CHAPTER - 4

FAST MOVING CONSUMER GOODS ADVERTISING –
CONTENTS AND CHARACTERISTICS

CONTENTS

- Concept of FMCGs advertising
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- FMCG advertising in smaller town and cities: Its unique demand against unique characteristics
- FMCGs advertising in India
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Concept of FMCGs Advertising:

We regularly talk about like butter, potato, chips, toothpastes, razors, household care product, packaged foods and beverages etc. but do we know under which category these things come. They are called fast moving consumer goods. FMCG’s is an acronym of fast moving consumer goods which refers to things that we buy from local supermarket on daily basis the things that have high turnover and are relatively cheaper. The performance of the industry was inconsistent in terms of sales and growth for over 4 years. The investors in the sector were not gainers at par with other booming sectors. After two years sinking performance of Fast Moving Consumer Goods sector the year 2005 has witnessed the Fast Moving Consumer Goods demand growing strong growth was seen across various segments in FY06 with the rise in disposable income and the economy in good health the urban consumer continued with their shopping spree.

Fast Moving Consumer Goods also known as consumer packaged goods (CPG) are product that have a quick turnover and relatively low cost. Though the absolute profit made on Fast Moving Consumer Goods products is relatively small, they generally sell in large number and so the cumulative profit on Fast Moving Consumer Goods products is relatively small they generally sell in large numbers and so the cumulative profit of such product can be large.

The Fast Moving Consumer Goods industry includes food and non food everyday consumer products they are usually purchased as an outcome of small scale consumer decision so that they are heavily supported (advertising and promotion) by the manufacturers. Typical purchasing of these goods occurs at grocery stores, supermarket, hypermarket etc. the manufacturer are always exploring new outlets and sales location while the traditional retailer have introduced private label brands to capture additional profit. Every one of us use fast moving consumer products every day.

Sector Growth:

Fast moving consumer goods is the fourth largest sector in the Indian economy with a total market size of 60000 cores. FMCGs sectors generate 5% of total factory employment in the country and are creating employment for three millions people especially in the small town and rural area. India is on the threshold of a structural uplift.

\(^1\) FMCGs stands for Fast Moving Consumer Goods
in consumer demand. The rising income level, favorable demographics, changing lifestyle and growing rural prosperity is helping FMCG sector to show a good double digit growth. The FMCG industry performed during the economic down turn based on their product management and focusing on rural India and their needs by going for innovation product launches and attractive price point with local advertisement. FMCG companies are witnessing a 40% growth in rural sales as against 25% in urban areas. Rural India accounts for more than 40% consumption for major FMCG categories. The companies have increased their advertisement and sales promotion activities for gaining the market share and increasing volume for the last two quarter (19.02.2010.Hindu Business line).

**Figure:**

Demand for the FMCG product is set to boom by almost 60% by 2007 and more than 100% by 2015. This will be driven by the rise in share of middle class from 67% in 2003 to 88% in 2015. The boom in various consumer categories further indicates a latent demand for various product segments. The middle segments on the other hand indicate a large market or the mass end products. The BRICs report indicates that India’s per capita disposable income, currently at $556 per annum will rise to $1150 by 2015 another FMCG demand driver. Spurt in the industrial and services sector growth is also likely to boost the urban consumption demand.

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will also rise in 2010, boosting purchasing power in the countryside. However, the demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain
their position in terms of consumption. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%.

Current Industry Scenario:

When consumer preferences more and more sophisticated, the personal care segment of the FMCG industry is undergoing a sea change. Moreover, with the emergence of a host of regional players seeking to rival the existing large multi-national companies, consumers today have a much wider choice. Selling personal care product to consumer has, therefore, changed significantly. For instance the hair care segment products are now positioned not merely as styling agent but as those obtaining quality improvement characteristics. The same applies to soaps or the skin care category, which include creams and toiletries.

Till a decade ago, Hindustan lever, Procter &Gamble, Colgate Palmolive, Marico and Dabur were the only names having a significant presence in this segment. Recently however we have seen the emergence of a host of new competitors (regional and multi-national) which has chopped off the market share of these giants. In fact many of the local brand are more popular among consumers than the bigger brands.

Current Market Scenario:

The FMCG sector is expected to witness a huge growth in the near future. According to estimates the sector has the potential of growing by more than 50% in rural and semi urban India by 2010. As a whole the sector is projected to grow at a compounded annual growth rate of 10% and increase its market size to Rs 100000 crore from the present levels. Rural and semi urban consumers are increasingly showing a preference for branded goods and that is likely to boost growth as manufactures fight to deepen their concentration on higher sales volumes. The current penetration level of the FMCG sector in the rural and semi urban areas is less than 1% in general as against a total growth rate of around 6.2%. The rural India market with its vast size and demand base offer a huge opportunity for FMCG companies that they cannot afford to ignore. With around 128 million households, the rural population is nearly three times that the urban market.

Fast Moving Consumer Goods Advertising:

Advertising creates a two-dimensional awareness: about the brand name and about the product category. Then there are functional advertisements, which talk about the value of innovation that has gone into the product. Advertisements are also used to induce
changes in consumer behavior. It is not surprising that companies spend fortunes on building a brand through high-decibel advertising.

The consumer in Indian economy is mostly depends on quality products, so we require Advertisements on large scale. FMCG products require marketing; Advertisement is work as an effective communication tool of the new launching product. In late 40 and 50, the ads were only resisted to Newspaper and local information which people use to share with other over a phone or by verbal communication. But when technology changed and Television came in to picture and we can show a video based ad with a Famous actress then people get attracted towards the products and commercials. If a new company launches a product in the market without doing Advertisements, what will be the impact on new customers. Customers always prefer to try new things in their life, if product is not marketed properly but it is able to reach huge mass, then the impact will be large and more consumers will be using the product. (Sunil Menon, 2009).

More tangible products are advertised more. Marketing communication of Fast moving consumer goods apply advertising tool more frequently than other product classes. It grounds on fact that FMCG have short duration, they are purchased often and they have low brand loyalty. Thus by continuous advertising activities, certain FMCGs brand is regularly kept in consumers memory in order to be as the choice of no one when need arouses.

The FMCG sector has some of the most recognizable brands on the planet. The sector has its roots firmly in traditional media, spending 61 percent of its media budget on TV commercial compared to just 1 percent online between july2008 and june2009(according to Nielsen media research). Beyond paid media, many fast moving consumer goods companies already take online presence, particularly on social media. We have seen a huge number of fast moving consumer goods do more work with sites like face book so that is symbol that they are starting to find their place online(Je Lyall). fast moving consumer goods brands are investing increasing amount of time exploring digital in a year when a lot of them have had a marketing budget cuts and had to really focus on retail pushes. So doing more brand focused stuff has been a lot harder. Despite that we have seen some really strong campaigns.

One of the best places to connect with consumers is via social media. Nielsen media research study in june2009 revealed that online display advertising spend by the
major fast moving consumer goods brand had fallen 11.4% year on year. Companies are shifting their investment in social media. Maker of fast moving consumer goods are setting aside a larger slice of their sales towards advertising and promotion. For example-FMCG major Hindustan Unilever, its advertising and promotion spends in the six months ended September 2009 zoomed 31 percent to a whopping Rs 1132 crore even as its sales grew 6 percent.

Table - 1

<table>
<thead>
<tr>
<th>Name of the industry</th>
<th>Aug- Sept 2009</th>
<th>Change over last year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales(cr)</td>
<td>A&amp;P(cr)</td>
</tr>
<tr>
<td>Hindustan Unilever</td>
<td>8703</td>
<td>1132</td>
</tr>
<tr>
<td>Dabur India</td>
<td>1531</td>
<td>234</td>
</tr>
<tr>
<td>Marico</td>
<td>1389</td>
<td>176</td>
</tr>
<tr>
<td>GSK Consumer</td>
<td>964</td>
<td>56</td>
</tr>
<tr>
<td>Colgate Palmolive India</td>
<td>955</td>
<td>141</td>
</tr>
<tr>
<td>Godrej Consumer</td>
<td>1014</td>
<td>94</td>
</tr>
<tr>
<td>Emami</td>
<td>400</td>
<td>75</td>
</tr>
<tr>
<td>Agro Tech Foods</td>
<td>305</td>
<td>31</td>
</tr>
</tbody>
</table>

Number also show that there was little correlation between increase in advertising spend and sales for individual companies, some companies stepped up their ad spend irrespective of the trend in their sales (the Hindu business line, 2009). Advertisements across traditional mediums – television, print and radio have grown during the quarter ending June 2009. Industry estimates suggest that of the total Rs 22000 crore annual spending on advertising in the country across all media, print and television make up for the lion's share, accounting of 18500 crore. The remaining Rs 3500 crore spent on other media like radio, outdoor, and internet.

A study conducted by Serra Inci Celebi (2007) on the creativity of advertising versus publicity of new fast moving consumer goods in Turkey. The result found that for
announcing new fast moving consumer goods in turkey the ad was found to be more credible by the participant with higher income groups and the researcher suggests that it would be appropriate for advertising managers, who wish to market in turkey to consider recipient income levels with regards to the credibility of ad for new fast moving consumer goods. In the same way Bhatt & Jaiswal conducted a study to analyze the consumer reaction towards washing powder advertising. The study revealed that, in most of the cases female counterparts make decisions regarding the purchase of a particular brand. It was found that maximum number of consumers is seeing the television advertisements and they are unconsciously affected by it, so exposure through television plays a crucial role for such kinds of low involvement product.

One more study based on fast moving consumer goods advertising and the hypothesis explain low likability contributes to advertising effectiveness. The author first relate to a rational response to the advertising message. If consumer like the advertisement, they are more inclined to pay attention to it and thus more likely to respond to the message in a positive way (Walker and Dubisky, 1994). The second theory asserts that viewers who experience positive feelings towards an advertisement will associate these feelings with the advertiser or the brand. Research has confirmed the existence of a relationship between liking and brand preference and that liking does enhance the persuasiveness of an advertisement (Staple, 1991., Staple, 1994). Furthermore, there is a significant positive correlation between liking and recall (Duplesia, 1994). However, it has been argued that similar effects can also be achieved through repeated exposure of the advertisement (Zajoc, 1986). Emotional ad appeals are better recalled than rational appeals (Belch and Belch, 1998) and yield more effective results.

An interesting finding suggested by Agarwal (1996) was that advertising directly affects the strength of loyalty that a consumer has for his favorite brand. If the favorite brand advertises, the loyalty strength increases but if the competitors advertise, the loyalty decreases. The analysis also indicate that if one brand is sufficient stronger than the other and if the advertising is cost effective than the stronger brand require less advertising.

One study in this regard by Liu (2002) found that higher educated consumers believe more in advertising. Consumers with higher income showed more favorable attitudes toward the credibility of ad, perhaps because of experiences with more realistic
view of advertising for low involvement products. The finding also supported by McCrakens (1986) and Mick & Huhl’s (1992) study and proposed that advertising could be associated with social status, upscale lifestyle modernization and values. Therefore, consumers with a higher income are more prone to new product ideas that were generated by advertising. Shavitt et al (1998) comments that the higher the household income of the participant, the more likely she/ he will be relying on new fast moving consumer goods advertising. With a high brand loyal category such as soft drink the advertising needed higher consumer learning and involvement especially of emotional level. The learning here seems more through behavioral than cognitive response with strong original and rich visual showing a story, it also showed personal information on the lifestyle and experience involved with the product (Lalith, Sumansiri, 2010).

Kraethe (2000) found that for the fast moving consumers goods advertising television advertising is more important to increase the awareness and familiarity of the brand. Because the consumer is drawing very little attention to the ad as long as they are not exceptional. Subconsciously his or her memory is stimulated so repetition of advertising is more important for such kind of low involvement product.

Petty and Cacioppo developed the elaboration likelihood model and he defined the advertising characteristics and suggest that low involvement consumers do not evaluate ad carefully, attribute of the ad is not so important, peripheral cues quite important liker endorsed, music, nice pictures and culturally background.

From the discussion above we found that advertising play an important role to change consumer buying habit and also create brand loyalty towards the consumers’ minds. It is also highlighted from the discussion that though fast moving consumer goods are the product which is habitual buying in nature so repetition of ads play an important role in that sense television advertising is an important media vehicles of its.
Special Problems and Challenges in FMCGs Advertising:

FMCG majors are already spending anything between five and 12 per cent of their sales revenue on advertising and brand building. Though average sales of most leading MNCs and Indian companies in the FMCG industry have grown in only single digits over the years, their ad spends have been moving up in double digits. Hikes in ad spend in some cases have been as high as 200 per cent. Consider the case of Henkel Spic: the company’s ad spend during 1999 was Rs 252 million, an increase of 157 per cent over Rs 98 million incurred during 1988.

Among the FMCG majors, Hindustan Lever (HLL) continues to be the largest advertiser: out of every ten television commercial, HLL accounts for more than half of them. During 1999, HLL spent whopping Rs 7,154 million on advertising (1998: Rs 6,690 million). This is six times higher than what Dabur, the next largest advertiser, had incurred on advertising and much more than Rs 5,202 million spent by the remaining nine among the top ten.

Not surprising then that the top three rankings for 1999 have again gone to HLL, Dabur and Nestle, with a recorded annual ad spend hike of 6.9 per cent, 7.9 per cent and 4.2 per cent respectively. However, in terms of adspend as a percentage of turnover, it is Dabur and Reckitt & Coleman that hog the top two slots with each of them spending annually 12 per cent of their revenues. With an adspend of 10 per cent on revenues, Cadbury and Henkel Spic rank second followed by Marico and Indian Shaving with an adspend ratio of nine per cent (Jha, 2000).

The survey says over 70 per cent of sale of FMCG products is made to middle-class households and over 50 per cent of middle class is in rural India. The sector is excited about burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve life style. With near saturation and cut throat competition in urban India, many producers of FMCG are driven to chalk out bold new strategies for targeting the rural consumers in a big way. Pouring into regional and national media is likely to push the Fast Moving Consumer Goods (FMCG) industry to a hike of ten in rural areas and six per cent in semi-urban market in Fiscal 2007-08,
According to the latest estimates of the Associated Chambers of Commerce (Assocham). The study says these advertisements tremendously helped FMCG products penetrate successfully in this segment and have already attracted about 180 million rural and semi-urban population attentions towards FMCG products. During the last few years, FMCG’s ads budgets witnessed an increase of nearly 20 per cent to promote FMCG products, massively influencing and motivating the rural youth to consume higher volumes of such products (Madras Management Association, july2001)

According to analysts, clever FMCG companies are trying to gain market share with innovative products and high voltage advertising plan during turbulent times. For many companies, it is an ideal opportunity to grab market share from rivals. To stand out from the clutter, they invest in new products and fresh marketing strategy said an industry analysts based on Mumbai.

Mass media and messages in one language cannot work, as linguistic and socio-cultural norms are different. It is difficult for the marketer to use a single language message in a country where there are 24 major languages, and hundreds are spoken in rural areas. Similarly cultural and social norms differ from place to place, creating problems for the marketer in designing the message. Another problem of advertiser of mass media though they cover a huge amount of area through advertising and in India 70% of the people are living in rural area. So their daily routine revolves around agricultural activities. These activities don’t have fixed timing. Si it becomes difficult to find out the time slot for the ads.

To add to the fragmentation of the retail, there also are a number of small local players throughout India who cater to the low-price segments generally. While some of such local players went on to evolve to major players (like Nirma) and created new insights about low-income segment consumers, many others eroded the market through cheap and substandard quality products. The scale of their operations favored their strategy but created roadblocks for organized FMCG companies.

This was a traditional bone of contention because of the lack of the reach of mass-media vehicles to many parts of India. The marketing costs were very high and literacy rates were very low, a large chunk of consumers had very limited brand awareness. While it helped local brands, it also helped duplication and forged logos by many grey market players. The propagation of such products also made the distribution
more challenging. This also suggests that fast moving consumer goods sectors should go for spending time, money and energy to advertise their brands, products and logos on traditional media routes to help the consumers to identify and differentiate between genuine and forged logos and promotions.

The increasing popularity of cable television and other media vehicles has also ensured that the brands can now reach to more consumers more effectively and it has significantly contributed to the awareness regarding various brands.

Mandis, Haats and Melas (large daily markets, small weekly markets and fairs; all rural terms) are being increasingly used to reach out to the non-urban consumers. While these mediums have always been present and acted as a catalyst for the increased usage of these mediums. So it is a challenge for advertiser to reach their advertising message of these areas.

With the squeeze on from supermarket giants moving towards giving more shelf space to private label products, increasing competition and high TV advertising rates, the pressure has never been greater for the marketers of fast moving consumer goods (FMCG).

However, despite modest gains from the Gross Margins, most companies did not reinvest in higher advertising spends to support their Top-line growth. Apart from GSK Consumer and HUL, all other companies either maintained or cut their advertising spend, as a % of sales, with the largest cuts taken by GCPL and Colgate. Hence, the focus clearly shifted from investing aggressively for Top-line growth, to Top-line growth at reasonable costs maintaining Margins (source- company angle research, 2008).

The biggest loss in advertisements, according to Kansal, came from the real estate and automobile sectors. “The categories that are affected are catering to the rich and the famous. FMCG is holding out well. But FMCG is more of television than print. In this scenario, mass language papers are getting affected because television is offering brands a better buy.”

Rural markets are vital for survival the urban market were getting saturated. Rural markets are extremely price sensitive. Thus a number of companies followed the strategy of launching a wide range of package sizes and prices to suit the purchasing preferences of India’s varied consumer segment.
Another more important point is that India is a country of diverse culture; consumers due to different culture may vary in their response to an advertisement. Whether, cultural differences can have a bearing upon a global advertisement. Cultural factor may affect ad perception with respect to choice of advertising theme, media selection, words symbol and pictorial interpretation. So an advertiser can achieve positive consumer response by developing advertisements with culturally congruent appeal and highlighted the cultural value in the headline, body copy and illustration in ads. Religion does play a role towards acceptance of global advertisement like Christians are more inclined towards global ad as compared to Hindu and Muslim. Age did influence the perception too. Older age groups do not have a higher degree of perception towards global advertisements with respect to buying intention whereas as younger age groups may accept global ad better than old age group (Srivastava, 2009).

From the above discussion and view of different scholar in this regard, we have found that in a big competition market and the involvement of local player in market. It is very difficult task to all big fast moving consumer goods player to move all the interior market and contrite more. Another problem is that huge implementation of television media and internet media, more fast moving consumer goods company are placing their advertising in these medium whereas 70 percent of the total sale come from rural and semi urban market. At the same time the local player are concentrating more to the rural and semi urban area with placing the ad in local media like cable TV, Haat, Melas and local news paper. And now big player are try to enter the rural market with new strategy but it is a big challenge for them because the ad strategy is totally different in rural than urban. Rural people prefer more local language, well known model and cultural specific ad design and buying pattern is occasional buying. In rural market thee is not available of different types of medium, if available so some specific channel are available
FMCG ADVERTISING IN INDIA:

We have already discussed the concept of fast moving consumer goods and the present industry scenario of this sector as a whole. In the second phase we have analyzed the present problems and challenges faced by the major players those who are contributing a big investment to reach all type of consumers in a better and innovative way.

In the present context we try to analyze the scenario of advertising over different media as well as advertising scenario of fast moving consumer goods. In this section we have also analyzed the last few year performance of major media vehicles in relation to fast moving consumer goods. All the presentation here below are based on secondary data.

The spiraling growth of diverse media options is evident from the percentage growth achieved during 2007 in comparison to 2006 (Refer to table 1 for details).

**Advertising Statistics of Various Media**

<table>
<thead>
<tr>
<th></th>
<th>Size in 2007 (Rs bn)</th>
<th>Growth 2007 over 2006 (%)</th>
<th>Size in 2012 projected (Rs bn)</th>
<th>CAGR 2008-12 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>513</td>
<td>17</td>
<td>1.157</td>
<td>18</td>
</tr>
<tr>
<td>Television</td>
<td>226</td>
<td>18</td>
<td>600</td>
<td>22</td>
</tr>
<tr>
<td>Filmed entertainment</td>
<td>96</td>
<td>14</td>
<td>176</td>
<td>13</td>
</tr>
<tr>
<td>Print Media</td>
<td>149</td>
<td>16</td>
<td>281</td>
<td>14</td>
</tr>
<tr>
<td>Radio</td>
<td>6.2</td>
<td>24</td>
<td>18</td>
<td>24</td>
</tr>
<tr>
<td>Music</td>
<td>7.3</td>
<td>1</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Animation, gaming and VFX</td>
<td>13</td>
<td>24</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>OOH advertising</td>
<td>12.5</td>
<td>26</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Online advertising</td>
<td>2.7</td>
<td>69</td>
<td>11</td>
<td>32</td>
</tr>
</tbody>
</table>

(Source: Annual Edition of the FICCI Report 2007)

Conventional media options like TV, print media, Radio, and OOH advertising are destined to grow hugely by 2012. Besides this new media options like animation and
online advertising have a great future in India and are growing to give tough competition to conventional media (Makkar & Dhyani, 2010).

**FMCG Advertising Spending in Different Media Categories:**

<table>
<thead>
<tr>
<th>MEDIUM</th>
<th>2008(%)</th>
<th>2009(%)</th>
<th>2010(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINT</td>
<td>13</td>
<td>27.4</td>
<td>25.7</td>
</tr>
<tr>
<td>TELEVISION</td>
<td>42</td>
<td>51.4</td>
<td>48.9</td>
</tr>
<tr>
<td>OUTDOOR</td>
<td>13</td>
<td>15.8</td>
<td>8.6</td>
</tr>
</tbody>
</table>

(by afaq, news beauro, new delhi.exchange4media.com.,)

Though, for the product category like fast moving consumers goods where the involvement level of consumers are very low in this respect traditional media and their performance is a major determinants factor compared to modern high voltage media like web and digital media. So importance of traditional media always takes a part in this regards. In the light of the fact if we see the above table we found that the spending pattern scenario. It is clear that for fast moving consumer goods advertising print media and television media carry a positive investment ratio over the last few year. But when we see the investment level of outdoor media, it is comparatively less than the other two and day by day the investment level in this media segment is decreasing in a bigger way. The result also highlighted a lack of concentration of outdoor media whereas, this media carry the same importance to building brand image and help the consumers to make a strong perception towards the products. Janice. 2007).

**Scenario of print advertising in fast moving consumer goods sector:**

In the present discussion we have placed some evidence of print advertising and the present status of this media and the growth prospect of this media in relation to growth rate of print media.

The importance of creating attention in print advertising is becoming a more essential ingredient in today's society. Print advertising is still one of the most commonly used medium to bring out the message to the consumers’, although the vast innovation of technology and the Internet. The messages within advertising have to be taken into careful consideration and be formed in the right way to be competitive and attract the audience. Moreover, the use of non-verbal essence has a greater meaning that indirectly creates interest in consumers' minds. In order to companies to survive, the message has
to be adapted to current trends and interests to attract and be as compelling as possible (Sandin, 2004).

**Graph – 1**

*Share of FMCG sector in overall print advertising during 2009*

FMCG sector accounted for 7% share in overall Print advertising during 2009.

**Graph – 2**

*Print Advertising of FMCG Sector during 2009*

(source- AdEx India, a division of TAM media research)
31% growth in Print ad volumes of FMCG sector during 2009 compared to 2008

Graph – 3

Maximum Advertising of FMCG brands in Women’s Magazine

FMCG sector advertising in Newspapers and Magazines was in the ratio of 89:11 during 2009.
- Women’s magazine genre accounted for 55% of overall advertising share of FMCG brands in magazines followed by ‘General Interest’ and ‘News/Current Affairs’ magazines with 14% share each during 2009.

Graph – 4

Top 3 Sub-sectors accounted for 80% share of overall FMCG sector print ad pie during 2009

(source- AdEx India, a division of TAM media research)
During 2009, ‘Personal Healthcare’ sub sector contributed the maximum i.e. 44% of overall FMCG sector advertising in Print followed by ‘Food & Beverages’ and ‘Personal Care/Personal Hygiene’ sub sectors with 21% and 15% share respectively.

**Graph – 5**

**Advertising Share of FMCG sector in Non-metro**

Non Metro’ newspapers had the highest share i.e. 52% of overall FMCG sector advertising in Newspapers followed by ‘Metro’ and Mini Metro’ newspapers with 32% and 16% share respectively.

So from the above discussion we can conclude that print media and their investment specially for fast moving consumers goods sector is not so lower. Other thing that advertiser do their more investment in non metro like semi urban and rural area. This statistics give indication that somehow print media act as an effective communication tools in the consumers like semi urban and rural area where highest market share has been counted. This result also proved that if advertiser invests more in this media it may help them for better response from the consumer particularly in the fast moving consumer goods advertising.
Scenario of television advertising in fast moving consumer goods sector:

Television being an interactive medium helps to create an illusion of dialogue between the advertisements and the viewers thus accounting for high recall (www.exchange4media.com). Industry estimates that of the 20000 crore annual spending on advertising in the country across all medium, print and television medium make up for the lion share, accounting for 18500 crore worth of the advertising spends. Television advertising in FMCGs has become riding on the back of increased brand promotion, preventing consumer from down trading, heightened competition, newer products and packs and up to 20% growth in the rural markets. (Thomas.J 2009).

Television is considered the heavyweight champion of all advertising mediums because it reaches into more households and touches more people than any other medium. It uses pictures, words, sounds, and music to emotionally move and motivate prospects to action. It has the ability to capture the complete attention of consumers’ prospect. Television allows consumer to demonstrate their product or service in a visual way so that the prospects can see the benefits without having physically experienced it. Television alone has the ability to turn a small company into a big company in a very short period of time. It is the small business person’s advertising dream that is now becoming a reality (www.commercial-archive.com)

TV advertising and distribution are key drivers of a brand’s ability to maintain long-term growth, with TV being the largest driver, although short-term response to TV advertising does not always result in long-term growth. TV advertising can, but does not always, lower price elasticity; distribution/variety was more likely to be associated with lower elasticity (WARC, 2010).

20 per cent rise in TV advertising of FMCG sector during 2008 compared to 2007. ‘Food and Beverages’ was the top sub-category to contribute maximum in overall TV advertising of FMCG sector during 2008. ‘HUL’ was the number one advertisers of FMCG sector on TV during 2008. ‘Lux Strawberry Cream’ was the top new brand advertised under FMCG sector on TV during 2008. 20 per cent growth seen in advertising of FMCG sector on TV during 2008 compared to 2007. ‘Food and beverages’, ‘personal care/personal hygiene’ and ‘hair care’ were the top three sub categories of FMCG sector accounting for 76 per cent share of overall FMCG TV ad pie in 2008
During 2008, ‘household products’ recorded maximum growth in its TV ad volumes followed by ‘baby care’ and ‘personal care/personal hygiene’ category compared to 2007. Compared to 2007, average ads of FMCG sector aired per day on TV recorded a rise of 21 per cent during 2008. (Analysis from AdEx India - A Division of TAM Media Research)

**Graph - 6**

**FMCG sector advertising on TV during 2009**

Compared to 2008, FMCG sector recorded a rise of 50 per cent in its TV ad volumes during 2009.

**Graph – 7**

Top 2 sub sectors accounted for 64% share of overall FMCG sector TV ad pie during 2009.

(source- AdEx India, a division of TAM media research)
'Food & beverages' with 36 per cent share had the highest advertising share of overall FMCG sector TV ad pie followed by 'personal care/personal hygiene' and 'hair care' sub sectors with 29 per cent and 12 per cent share respectively during 2009.

**Graph – 8**

*Volume Growth of FMCG Sub-sector on TV during 2009*

<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Volume Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal care/Personal Hygiene</td>
<td>64%</td>
</tr>
<tr>
<td>Personal Accessories</td>
<td>60%</td>
</tr>
<tr>
<td>Laundry</td>
<td>60%</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>58%</td>
</tr>
<tr>
<td>Household Products</td>
<td>54%</td>
</tr>
</tbody>
</table>

(source- AdEx India, a division of TAM media research)

Among all the FMCG sub sectors, 'personal care/personal hygiene' observed maximum growth in its TV ad volumes followed by 'personal accessories' and 'laundry' during 2009 compared to 2008.

The above result highlighted that for fast moving consumer goods advertisement, television is an important media where the investment level is much higher. The results also clarify that all category of products in FMCGs have carried good market share. So it is clear that consumer preference and liking is high in this media.
Scenario of outdoor advertising in fast moving consumer goods sector:

Outdoor advertising has long been considered a reminder medium and has therefore, been treated as the ‘left-over budget medium.’ But in today’s environment, outdoor has a more definitive role to play in conjunction with other medium. There was a study conducted in the UK to analyze the role that outdoors could play vis-à-vis popular medium TV. The findings of the study indicated that the market that used both media scored the highest in all parameters. A live forum like Outdoor Advertising affords much more scope for interaction and exchange of ideas. Therefore, Outdoor Today’s role will always be to keep the industry updated on a regular basis, while the OAC will enable the industry to get together once a year and interact, network and chart plans for growth.

“As companies look to communicate their brand values through multiple touch points, the outdoor medium is gaining importance. But the difference lies in standing out from the clutter by doing things differently to be visible in various high-impact areas such as malls, high street locations and busy areas. Today one can see a shift from outdoor advertising that is static to one that is interactive and engaging. (Welde rahul, 2010)”

The outdoors have never looked so colorful and exciting. With technology and creativity taking over, static billboards are slowly making way for catchy outdoor concepts such as building wraps, scrolling display, light projection, LED display, mobile billboard, balloons, floor graphics, advertising on lamp posts, bus shelters, aerobridges and many more. Even traditional billboards are changing face with the arrival of live billboards, 3D projections on billboards, mobile hoardings and floating billboards.

Outdoor advertising industry plays an important role in determining the economy of any country. Outdoor advertising is a very cost effective way of putting across one’s product to the common people. Statistics have indicated that the growth in the revenue due to outdoor advertising industry was approximately 5.5 billion in the year 2002. This sale record in the outdoor advertising market is predicted to go up to around 12.4 billion in the year 2009. Revenues also increased to $298 million in 2002 which escalated by 9% in the year 2005. It is anticipated that this figure may go up to $324 million in the next few years.

In comparison, according to a Pitch – Madison Advertising Outlook 2005, the Indian outdoor industry was worth Rs 800 crore in 2004. It had grown by 10 per cent
over 2003 and accounted for around 8 per cent of the total ad spends in the country. So, even though outdoor advertising as a percentage of ad spends and in terms of year-on-growth seems healthy, we must understand that we are talking about a very small base here. But thanks to big outdoor spenders like the telecom, financial services and the entertainment industry, all indicators are still quite encouraging.

OOH as estimated by PWC is expected to become Rs 2,000 crore industry by 2010. Though the part of media-spend in OOH is only 6% for now the industry has shown promising growth. The industry structure as for now is fragmented and less organized.

Today, the Out-of-Home (OOH) market accounts for approximately 6.0% of the total ad spends in India. As shown below, the OOH ad spends in India compare favorably to the worldwide ad spend on OOH.

“OOH media assumes far greater significance because of considerable shift in consumers’ lifestyles and suburban growth. Marketers are seeking solutions beyond traditional media and it is becoming critical for media buyers to add OOH media in all their campaigns. The OOH industry is growing at 17% CAGR and will be 10% of the total ad spent by 2010”. In year 2010 the Out-Of-Home is expected to grow to 17,500 million with a compounded average growth rate of 14%.

So from the above discussion it is crystal clear that outdoor media carry its importance but compare with other media the investment level of outdoor media is very low, whereas, outdoor plays a vital role as a media vehicle and act as a stimulating agent of other media.
FMCG Advertising in Smaller Town and Cities: Its Unique Demand against Unique Characteristics.

The year 2009 would easily go down in consumer products markets history as one that shattered many a myth … the biggest one being the much debated yet acknowledged fact that rural demand is forever driven by how monsoon behaves. The previous year was a washout as far as monsoons are concerned. Coming on the heels of a worldwide meltdown, doomsday prophets were quick to announce the demise of a flourishing rural economy.

But the rural pockets defied all odds, continuing to spend not just on essentials but also on aspirational consumer products for skin, hair and oral care so much, so that even as demand in several urban markets touched a low, demand from rural India continued to be on the rise, more than making up for the lag from its urban counterparts.

Rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

The characteristics of small town and cities consumer are. Income are less and medium, high tendency for traditional buying for survival and substance, strong sensitivity and simplistic decision rule, higher price consciousness, strong sense of value, low attention and consciousness level, conservative outlook, restrictive flow of information, situational buying pattern, low expectation and high fantasy.

Unique media habits- mass media also pose challenges for marketers. In most of the villages, almost all the readership is secondary household press subscription is virtually non-existence. In a city, secondary readership is largely limited to a home unit.

Selective attention / retention- rural reach is incidental and through spillover. It is often said that people select messages that are of interest to them and filter out those that are not. Most advertisement aired on the urban circuit reach villages, but the products are not found for miles in the interior semi town environment. This is compounded by low product availability, where the receptor’s purchase of a particular brand may well be a
fortnight after the advertisement exposure, on a visit to a nearby feeder market, assuming he or she still recalls the advertisements.

Low spending capacity - though income level is low compared to urban consumers. They have low disposable income; hence, they fail to buy many products. This is also the reason for the small number of radio sets, TV especially color TV sets, VCRs etc.

Linguistics and socio-cultural differences - mass media and messages in one language can’t work, as linguistics and socio-cultural norms are different.

Joint families and strong kinship ties - high intention of interpersonal interaction due to strong kinship ties in small town and rural area. People live in joint families; in this scenario, usually male members act as information diverters, influencer and buyer of products. Most of the females depend on their male counterparts for information regarding various products and service.

Situation-based leisure time activities - though basic income of maximum people in small town or city are from agriculture or small business, so they don’t have any fixed timing to see the media. It is very difficult to find the time slot for the ads.

**Demand for ads against the nature of consumers:**
Use of audio-visual medium - communication through radio and TV should get priority over newspaper and magazines as literacy rate is low in small town and cities. Hence, audio-visual media will be more effective as far as exposure but TV has greater growth rate than other media.

Tailor made communication - the contents of advertising should be molded according to the regional requirements, instead of national releases. Tailor made message can counter linguistic, social and cultural differences.

Traditional media - traditional media can be used to reach these people in the marketing of new concept. The traditional media with its effective reach powerful input and personalized communication system will help in realizing the goal. Besides this when the advertisement is couched in entertainment it goes down easily with this people.

Use of stalls, haats and melas - stalls, haats and melas, especially in village festivals, can also help communications to spread their messages and also to induce brand trials.

Folk theater and demonstration - folk theater are mainly short and rhythmic in form. The simple tunes help in informing and educating the people in informal and
interesting manner. It has been used as an effective medium for social protest against injustice, exploitation and oppression.

Use of ad in cinema and video parlors - cinema halls and video parlors present an exciting audiovisual media option for the rural market to increase the exposure level of rural consumers.

More use of logo and symbols in ad - though illiteracy rate relatively high in such areas. So highlighting of logos and symbol in advertising are more powerful communicator to remember the brand name but care should be taken to deliberately design a symbol for product before introducing it.

Appropriate scheduling - scheduling of advertisements is very important, because the maximum people are engaged in agriculture and small business activities. So the ad timing is more important to get maximum audience involvement.

Elaborative advertising design - elaborative ad design is more important to get more attention level to the ads. Like clearly defined message, price and quality, which are more attractive elements of Ads for the people.

Outdoor advertising - though people in semi urban and small cities having more leisure time and noise is very less so they can invest maximum time in decision making. In another way due to less availability of different channel in their exposure level is not so high in all respect.

Emotional advertising appeal - emotional ad appeal in ad like colorful background, well known model, local music, and entertainment in ad attract more to the consumers of the semi town and cities consumers.

So, what drove this demand surge in Rural India? The plethora of stimulus measures announced in the Budget was the biggest growth driver. Measures such as higher allocation for rural job schemes, extension of the debt waiver scheme in view of the delayed monsoons, subsidized loans for farmers and an increase in Minimum Support Price (MSP) have all helped in ensuring higher disposable income among the rural populace, which has in turn gave rural economy that much-needed boost.

This sustained growth in the rural economy should not be seen as a reason to take away these measures, it was expected that the Government was to deepen its focus on the rural sector with measures to further improve the targeting of the benefits to the right recipients and to plug leakages (Sitaram.V.S.(2010) Business daily, the Hindu).

One study in this area by Nagaraja (2004) found small cities consumers as different type of consumers with whom clever and gimmicky advertisements do not
work well. Quality of product and its easy availability were observed as primary and vital determinants of small cities and town consumers’ buying behavior. Touch and feel promotional activity has a quite high influence on of these consumers.

Consumers of small cities and town have little trust in the conventional promotional messages, corporate world need to develop rural specific promotional strategy, which is conducted at local level to promote and sell FMCGs in rural area. (Garga., Ghuman., Dogra, 2009).

An important tool to reach out to the rural and small cities audience is through effective communication. A small cities consumer is brand loyal and understands symbols better. This is also making it easy to sell lookalike. The audience has matured enough to understand the communication developed for the urban market, especially with reference to FMCG products. Television has been a major effective communication system for rural and semi town mass and, as a result, companies should identify themselves with their advertisement. Advertisements touching the emotions of the rural folks, it is argued, could drive a quantum jump on sales. Finally an effective strategy for FMCG companies must include the use of traditional media for creating awareness about their products in rural and small town markets. The need for unconventional media arises as the mass media is too glamorous, interpersonal and unreliable for a rural consumer. The traditional media on the other hand with its effective reach, powerful input and personalized communication system will help in realizing the goal. Besides this when the advertisement is couched in entertainment it goes down easily with the villager. The advantages of traditional media which make a marketing communication channel are: accessibility is high, it involves more than one sense, and interest arousal capability is high and minimum cost.

The discussion above we got the idea regarding the nature and characteristics of rural, small town and cities consumers and their media preference and this will help to know what type of promotional strategy should be developed by the advertiser to sustain and continuing the positive image of these type of consumers.
FMCGs Advertising in Cachar District: Facts Figures and Analysis.

In the above discussion we have tried to find out the advertising scenario in India over different media and also found that the expenditure of advertising over different media, secondly we have discussed some major problems and challenges of big FMCGs player. In third we have also discussed the probable strategy of advertising in semi town and cities. In this context we will analyze the scenario of fast moving consumer goods advertising in cachar.

**Graph - 9**

Percentage of Exposure over Different Media.

![Graph showing percentage of exposure over different media](source: survey data)

The above represents that 89% of the respondents read newspaper regularly whereas 99% are in television. But in magazine, exposure level is very low than other two. In newspaper, we have found that local newspaper are mostly preferable. yugasankha, sonar cachar, and anadabazar patrika are most circulared newspaper in this area. From survey it was found that in a month out of total advertisement only 4% of ads comes from fmcg so we can say that though the exposure level is high but in respect of advertising sense, newspapers do not have more contribution to increase the exposure levels of consumers towards FMCGs ads. (survey from yugasnkha and anadabazar patrika). In magazine, though, exposure level is very low. Most of the respondents like to read bengali magazine and english magazine. Sananda, Anandolok, 19-20, Filmfare
and Fashion magazines are the most circulated magazine here. From the different magazine survey, we have seen that in magazine 20% of the ad comes from fmcgs ad. So if we compare the exposure levels in this medium, we can say though availability of FMCGs product advertising in this media are moderate but peoples are so exposed with this medium. In television the exposure level is very high and respondents are also exposed with multiple channels in this medium. Out of them bengali( like etv-bangla, akash bangla, star jalsa etc), hindi ( zee tv, star plus, colors, zee cinema etc), news, music and sports are mostly popular and circulated channels in this area. Survey from different channels we can state that in television in a programme interval they put advertising and majority of ads come from FMCGs. However ,the exposure level is high through different channels in this medium and freuency of advertising is also high in this medium. So we can say that exposure levels of respondents in this medium is high in relation to advertising and the other two medium.

**Graph - 10**

**Preference Level over Different Media**

<table>
<thead>
<tr>
<th>Media</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>87</td>
</tr>
<tr>
<td>Print</td>
<td>7</td>
</tr>
<tr>
<td>Outdoor</td>
<td>49</td>
</tr>
</tbody>
</table>

(source: survey data)

From the Figure above it comes out that the purchasing decision of the respondents (customers) are directly or indirectly based on their exposure to the ads posed on TV media( up to 87%) and 49% of them are influenced by the ads placed on outdoor media. Print media including magazines and newspapers play in helping the consumers taking buying decisions is only to the tune of 7%. From the above results it indicates like
television media, outdoor media also carry the same importance in the mind of respondent on the basis of preference level at the time of taking purchase decisions.

**Graph - 11**

**Outdoor Advertising Spending in Cachar**

![Outdoor Ad Spending in Cachar graph]

(source: survey data)

The above graph represents the spending pattern of outdoor advertising in FMCGs products in the study area i.e. Cachar. If we look out the above figure, it is easy to defined the position of spending pattern over the year. Compare with 2003, presently (2009) it is only 10%. But if we see the statistics in this area than some important finding comes out that population has increased, fast moving consumer goods advertising also increased over different media, people expenditure also increase in this sector, and other important finding come out from the research that 49% of the respondents follow outdoor media at the time of taking purchasing decision. In this context we can say that the spending in outdoor advertising not only decrease in percentage wise. It is decrease in absolute term which is bad situation in this industry where people have more demand and we can say that companies are applying unviable policy in this regards.
**Discussion and Conclusion:**

The discussion above of this chapter we found that though fast moving consumer goods companies are facing big problems to circulate the advertising strategy as a whole because cultural dimension and the nature and characteristics of rural consumers’ are different from the urban consumers. Another important finding that the spending pattern over the different media is increasing day by day except outdoor media. We found a drastic change in outdoor advertising spending. The expenditure over outdoor media is decreasing very fast not in comparison to other media spending rather in absolute term over the last decade. So we can say that the companies are giving more concentration on television and print and other media rather than outdoor media. But in the present research work (ref ch no-3) we found that outdoor media is an important parameter and have a crucial role for creating effective advertising. Though electronic media is important in advertising but to crate strong image within the consumer mind outdoor and in-store display also carry same importance because it gives instantaneous and material stimulation as cue for the recall, recognition and interest towards the product. In this sense we can say that motion ads are important but static ads also act as a catalyst factors for the motion ads and act as a stimulant for motion ads. So advertisers need to develop their strategy towards outdoor ads and there is a need for higher investments in this sector.
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