

FMCG and Indian Rural Markets; the Need for Digital Literacy In Mainstreaming the Rural Consumers – A Review

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Abstract: This is a review article which emphasizes the need for corporate sectors to focus on rural consumers, with a view to bring them into the mainstream of global marketing. It is the corporate responsibility of these sectors to spread the knowledge of digital technology to rural and remote areas and distribute the technological benefits evenly which helps to expand the business world. Especially Fast-Moving Consumer Goods(FMCG) industries should focus on rural consumers as majority of them are unable to enter the digital marketing/on-line shopping because of technological illiteracy due to their existing socio-economic conditions. In this backdrop, the present study tried to find out the possibilities of transition of rural consumption pattern from traditional to modern through digital literacy.

Keywords: Global Marketing, Digital literacy, Fast Moving Consumer Goods (FMCG) industries, Rural Consumers, Consumption pattern.

Date of Submission: 27-01-2019

Date of acceptance:09-02-2019

I. Introduction

'Digitalization' plays a key role in the era of Globalization which brings the whole world into one platform and facilitates to satisfy the numerous wants of the world population. Global marketing system or digital marketing through on-line makes convenient to the consumers by providing them what all goods and services demanded by them into their door steps with one 'click'. Here a question will arise; are the fruits of digital technology reached to the rural people, and are they entered into the global marketing system? No doubt that, Globalization has brought drastic changes in the marketing system of the world. It opened vast avenues for marketing to the urban and rural segments of the consumers. In this direction, Fast Moving Consumer Goods (FMCG) Industry in India has become one of the fastest developing sectors and placed as the fourth largest sector of the Indian economy where the products have very fast turnaround rate. In fact, the rise in the income of the middle-income group is one of the major factors for the growth of the Indian FMCG market. These industries supply not only packaged food products and consumer non-durable goods but also house care products, plastic goods, glassware, batteries, bulbs, cosmetics, pharmaceuticals toiletries etc. It can be understood that the FMCG industries are highly concentrated on the urban areas and high-priced branded products which are not affordable to the rural people. Here there is a need for FMCG industries to realize that, the opportunity of growth of their markets in the rural areas is huge by means of enhanced penetration in to the rural market. Hence the corporate sector must take up the responsibility to educate the rural consumers by conducting awareness programs in rural areas to opt for FMCG products which are availing in global market through digital marketing/on-line shopping. And the corporate sector should feel the corporate responsibility by training the rural people to avail the internet facilities. They should also provide physical and financial assistance to strengthen the FMCG market networking which further leads to the enhancement of 'digital marketing' system.

II. Research Questions

Here are some research questions before us.

- 1) Is digital technology reached to the rural India in the light of global villages?
- 2) Are the rural people get benefitted from digital technology especially in the global marketing system?
- 3) Is digital marketing bringing any change in the consumption pattern of rural people?

III. Aim

The basic aim of the present paper is to examine the usage of digital technology by the rural mass in marketing the consumption goods with a view to understand whether they are benefitted by the digital marketing. The paper aims to highlight the need for inclusion of the rural consumers in global marketing system which further expands the business activities of the companies by increasing its supply in order to meet the increased demand for their products.

IV. Objectives

The objectives of the present study are as follows.

1. To review the consumption pattern of the rural people in the light of global marketing.
2. To emphasize the global marketing system i.e digital /on-line marketing in the era of globalization.
3. To examine the consumption pattern of the rural people with a view to bring the rural consumers into the mainstream of global marketing more specifically FMCG markets through digital literacy.

V. Research Methodology

The present work is a review article based on secondary sources of data obtained from reputed journals, census and business reports from various websites. The researcher used the facts and information from the related fields with a view to analyze the present marketing system in rural India with reference to Fast Moving Consumer Goods (FMCG) markets.

VI. Need Of The Study

‘Digitalization’ is a buzz word of the present world of Globalization, as technology plays a key role and being adopted by all over the world. Here a question will arise that are the fruits of technology reached to the rural areas, especially the global marketing which has become a simple tool to get what all goods and services the consumers need, at their door steps. In this backdrop the present study made an attempt to highlight the role of corporate sector in bringing the rural consumers into the mainstream of FMCG markets.

VII. FMCG Firms And Products In India- A Glance

India ranks among the top markets for Fast Moving Consumer Goods (FMCG) where 100 crore people depend on these companies to meet their needs. In India, among the ten top FMCG markets, Hindustan Unilever Limited ranks as the topmost FMCG firm in the country and the brand has 35 brands spanning over 20 distinct categories range from soaps, shampoos, cosmetics, food items and water purifiers among others. The second largest FMCG firm is Colgate Palmolive and its products range from oral hygiene to soaps and detergents. The FMCG segment of the India Tobacco Company (ITC) offers a wide array of products lining up in food, personal care, branded apparel, safety machines, cigars, incense sticks and education sector. Nestle is one of the largest global food companies which produces beverages, chocolates, milk products and nutrition, prepared dishes and cooking aids and vending and food services which has been producing high nutritional value products. Parle Agro is an Indian company operating in the food and business industry and has major mark in the sector through its biscuit and canned fruit juice items. Britannia Industries limited is the largest brand in the organized bread market products. Marico limited has multiple brands in men’s grooming, fabric, edible oils, skin care, hair care and health foods. Procter and Gamble (P&G) products are of grooming, personal hygiene, child care, health and well-being and household use. The Godrez group produces especially household items, personal wash and hair care products. Amol is an extremely trust worthy brand in the dairy and consumer product industry. (Anjali Lakhi, 2019)

When we glance at the products being supplied by FMCG firms, it can be understood that the FMCG companies are supplying the products as per the tastes and income of the elite and middle-income groups. If the FMCG firms concentrate on the needs of rural consumer and produce them at low prices and create awareness about on-line shopping, there is vast scope for the expansion of FMCG markets even in rural areas.

VIII. FMCG Markets And Indian Rural Consumers – A Review

In India 68.84 percent of population lives in rural areas in around 6,30,000 villages. Of these 0.5% has a population about 10,000 and 2% have population between 5,000 and 10,000 around 50% has a population less than 200. (Census 2011). The Indian rural market comprises of around 840 million people which generates around 50 per cent of the country’s Gross Domestic Product (GDP). This population is always ignored by private sector due to its low -income level, low literacy rate and high cost because of improper infrastructure facilities. The rural market was never looked upon as a profit center due to unavailability of proper distribution channels and media, low awareness and high competition from unorganized players.(Prmod Patil, 2017).

Interestingly, it is found that the FMCG and consumer durable companies have more than 20,000 to 50,000 consumers in rural market. So, in their view, it is not rural India which is rural. But here the noticeable

point is, not all rural people. In fact, the rural consumers are heterogeneous in nature which make it difficult to sell the FMCG products in rural markets. The percentage of FMCG consumption in rural India accounts for 34 % of the total consumption and the major categories of FMCG products like personal care, hot beverages and fabric care accounts for 40% of total FMCG consumption. The reason for low sharing of FMCG market by rural people is unorganized nature of FMCG markets in rural areas.

Many research studies reveal that rural marketing plays a crucial role in achieving economic development of a country especially in India where nearly 70 percent of the population are living in rural areas. *C.Nielsen, TechSciResearch Dabur Report (2017) on 'Indian Rural market'* found that Rural Fast Moving Consumer Goods (FMCG) market accounts for 40 per cent of the overall FMCG market in India, in revenue terms. And The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25. The leading retailers generates over 40–45 per cent of its domestic revenue from rural sales, while other companies earn 30- 35 per cent of their revenues from rural areas. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural areas. English and Hindi are not understood by many people. Due to these problems, rural consumers, unlike urban consumers do not have exposure to new products, and unavailing digital technology which has become a constraint to use FMCG products.

Annol Sharma Dr Ramna Singla(2017) in their work on '*Rural Marketing In India: Strategies And Issues Ahead*' clearly distinguished that rural marketing is merely different from other types of marketing. The study describes about the customer's buying behavior, need and preference of various people who are residing in villages. It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. Out of it, TV covers 20 per cent of the rural population but the actual viewership is meager. The study explains the reasons for inadequate rural marketing such as low levels of literacy, the tradition bound nature of rural people, their cultural barriers and their overall economic backwardness that add to the difficulties of the communication task in the marketing activities. Moreover, the communication infrastructure like internet which builds the world wide networking of marketing is extremely inadequate in the rural parts of our country. The study concluded that an intensive effort in order to provide the basic facilities to rural consumers is the need of the hour since the rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets. Rapid development in infrastructure and wide opportunities will attract the companies to target rural market. The study concludes that some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc.

Prof.C.K.Prahlad& Hammond (2002) in their studies on '*Serving the Poor, Profitability*' rightly forecasted and predicted that , the poor or the bottom of the pyramid people too, combined or in aggregate, constitute a significant marketing factor to be explored and served profitably by business firms, including the MNCs with vast production and marketing capacities. *Verma &Saroj.K.(2013)* in their work on '*Rural Marketing in India*' stated that rural consumer is different as to Urban consumer in terms of Income, Education, Family back ground and other demographic aspects . In recent decade, Rural markets offer a great scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities (Rani &Shrivastav, 2014).

Dr. M. A. Durairangaswamy and Mr. Anish K. Ravi (2017) in their paper on '*Rural Marketing*' have discussed about the shift of multinational corporations' concentration towards the Indian rural market. They opined that most marketing companies treat the consumers as homogenous mass. But every rural area is different, and the responsiveness of the rural consumers need has to be kept in mind. Multinational companies have targeted consumers in developed countries and in developing countries. Marketing to the poor has been seen as a burden with the problems like low purchasing power of consumers and difficulties in communication and physical distribution. People living in the rural areas are driven by customs and traditions and they adjust to new trends. Even rich and educated classes of farmers do not branded and stylish garments and accessories. Rural consumers are taking caution in buying new products and are slow decision makers. They would buy the product only after they have tried the product further being personally satisfied. The study concluded that, rural market has a remarkable potential that is yet to be tapped. A sizeable increase in rural income will result in an increase in the buying power.

P.Devaraju (2017) in his work on '*Rural Marketing in India: Problems and Solutions*' opined that the concept of rural marketing incorporates the marketing of rural specific goods and services leading to exchange between rural and urban markets. The rural markets offer huge opportunities for enhancing businesses. It can be done with the help of the technology and customized services designed to satisfy the communication requirements of rural masses. The study concludes that communication networks especially internet facilities need to be strengthened in the rural India. *Thomas Asha E. (2013)* in her work on '*Innovative Practices in Rural Marketing: An Indian Perspective*' highlighted that the key to succeed in rural market always depends on

how efficiently one can comprehend the psychology of rural consumers and their needs. The researcher has studied the emergence of rural markets in India context and the possible challenges and issues that will be faced by the companies trying to enter Indian rural markets. The study concludes that in Indian perspective innovations in rural markets should be based on 4 As namely: Awareness, Acceptability, Affordability and most importantly Availability. Exploiting new ideas should always lead to creation of new product or service which lowers the cost at the same time has the potential to meet the demand.

IX. Summary And Conclusion

To sum up, in rural areas, due to illiteracy and various languages and dialects, rural consumers, unlike urban consumers do not have exposure to new products, and unavailing digital technology which has become a constraint to use FMCG products. An intensive effort to provide the basic facilities to rural consumers is the need of the hour since the rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets. Rapid development in infrastructure and wide opportunities will attract the companies to target rural market. People living in the rural areas are driven by customs and traditions and they do not adjust to new trends. Even rich and educated classes of farmers do not brand and stylish garments and accessories. Rural consumers are taking caution in buying new products and are slow decision makers. The key to succeed in rural market always depends on how efficiently one can comprehend the psychology of rural consumers and their needs. The rural markets offer huge opportunities for enhancing businesses. It can be done with the help of the technology and customized services designed to satisfy the communication requirements of rural masses. In Indian perspective innovations in rural markets should be based on Awareness, Acceptability, Affordability and most importantly Availability. Exploiting new ideas should always lead to creation of new product or service which lowers the cost at the same time has the potential to meet the demand.

To conclude, there is difference in the sale of the FMCG products, as processed foods are supplied to the urban areas and personal care items to rural areas. Since the main goal of FMCG companies is to gain more profit by offering high-priced branded products, their targeted consumers are urban people. Whereas if these companies encourage the rural consumers by offering low-priced daily consumer goods, then the FMCG sector would be strengthened in all over the world. Of course, in recent years some of the FMCG companies have attracted the rural consumers by offering low-priced products and increasing their sales volume to meet the rising demand of the consumers. But not all companies who are engaged in the marketing of FMCG sector. The corporate sector should feel it as corporate responsibility to encourage the rural mass to opt for the FMCG products thereby it can stream-line the rural consumers to enter the global marketing. Mass media especially TV channels will create knowledge about the FMCG products. Moreover, usage of internet in rural areas will increase the demand for FMCG products as it facilitates digital marketing. By providing internet facilities in rural areas at free of cost, the corporate sectors can make them to adopt new technology. Educating the rural people about the digital marketing/ on-line shopping through technological literacy by giving training to use the digital technology. If the corporate sectors provide financial assistance to the rural people to purchase personal computer systems or mobile phones, it facilitates the adequate use of internet.

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