

Impact of Rural Marketing Strategies on Branded FMCG's: A Case Study in Ahmednagar District

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ABSTRACT

The bottom of the pyramid will continue to grow and emerge as a huge potential market for manufactured goods and services in an unprecedented manner in the years to come. This trend would provide a perennial population dividend for Fast Moving Consumer Goods companies. According to a report by Nielsen, the Indian rural market is tipped to grow more than tenfold to USD 100 Billion by 2025, presenting a huge opportunity for Fast Moving Consumer Goods brands. The Fast Moving Consumer Goods giants in India like Hindustan UniLever, ITC, Britannia, Nestle, Procter and Gamble etc. have already proven their sales performance in rural markets and continue to extend their sales. The Fast Moving Consumer Goods companies over the years have developed and implemented rural marketing strategies to overcome the challenges in rural markets. The major challenges in rural markets are Awareness, Affordability, Availability and Acceptability of their brands. The Fast Moving Consumer Goods companies need to target and gain their profitability through customized marketing strategies to meet these challenges as well as consider the factors that motivate rural consumers to buy Branded Fast Moving Consumer Goods and their purchase decision on Branded Fast Moving Consumer Goods. The Fast Moving Consumer Goods companies need to measure also the effectiveness of rural marketing strategies for reengineering existing strategies. This paper focuses on to measure the effectiveness of existing rural marketing strategies of Branded Fast Moving Consumer Goods companies in Ahmednagar District.

Key words: Acceptability , Affordability , Availability, Awareness, FMCG.

Introduction

The role of marketing in a firm, the strategies it pursues in influencing consumers in their buying decisions and eventually meeting their needs have had gone through a dynamic change over the years. Growth of economies world-wide, shifts in demographic characteristics of population and rapid globalization, among others, have prompted companies, especially multi-national, to rethink and re-engineer their marketing strategies to stay profitable and competitive in market. This segment of 72% of Indian population; 12% of world population live in Indian rural areas, providing a population dividend for Fast Moving Consumer Goods companies. Rural India has opened up new opportunities as well as challenges for firms competing to share the market. The Indian rural market has gained significance in the recent times as the overall economic growth of the country has led to an improvement in the living standards of the rural people. The boon of the Green Revolution combined with Government initiatives such as subsidies, loan waivers, minimum support prices and employment guarantee schemes have led to an increase in their purchasing power.

The country also witnessed the entry of many well-known Multi National Companies that have been successful in marketing Fast Moving Consumer Goods (FMCGs) brands in the international market. Then there was a proliferation of brands, fueling intense competition, resulting in the saturation of urban market. This forced companies to look for greener pastures in new rural markets. All eyes turned to the world's most promising potential market of 833 million of rural consumers, who had yet to taste the fruits of modernity, a promise that seemed ready to be fulfilled because of the explosion in the buying capacity in the rural market. So the FMCG companies have formulated different marketing strategies to attract the rural consumers and overcome the challenges.

Statement of the Problem

The rural marketing strategies of FMCG companies are focused to attract the rural consumers and meet the challenges in rural market. In this context, the FMCG companies have designed and implemented a number of marketing strategies. Measurement of the effectiveness of these strategies is difficult in nature. However the companies need to know the effectiveness of implemented strategies for sustaining and increasing their growth in the market.

Objective of the Study

The objective of this study is to measure the effectiveness of rural marketing strategies implemented by FMCG companies in Ahmednagar District.

Research Design

The nature of the study is Descriptive type. The stratified random Sampling technique was used to collect the primary data. The primary data was collected from 506 respondents from 1311 Panchayats under eleven taluks in Ahmednagar Distict. The respondents are rural consumers. The secondary data was collected from Journals. The multiple regression analysis is used to analyze the primary data.

Results & Discussion

Regression Analysis of Effectiveness of Rural Marketing Strategies on Awareness, Availability, Affordability and Acceptability The FMCG companies have developed and implemented number of rural marketing strategies to meet the challenges in rural marketing. The major challenges are Awareness, Availability, Affordability and Acceptability. This analysis was done to find the effectiveness of the strategies. The researcher has taken Effectiveness of Rural Marketing Strategies is as dependent variable (Y) and Independent variables are Awareness(X1), Availability(X2), Affordability(X3) and Acceptability(X4).

Table 1: Showing Variables in the Multiple Regression Analysis

Variables	Unstandardized Coefficients	S.E of B	Standardized Coefficients	t value	P value
X1	0.026	0.049	0.026	0.542	<0.001*
X2	0.087	0.057	0.083	1.512	0.588
X3	0.510	0.060	0.433	8.501	0.131
X4	0.142	0.062	0.108	2.314	<0.001**
constant	10.944	1.728		6.335	0.021*

The multiple correlation coefficient is 0.570 measures the degree of relationship between the actual values and the predicted values of the effectiveness of rural marketing strategies. Because the predicted values are obtained as a linear combination of Awareness (X1), Availability (X2) Affordability (X3) and Acceptability (X4) the coefficient value of 0.570 indicates that the relationship between Effectiveness of Rural Marketing Strategies and the Four independent variables is quite strong and positive. The Coefficient of Determination R-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of R square is 0.325 simply means that about 32.5 percent of the variation in Effectiveness of rural marketing strategies is explained by the estimated SRP that uses Awareness, Availability, Affordability and Acceptability as the independent variables and R square value is significant at 1 % level. The Multiple Regression Equation is $Y = 10.944 + 0.026X1 + 0.087X2 + 0.510X3 + 0.142X4$ The above equation shows that the Coefficient of X1 is 0.0261 represents the partial effect of Awareness on effectiveness of rural marketing strategies; holding Availability, Affordability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.0261 for every unit increase in Awareness and this coefficient value is significant at 1 percent level. The Coefficient of X2 is 0.087 represents the partial effect of Availability on effectiveness of rural marketing strategies; holding Awareness, Affordability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.087 for every unit increase in Availability and this coefficient value is not significant at 5 percent level. The Coefficient of X3 is 0.510 represents the partial effect of Affordability on effectiveness of rural marketing strategies; holding Awareness, Availability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.510 for every unit increase in Affordability and this coefficient value is not significant at 5 percent level. The Coefficient of X4 is 0.142 represents the partial effect of Acceptability on effectiveness of rural marketing strategies; holding Awareness, Availability and Affordability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.142 for every unit increase in Acceptability and this coefficient value is significant at 1 percent level.

Findings

- 1.The effectiveness of strategies for availability of branded FMCGs in rural market is very low.
- 2.The Affordability of Brands is rated high in effectiveness of rural marketing strategies for those earning more than Rs 12,000 per month.
- 3.The effectiveness of rural marketing strategies depends highly on how best the challenges in rural marketing are met by the companies.

Conclusion

The rural market has opened up huge opportunities to the marketers who need to fully understand the dynamics of rural market and convert their business intent into strategies that can sustain as well as increase their penetration into rural markets. The FMCG companies in this regard need to plan more inclusive corporate strategies with thrust on rural markets. The effectiveness of existing marketing strategies has been minimal. The manufactures, have to therefore, need to focus on the Availability of their products in rural markets for convenient purchase by rural consumers at an affordable price. This re-orientation may force the FMCG companies to re-evaluate their marketing strategies.

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