits with the help of Dove's Real Beauty Campaign.

### Types of consumers in India Market

Indian Markets originated from the center of villages and towns, where there was a sale or barter of farm produce, FMCG product and other products. Later on these street markets went on to become consumer-oriented markets like the specialist markets, shopping centers, supermarkets.

- **Commodity Markets:** In India, with high oil and food prices, the commodity markets have again gathered all the attention. The prices of the essential commodities steer the economy to a desired level.
- **Capital Goods & Industrial Markets:** Indian capital goods markets help business to buy durable goods that can be used in industrial and manufacturing methods. There are usually wholesale trades that take place with bulk goods being transacted at very cheap prices.

### Fast Moving Consumer Goods (FMCG) Industry in India-Overview

Fast Moving Consumer Goods (FMCG) Industry in India is one of the fastest developing sectors in the Indian economy. At present the FMCG Industry is worth US\$ 13.1 billion and it is the 4th largest in the Indian Economy. These products have very fast turnaround rate, i.e. the time from production to the revenue from the sell of the product is very less. In the present economic scenario, time is regarded as money, so the FMCG companies have to be very fast in manufacturing and supplying these goods.

### Fast Moving Consumer Goods (FMCG) Industry in India-Facts

The Fast Moving Consumer Goods (FMCG) Industry in India include segments like cosmetics, toiletries, glassware, batteries, bulbs, pharmaceuticals, packaged food products, white goods, house care products, plastic goods, consumer non durables, etc. The FMCG market is highly concentrated in the urban areas as the rise in the income of the middle-income group is one of the major factors for the growth of the Indian FMCG market. The penetration in the rural areas in India is not high as yet and the opportunity of growth in these areas is huge by means of enhanced penetration in to the rural market and conducting awareness programs in these areas. The scopes for the growth of the FMCG industry are high as the per capita consumption of the FMCG products in India is low in comparison to the other developed countries. The manufacturing of the FMCG goods is concentrated in the western and southern belt of the country. There are other pockets of FMCG manufacturing hubs.

### Fast Moving Consumer Goods (FMCG) Industry in India-Major Players

- |                       |                       |
|-----------------------|-----------------------|
| ▪ Britannia India ltd | ▪ Pepsi co.           |
| ▪ Dabur India ltd.    | ▪ Jyothy Laboratories |
| ▪ Marico              | ▪ Procter & Gamble    |
| ▪ Nirma ltd.          | ▪ Samsung             |

- |                           |              |
|---------------------------|--------------|
| ▪ Cadbury India ltd       | ▪ LG         |
| ▪ Nestle                  | ▪ Haier      |
| ▪ Cargill                 | ▪ Sony       |
| ▪ Coca-cola               | ▪ Whirlpool  |
| ▪ Colgate-Palmolive India | ▪ IFB        |
| ▪ Heinz co.               | ▪ TCL        |
| ▪ Unilever                | ▪ Electrolux |
| ▪ Nestle                  | ▪ Videocon   |

### Literature Review

Dove, in order to promote their brand value at a time when it was slowly decreasing or suffering came out with a Real Beauty Campaign that presented the same product in a different manner in front of the consumers. The Dove Campaign for Real Beauty was conceived in 2004 after market research indicated that only 2% of women consider themselves beautiful. The campaign's mission is to "to create a world where beauty is a source of confidence and not anxiety." It was created by Ogilvy & Mather Brazil. The first stage of the campaign started with a series of billboard advertisements, initially put up in the United Kingdom, and later worldwide. The advertisements showcased photographs of regular women (in place of professional models), taken by noted portrait photographer Annie Leibovitz. The ads invited passers-by to vote on whether a particular model was, for example, "Fat or Fib" or "Wrinkled or Wonderful", with the results of the votes dynamically updated and displayed on the billboard itself. Accompanying the billboard advertisements was the publication of the "Dove Report", a corporate study which Unilever intended to "[create] a new definition of beauty [which] will free women from self-doubt and encourage them to embrace their real beauty." The series received significant media coverage from talk shows, women's magazines, and mainstream news broadcasts and publications, generating media exposure which Unilever has estimated to be worth more than 30 times the paid-for media space. In April 2013, a video titled Dove Real Beauty Sketches was released as part of the campaign. It went viral attracting strong reactions from the public and media. In the video, several women describe themselves to a forensic sketch artist who cannot see his subjects. The same women are then described by strangers whom they met the previous day. The sketches are compared, with the stranger's image invariably being both more flattering and more accurate. The differences create strong reactions when shown to the women. All these factors led to the success of the Real Beauty Campaign as Dove was able to come out with an innovative idea of targeting fat women and proceeding with the marketing strategies further. It was something very new to the real world of advertising and marketing.

### Objectives of the Study

1. To study the nature of rural markets in Guntur DT
2. To analyze the factors responsible for formulating a strategy
3. To examine the product pricing strategies adopted by FMCG companies in Guntur Dt.
4. The investigate the recent trends in marketing strategies

for FMCG companies

- To find out the distribution strategies of FMCG companies in Guntur Dt and offering suggestions & conclusions.

**Sampling plan**

This research is basically aimed at four FMCG segments namely;

- Oral care
- Personal care
- Fabric care
- Hair care

Though there are number of products in each segment few are selected for the purpose, namely;

- Oral care: Tooth paste and Tooth brush
- Personal care: Bath soap and Talcum powder
- Fabric care: Detergent cakes and soap powder

**Selection of the Sampling Technique**

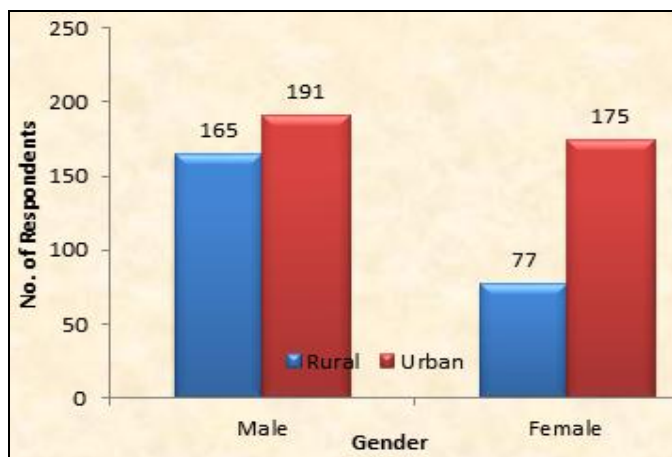
Random sampling method was used in selecting samples. It was decided to select respondents from all age groups. Both male and female samples were chosen for data collection and opinion survey. The purpose of selecting from all age groups was to get a comprehensive idea of what the respondents think of FMCG products and brands, and what factors influence them for buying decisions. 1000 respondents were selected from 100 villages, depending their ability to understand and answer questions.

Findings of the Study:

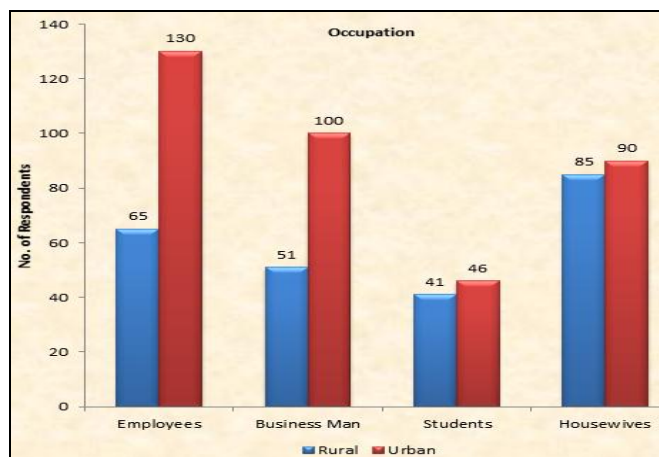
- It is observed that most of the respondents are in the age group of 30-40 years. And there is no significant difference in purchasing capacity in between rural and urban people. It is shown in table 1.

**Table 1: Gender of Respondents.**

Gender	Rural		Urban		Total	
	N = 242	%	N = 366	%	N = 608	%
Male	165	68.18	191	52.19	356	58.55
Female	77	31.82	175	47.81	252	41.45
Total	242	100.00	366	100.00	608	100.00



**Fig 1**



**Fig 2: Occupations of Respondents.**

- It is observed that there is significant difference in occupation of the respondents; it is shown in the following table.

**Table 2: Occupation of Respondents.**

Occupation	Rural		Urban		Total	
	N = 242	%	N = 366	%	N = 608	%
Employees	65	26.86	130	35.52	195	32.07
Business Man	51	21.07	100	27.32	151	24.84
Students	41	16.94	46	12.57	87	14.31
Housewives	85	35.12	90	24.59	175	28.78
Total	242	100.00	366	100.00	608	100.00

The analysis relating to Occupation reveals that majority of respondents of rural area belongs to housewives and employees from urban area there are differences found in this regard.

- The respondents who are aware of the Fast Moving Consumer Goods of both Urban and Rural areas are aware of all the products like tooth paste, tooth brush, packed hair oil, bath soap, detergent cake, shampoos etc. The information is available from Table 3.

**Table 3: Awareness of Products.**

Occupation	Rural		Urban		Total	
	N = 242	%	N = 366	%	N = 608	%
Tooth paste	102	14.29	323	14.29	425	14.29
Tooth brush	102	14.29	323	14.29	425	14.29
Packed hair oil	102	14.29	323	14.29	425	14.29
Bath soap	102	14.29	323	14.29	425	14.29
Detergent cake	102	14.29	323	14.29	425	14.29
Shampoo	102	14.29	323	14.29	425	14.29
All of the above	102	14.29	323	14.29	425	14.29
Total	714	100.00	2261	100.00	2975	100.00

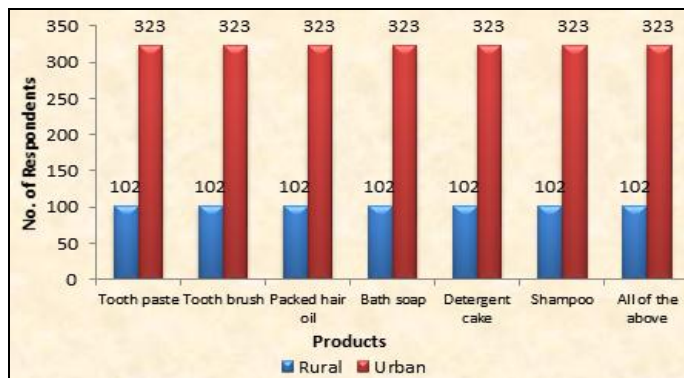


Fig 3

4. Company product, attractive packing, and experience of respondents are the major factors which influence to buy a particular brand. The responses are recorded in Table 4.

Table 4: Influence to buy a particular brand.

Influencing Factor	Rural		Urban		Total	
	N = 242	%	N = 366	%	N = 608	%
Company product	158	65.29	100	18.38	258	22.95
Attractive packing	189	78.10	167	30.70	356	31.67
Your experience	118	48.76	127	23.35	245	21.80
Word of mouth	75	30.99	50	9.19	125	11.12
Dealers views	25	10.33	90	16.54	115	10.23
Any others, specify	15	6.20	10	1.84	25	2.22
Total	714	100.00	2261	100.00	2975	100.00

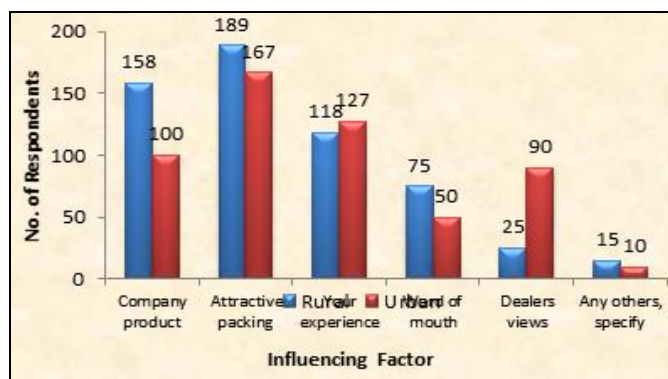


Fig 4

5. 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 rural and urban areas. The responses are recorded in Table 5.

Table 5: Reasons influence to approach the retailers.

Reasons	Rural		Urban		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	111	45.87	144	39.34	255	41.94
Courtesy of retailers	11	4.55	13	3.55	24	3.95
Total	242	100.00	366	100.00	608	100.00

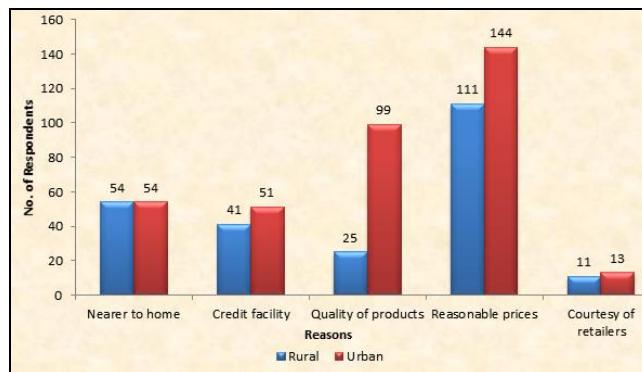


Fig 5

Suggestions of the Study

1. Firms should develop their strategies after analyzing their strengths, weaknesses opportunities and threats.
2. Small firms should work on expanding their area of operation. As export potential is an opportunity for these firms, simplified export procedure is to be followed.
3. Promotional strategy has a significant impact on firm’s performance, so both small and large firms should put on more efforts to make their promotions more effective. Large firms can promote their retailer and distributor.
4. Use of innovative communication channels e.g. Internet, mobile marketing or use of classical channels as an innovative way.
5. Government should create growth conducive environment necessary infrastructure support and should provide incentives for sustainable growth.

Conclusion

Marketing activity in India has witnessed an unprecedented spurt in the 90s. Corporate battles for dominance are not fought in the boardrooms but in the market place. The liberalization policy adopted by the government in the 90s has opened the floodgates to a number of new fast moving consumer goods. As a Result competition is becoming tintense in many areas. Companies, which were leaders in their respective areas, are now being pushed to the sidelines. A new breed of desi entrepreneurs is emerging to challenge even the multinationals in India. Thus many companies now talk about cost control and improving value addition in order to remain competitive in the market place. All these point to the significant change that is taking place in the corporate world a shift in emphasis from production orientation to customer orientation or marketing orientation. Marketing strategies are a method of utilizing the marketing mix to satisfy and attract consumers to make a profit for the organization. The marketer should find out what the consumers wish to purchase and how much they are willing to pay. The company should then decide whether the desired product can be produced and sold at the price consumer will pay and at a profit to the company. Modern marketing begins with the customer, not with production, sales or technological advancements and last with the customer satisfaction and social well-being. Under market-driven economy, buyer or customer is the king.

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