CHAPTER III

MARKET SEGMENTATION IN
RURAL INDIA FOR FMCGs

3.1 Rural Marketing Vs. Urban Marketing of FMCGs
3.2 Factors valid for Market Segmentation in Rural India for FMCGs Products
3.3 Targeting Approaches
3.4 Essential Conditions for Effective Segmentation, Targeting and Positioning
3.5 Benefits of Market Segmentation
3.6 Distribution Management in Rural Marketing of FMCGs
3.7 Rural Marketing Mix
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INTRODUCTION:

Market segmentation in rural India for FMCGs refers to the process of division of a market into different groups of customers with distinctly similar needs and products. Originally the idea of market segmentation was developed by Wendell Smith in 1956, since then market segmentation is playing an important role for several companies, including FMCGs producing companies. As per Charles Doyle\(^1\) explains how Wendell Smith formulated the market segmentation -

A fundamental technique of marketing strategy that was first defined by Wendell Smith in a groundbreaking article of 1956. It effectively signalled the end of the "mass marketing age. Smith was concerned at the time to separate those companies that simply offered a range of product variety (to what was viewed as a homogeneous market) from those the designed tailored products (for multiple heterogeneous market segments). Its central idea was that there were different groupings of customers with wants and needs who required different products. What resulted was the division of a totally

heterogeneous market into groups or sectors with relatively homogeneous needs and wants. Good marketing, from then until the present day, would rely on increasingly sophisticated segmentation of markets, gradually weakening the entire concept of mass marketing. The minutiae, the variety, the clustering of customers against various criteria needs became central to research for marketers.

Segmentation brought three distinct advantages; it made marketers think of the customer ahead of the product; in researching customers' needs at a granular level, it brought a better dialogue with customers, and it opened up all sort of new segments of markets that were previously unexplored by the mass marketers hitherto looking to serve the producer interest. It also ushered in a new era of competition that did not always mean that the largest producer would dominate the market (because now a whole range of smaller competitors could be dominant in a number of segments) and made it unlikely that there would ever be the total domination of markets that had characterized the first half of the 20th century. The rise of the Internet, intelligent databases and various multimedia has made the task of the marketer easier in identifying, unifying and selling to market segments.

The first stage of segmentation is to establish criteria for segmenting the market, then to divide the heterogeneous market into relevant, clustered subgroups. One of the first limitations of segmentation is that if the market is subdivided into very small niches, it may not have enough customers to be profitable; or it may be too
costly, requiring constant changes to the marketing mix to serve segments. Market segments should be measurable, and detailed information on customer characteristics should be obtainable cost-effectively so that the marketer can size the segment; information should be accessible so that the company can communicate effectively with the chosen segment using marketing methods; it should be substantial enough to consider for separate marketing activity and meaningful - having enough customers who have different preferences that can be addressed by marketing efforts.

Following that, the characteristics of these groups are identified and analysed. Once the market is subdivided into segments it is important to evaluate market segment attractiveness: for example, the structure, size and growth rate of the market segment; the company's reputation within that segment and its ability to serve that market; the intensity of competition within the market; the costs of adapting products and services for the segment. The marketer must find the potentially profitable segments and sort these out from the unprofitable ones.

From this relatively simple idea of segmenting according to customer needs and wants, now the staple of modern marketing, were spawned multiple segmentation techniques.
Some examples are:

- **Geographical segmentation** is the most classical form of segmentation, dividing the market into regions, countries, cities, states, provinces, suburbs or neighbourhoods. In the age of global markets geographical marketing is quite limited as a form of segmentation, but it enables predictable and transparent resource allocation and it is relatively easy to distinguish the profitable from the non-profitable territories. However in case of FMCGS it does not hold good.

- **Demographic segmentation** is the most widely used segmentation technique for consumer products. There is much census data available on age, income, sex, gender, consumer preference, neighbourhood and ethnicity to help the marketer segment these groups in multiple ways.

- **Brand loyalty segmentation** is based upon the loyalty that consumers have for one brand over another. This is often a reflection of lifestyle disposition.

- **Usage level segmentation** clusters those groups who are light, medium or heavy users of a service or product. In rural marketing of FMCGs it is very important segment, for example—shampoo sachets’ and small packing of biscuits are sold quickly as they are priced low and demand is frequent.
- **Production segmentation** defines the market by different types of customer who prefer different product attributes.

- **Benefit segmentation** is the segmentation of customers who prefer a similar type of benefit. For example, some prefer high quality and luxury; others prefer low prices and simple functionality; others prefer the newest innovations yet others buy for security, predictability and safety.

- **Lifestyle segmentation** is the grouping of people around how they spend their disposable income on leisure and personal taste.

- **Market niche** is when the broad industry is segmented into smaller and smaller segments until a niche of buyers with similar wants and needs that can be satisfied is identified. Shampoo sachets, soaps and biscuits are best example of market niche segmentation.

- **Psychographic segmentation** is a way of segmenting the market by cultural attitude and psychological type: for example the middle-of-the-road, the fashionable, the thrill-seekers, the security-seekers, the risk-takers, the risk-averse, the aspirational, the image-conscious; the conspicuous consumers, the high achievers, the individualists, the reformers, the highly educated, the family-oriented, the self-actualizers; the strivers, the strugglers, etc. This segmentation in rural marketing of FMCGs is also not valid and does come into force.
Rural marketing segmentation of FMCGs mainly operates on economic level, awareness about the products and socio-economic condition of rural consumers.

**Figure 3.1**

**Segmentation of FMCG Industry**

FMCG Sector

- Household Items
- Personal Care
- Food & Beverages

*Note - Alcoholic drinks are not considered in the beverages categories.*

- **Household Items** - All those products which are used for Fabric wash and households cleaners are categorized under this segment of FMCG industry.

- **Personal Care** - All those products which are used for Oral care, hygiene, hair care, skin care, cosmetics/deodorants, perfumes and feminine hygiene are categorized under this segment of FMCG industry.

- **Food & Beverages** - All those products which are related to Health beverages, staples/cereals, bakery products, snacks, chocolates, ice cream, tea/coffee/soft drinks, processed fruits and vegetables, dairy products, and branded flour are categorized under this segment of FMCG industry.
3.1 Rural Marketing Vs. Urban Marketing of FMCGs:

Rural areas and urban areas can be best classified in terms of geo-demographic way. If country like India is taken into consideration, we find that FMCGs product are offered in same way to rural markets as offered in urban way. Two important phenomenon prevails in Indian rural marketing pertaining to FMCGs -

- Price and Income relationship becomes the crucial factor for providing the FMCG products in rural areas.
- Urban area becomes the experimenting zone for FMCG industry. Urban area provides all the factors, reasons and data which may not be easily traced in rural areas, yet they are in operation in rural areas and therefore urban areas provide the base for entering rural markets.

Indian culture is a fusion of so many religion, caste, income class and habits, urban areas provides all this at one place, now before we proceed to state difference between rural and urban marketing of FMCGs, lets analyze two approaches which becomes the major issue in distinction of rural and urban marketing :-
Figure 3.2 and Figure 3.3 explains how the consumer needs are fulfilled in Indian market; urban and rural market respectively for FMCG products. Both the figures are in operation in urban and rural markets in present scenario. The Fig. 3.2 shows how urban market for FMCG is segmented while Fig. 3.3 presents the dynamics of rural market segmentation of FMCG products. Fig. 3.2 and Fig. 3.3 clearly shows the *inverse relationship* between urban and rural marketing of FMCGs.
Table 3.1  
Difference Between Rural and Urban Marketing of FMCGs

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Basis</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Infrastructure</td>
<td>Unorganized Markets</td>
<td>Organized Markets</td>
</tr>
<tr>
<td>2.</td>
<td>Income Streams</td>
<td>Lower to middle level income groups</td>
<td>Lower, middle and Rich income groups</td>
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<td>3.</td>
<td>Lifestyle</td>
<td>Simple with fixed routine</td>
<td>Fast and changes with time</td>
</tr>
<tr>
<td>4.</td>
<td>Habbits</td>
<td>Fixed &amp; vigid</td>
<td>Flexible &amp; adaptive how</td>
</tr>
<tr>
<td>5.</td>
<td>Cost of Advertisement &amp; Logistics</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>6.</td>
<td>Competition</td>
<td>It differs product to product</td>
<td>High, perfect competition</td>
</tr>
<tr>
<td>7.</td>
<td>Marketing Mix</td>
<td>4 P’s differ from product to product and market to market</td>
<td>Standard 4 P’s with innovation</td>
</tr>
<tr>
<td>8.</td>
<td>Education/Literacy Level</td>
<td>Remains low in elderly people, high in younger generation</td>
<td>Normally high among all age groups.</td>
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<tr>
<td>9.</td>
<td>Banking Facility</td>
<td>Low &amp; medium</td>
<td>High &amp; medium</td>
</tr>
<tr>
<td>10.</td>
<td>Communication &amp; Interaction</td>
<td>Low &amp; medium</td>
<td>High &amp; medium</td>
</tr>
<tr>
<td>11.</td>
<td>Consumption Frequency</td>
<td>Low &amp; medium</td>
<td>High</td>
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Rural Marketing of FMCGs in India is completely different from consumer durable goods. Geographical factors in market segmentation is almost invalid if FMCG industry comes into the picture. Socio-economic, demographical, behavioral and psychological factors, play an important role in market segmentation for FMCGs in rural India. FMCG market or consumer goods market is universally heterogeneous and Indian rural market for FMCG remains no exception to this fact.

3.2 Factors valid for Market Segmentation in Rural India for FMCGs Products:

Profit/sales revenue have attracted consumer goods/non-durable goods industry towards rural markets. In order to enter the rural market, understanding market segment is essential. In reality there are quite number of potential market segmentation methods or segmentation variables/factors, which may be effectively used by companies according to product profile/brand profile.

| Table 3.2 |
| India Population - State Wise |

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<thead>
<tr>
<th>State /UT Code</th>
<th>India/State/ Union Territory</th>
<th>Population</th>
<th>Males</th>
<th>Females</th>
<th>Population Percentage</th>
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<td>------</td>
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<td>-----------</td>
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<td>202330</td>
<td>177614</td>
<td>0.03</td>
</tr>
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</table>

Source: Census 2011 (Government of India), Provisional Data.

Note: Andhra Pradesh was divided into two states, Telangana and a residual Andhra Pradesh on 2nd June, 2014, above table shows data, as per Census 2011.

As per Max-NCAER (2008), the states are divided into three categories based on incomes.

- **Low Income States**:
  
  Assam, Bihar, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Uttar Pradesh, Chattisgarh, Uttranchal and Jharkhand.

- **Middle-Income States**:
  
  Andhra Pradesh, Himachal Pradesh, Karnataka, Kerala, Tamil Nadu and West Bengal.

- **High-Income States**:
  
  Goa, Gujarat, Haryana, Maharashtra, Punjab, Puducherry (formerly known as Pandicherry), Chandigarh and Delhi.

One of the fundamental requisite for market segment is to understand overview of the market based on geographical variables,
but the FMCG industry within a country particularly like India largely segments the market on following variables :-

- Demographic Variables
- Psychographic Variables
- Behavioral Variables

➢ **Demographic Variable** - Demographic variables refers to the factors like age, family structure, occupation, socio-economic status and religion.

- **Age and Lifestyle of consumers** affect the choice and need for products. The phenomenon is best observed in food & beverages product. Consumers who are young prefer chocolate while older people avoid consumption.

- **Family structure** in rural areas still believes in joint family culture. The higher is the number of person living in a family, the more is the consumption of FMCGs.

- **Occupation** in rural India still remains agriculture. Though several initiatives of Government of India and respective state governments have helped rural population towards gaining employment in non-farm sector, the employment pattern in rural India is changing gradually. The younger generation is the cause of occupational shift, as younger generation is opting for non-farm employment.
• **Income in rural areas** by and large depends on the agricultural productivity. But since last decade income pattern have changed in rural areas, along with agricultural income, households in rural areas are also earning from other works (non-farm sector), segmentation of market in rural India with regard to FMCGs need to be considered from entirely new perspective. Income is major variable while segmenting market for FMCGs in rural areas.

• **Role of Female Workers** in rural India is also an important factor for deciding market segmentation. The female workforce participation is higher in rural India as compared to urban areas; this increases the income of households in rural areas.

• **Socio-Economics status** of the consumers in rural areas plays lesser role in FMCGs consumption. All person in rural areas, either poor, weaker section (SC's/ST's) or weaker gender, consumes the FMCGs. When FMCGs are related to socio-economic status of consumers, segmenting of market on the basis of this variable does not hold good.

• **Religion & caste** plays an important role in influencing the overall environment of rural India. Rural India preach different religious orders, further sub-divided into various sects, above all with religious sub sects, caste comes into force, caste is further sub-divided into several sub-caste, this factor also does not hold good, with regard to FMCG consumption.
• **Rural settlement** particularly at village level can be understood on the basis caste factor. Higher caste and lower caste settlement remains separate from each other. Indian caste system is divided into four categories, brahmins, kshatriya/rajput/thakur, vasiyas-business/trader community, sudras/untouchables/dalits/harijans. Though income level of every community depends upon the availability of job and agricultural land holding, yet caste factor in rural India does not plays an important role while segmenting rural market.

- **Psychographic variables** plays very important role in market segmentation for FMCGs in rural market. Rural India maintained negative attitude and perception towards packaged food & beverages; however change in old attitude has been brought due to communication & education. Psychographic variables are :-

- **Lifestyle** is the factor which helps in segmenting rural market for FMCGs. Villages near to town show slightly different lifestyle as compared to villages away from town area.

- **Perceptions and attitudes** is one of the ways market segmentation for FMCGs in rural market can be done. Rural people though very simple, but they sows keen interest in knowing the product's quality. Hence, establishing trust and faith in rural consumer is very vital for success. Companies like HUL,
- **Behavioral Segmentation** is multi-factor market segmentation approach, usage of product/frequency of consumption and expenditure on FMCGs can help in segmenting rural market. Furthermore, a new market for existing products can be indicated, as well as appropriate communication and advertisement themes can be adopted for product promotion. Fig. 3.1.C can be implemented in rural areas to capture untapped FMCG market.

- **Occasions factor** refers to the segmentation of rural market when consumer buy certain products like, perfumes, cosmetics, after-shave and other products. For example, younger generation in rural areas are now availing the services of saloon. Higher number of saloon users can be prospective consumers for new products. For example- hair-colors, rural people are using Godrej's and L'Oreal's hair color at frequent intervals to maintain their looks.

- **Consumption/usage** segmentation of rural market on the basis of how often a customer uses its products, categorizing these into high, medium and low users, by usage rate or frequency.

- **Brand loyalty** segmentation can be done, observing consumers taste & habits and how he spends on other products. For example, rural people (consumers) prefers Cinthol and Lifebuoy soaps more, while Pears, Denver and Dove soaps are not liked by rural consumers, basically rural consumers prefer a brand
which they have been using since long time and hence, creating brand loyalty segmentation can help in creating market for products.

- **Place of purchase** basis of segmenting rural market is another way. Village shops are best place to promote new product. Shandies (hoat), nearest town, melas are best place after village shop to promote FMCGs product.

Analyzing the variables and various factors, it is clear that within a country, specifically in India, rural market segmentation for FMCGs can be done on the basis demographic variables, psychographic variables and behavioral variables. In reality all three variable and sub-variables (within variables heads) are valid for rural market segmentation for FMCG industry.

### 3.3 Targeting Approaches:

STP or segmentation, Targeting and Positioning are important for mature market to understand needs of consumers in rural markets for FMCGs. STP helps the companies to better understand consumer needs, provides ability to reach specialized or niche segments (micro-marketing).

The model of STP suggested by Pradeep Kashyap (2013)\(^1\) is valid for FMCGs in Indian context.

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\(^1\) Pradeep Kashyap, Rural Marketing, Pearson, New Delhi, 2013, pg. 88
3.4 Essential Conditions for Effective Segmentation, Targeting and Positioning:

After the rural market is recognized for launching of products or enhancing brand value it is important that marketing research must be done in order to balance various factors which helps in marketing of products in rural areas. Companies must consider all variables so that targeting and positioning matches the need and wants of rural consumers/market. Targeting and positioning are also dynamic, a company always finds new scope to launch a new product, investigating into declining brand or re-structure pricing policy. The
process of STP is regular in nature; it varies as per time, place and need.

For example, Nestle (Maggi) after making strong hold in packaged food sector/segment, have introduced many variants, like Veg Atta (wheat flour noodles), Oat Maggi, Chicken Maggi, apart from regular Maida flour Maggi, this was only possible during the targeting and positioning process. The feedback from the retailers, wholesalers and consumers helped the Nestle to change the STP process.

**Figure 3.5**

**Essential Conditions for Effective STP in Rural Market**

**Condition 1:**
Segmentation variables should be - 'Measurable' in order to calculate market potential.

**Condition 2:**
The market segments needs to be 'Accessible' by a marketing effort in a financially viable manner.

**Condition 3:**
The market segment needs to be large enough to be - 'Profitable'.

**Condition 4:**
Certain type of 'data' must be available about the market of significantly important segmentation variables. Then only effective segmentation can be executed.
3.5 Benefits of Market Segmentation:

- STP enhances company's competitive position by providing direction and focus for marketing strategies such as targeted advertising, new product development and brand differentiation.
- Examining and identifying growth and expansion opportunities in the market through the identification of new consumers, growth segments or new product uses.
- More effective and efficient matching of company resources to targeted market segments promises the greatest return on marketing investment.

3.6 Distribution Management in Rural Marketing of FMCGs:

One of the major challenges faced by FMCG industry in rural marketing is managing distribution management. Some of the hurdles in reaching to rural consumers in present scenario are given below:

- Town areas in rural place are connected with highways, but long distances between villages make it costly affair for distribution of products.
- Village settlement are still scattered and lack of proper road connectivity is still a major issue in rural marketing of FMCG.
- Villages lack in proper retail outlets.
• Sales promotion means in scattered settlement is costly affair, attracting rural consumers in scattered settlement is major hurdle. The process of marketing remains in effective due to lack of awareness about the availability of product.

Analyzing distribution management for FMCG industry, it is evident that companies producing FMCG's uses their own distribution management system or model. Distribution management varies from company to company and product to product. Colgate uses haats and shandei as rural retail outlet, this distribution strategy is time based and place oriented. Colgate additionally deems every distributor as customer, the incentive plan 'Colgate Dil Se', includes all stockist as customers. Emami adopted new rural distribution management, a super-stockist network for rural areas, with special thrust on states like West Bengal, Andhra Pradesh, Uttar Pradesh and Maharashtra, so in this sense marketing strategies are based on time & place factor and accordingly as per product profile companies and consumers can balance the required needs mutually.

Rural Marketing distribution management differs from company to company and product to product, it is true, if further analysis is done about other major giants like HUL, Tata and Godrej uses rural consumers as channels for further distribution. The project like 'Shaktimaans' and 'Shaktiammas' of HUL involves rural people as its distributors, bicycles are used by Shaktimaan distributors rural (men) while women (Shaki amma) uses their own households as retail outlet.
HUL states that 'Shakti' distributors (men and women) earns Rupees 7,00/- to Rupees 1,000/- per month. Analyzing various distribution management systems of company, following model can be presented for rural areas:

**Figure 3.6**

**Rural Distribution Model for FMCG**

From the Figure 3.6 rural distribution model for FMCG following distribution channels can be used by company as per product profile:

- Companies should create a dedicated distribution management/model for rural marketing of FMCGs.
• From the National level C&FA rural marketing/distribution must
  start which should focus on distribution of products to rural
distributor.

• From rural distributor the product must pass on to rural sub-
distributor or wholeseller.

• Sub-distributor or rural wholesaler should further pass on the
FMCG products to rural retailers or rural hub retailers (i.e.
which can affectively distributes FMCG products nearby
villages).

  The above mentioned rural distribution model should be a
dedicated distribution strategy specifically for rural areas by
FMCG companies.

3.7 Rural Marketing Mix:

FMCG industry may be a profitable venture, but analyzing the
top ten companies in Chapter 1, it is evident that the time period to
create brand value in rural areas need special focus on right kind of
marketing mix. It is true that FMCGs are priced low, but offering a
product at a lower price alone does not create market in rural areas.

Marketing mix in rural areas (even in urban areas) operates on
the concept of 'Niche Marketing'. Niche marketing refers to a process
whereby products are offered as per needs of consumer in a highly
competitive market. It is clearly evident that many companies in
various divisions of FMCG industry are offering various brands which
are further divided into multiple variants, this phenomenon shows that socio-economic and demographic variables clearly provides the base for adopting appropriate marketing mix.

Traditionally marketing mix relied on 4P's - Product, Price, Promotion and Place, this concept is valid even today, but FMCG industry have restructured its internal environment as per changing scenario in external environment. The 4 P's are further divided in sub-set to meet the wants and needs of consumers.

The FMCG industry marketing mix in rural areas is best explained by Jobber & Lancaster (2003), it is explained that each element of the 4 P's requires that decisions be taken after assigning a value to each variable under it. It is correctly stated that each element of 4 P's must be assigned values as per product profile. The value to each P's are :-

Figure 3.7
Marketing Mix for FMCG Products
- **Price**: Price level, prices changes/variations, discounts (discount pricing) and special.
- **Product**: Quality, features, benefits, styles, design, branding and packaging.
- **Place**: Place can include direct or indirect channels to market, i.e., distribution network and model through which product reaches in market. It can also be stated as retail outlets, market location and logistics.
- **Promotion**: It can include any kind of communication; direct or indirect. Advertising, publicity, sales promotion and personal selling.

Apart from 4 P's, rural marketing of FMCGs must concentrate on 4 A's for ultimate success. The 4 A's are - Affordability, Availability, Awareness and Acceptability. 4 A’s are most important factors to attain the desired target by FMCGs companies.

- **Affordability**: Rural consumers seek value for money, rural consumers income must be taken into consideration for pricing factor so that rural consumer can afford to buy a firms product.
- **Availability**: Products must be available at the retailer's shelf. Stock keeping unit (SKU), plays very important role. Village level shops or retailers keeps lesser number of products, if product reaches the village level retailers or retail outlets then
chances are high that product is sold. Village level retailers lack credit facility, from companies, in order to make higher sales at village level, companies must provide credit facility, this in turn will influence retailers to promote products.

- **Awareness**: Awareness about the product is must. Rural people gets many information at Tehsil Level (Town area). Companies must focus on advertising in town areas, rural retail outlets of village level or SKU’s becomes most appropriate place after Tehsil level for advertising, promotion and contacting prospective rural consumers along with enhancing rural consumer buying behavior. Language, color, packaging, logo, pictures are crucial elements of awareness. State level distributors (stockiest), wholesalers and SKU should be used by companies for removing communication barriers. Radio, T.V., banners, PRI's and private professional like school teachers, doctors and lawyers can be sued for communication purpose.

- **Acceptability**: Any FMCG product launched in rural areas must provide the feeling in rural consumers mind that product is rightly designed as per their needs & wants. The various variables of rural consumer behavior must be taken into consideration in order to sustain and complete with rivals.
3.8 Some Rural Marketing Strategies for FMCGs :

Rural marketing mix plays an important role. A product profile defines what kind of rural marketing strategies have to be adopted. Some important rural marketing strategies for FMCGs are :-

- New product should meet out the needs of rural consumers. Constant feedback from village level SKU or town area retailer, must be taken by state level distributor and should be passed on to company. This practice will help companies to modify the existing product and helps in creating additional consumers.

- Packaging must be good enough, i.e., it should protect content from any damage.

- Reusable packaging is liked by rural consumers; hence companies should focus on refill packs to increase sales. Shampoo segment of FMCG industry can benefit from this strategy alongwith food segment (if packaging is done in plastic jars in attractive fashion, eventually it leads to brand loyalty).

- Brand name plays important role in rural areas. A brand may be recognized by packing, logo, color, shape, design or any particular characteristics which as a matter company has earned over the period of time, for example, Parle-G biscuit still carries the picture of a little child, rural consumers can easily understand pictures, logo, marks, shape and design. Brand name
must be created inorder to gain maximum sales revenue in the long run.

- Small packing is best suitable for rural consumers. Sachets or small bottles attract rural consumers to buy company's product. Companies may offer products in small packs but should price them like Rs. 1.50/- or Rs. 2.75/- 5 ml., the pricing should remain in round figures.

- It is time tested experience that FMCG companies which remains in rural market uses slow strategy for penetration, if operating on low finance profile while established companies can penetrate rural markets at rapid pace. The new entrants must consider ability and capability to sustain and expand in rural market accordingly.

- Low cost products are most liked by rural consumers. A company can decrease volume to operate above breakeven point and may increase prices after consumer base is created.

- Companies must ensure that wholesalers and retailers dealing rural consumers charges only that much of price which is stated as MRP. Rural retailers’ charges higher amount for products sometime, it negatively impacts the rural consumer perception and Damages Company's goodwill.
- FMCG products like soaps, shampoos, cosmetics and sanitary pads must always be available at village level SKU. For example-mostly sanitary pads for women are not available in rural areas (village level), companies like HUL, P&G or any new entrants can gain maximum advantage if availability is ensured at village level.

- Unemployed rural youths can be employed on part time basis for marketing of FMCG products.

- Absolute availability of products at Tehsil level or large villages must be ensured.

- FMCG companies must focus on formulating additional alternative methods to enhance distribution network. Rural consumers feel safe, secure and happy if company officials directly contact them, this helps in building strong consumer-seller relationship.

- Mela, Shandies, Haats, Gram Sabha and religious functions are best place for advertising company's product. Rural consumers are influenced at these places most.

- Agricultural dealers' petrol pumps, post offices, groceries shop, pan shops, schools and milkman can be channelized for rural marketing of FMCGs as alternative means to increase sales.
• National channel like D.D. is best way for advertising company's products in rural areas, followed by DTH operators. Radio and Cinema are best way to remove language barrier at village level and it also increases the awareness level among rural consumers.

• Rural transport system is one of the best ways to advertise the product. Buses, jeep, horse/camel/bullock carts cover many villages, these transport modes can be used to cover scattered village settlement.

    Rural marketing of FMCGs can only be successful if proper marketing plan is formulated. Rural marketers must formulate such marketing mix which meets out rural consumer needs.

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