



**RURAL MARKETING OF FMCG COMPANIES IN INDIA- SOCIAL CHANGES
AND THE GROWTH OF INDIAN RURAL MARKET**

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Abstract

The Fast Moving Consumer Goods (FMCG) sector is a corner stone of the Indian economy. This sector touches every aspect of human life. The FMCG producers now realize that there is a lot of opportunity for them to enter into the rural market. The sector is excited about the rural population whose incomes are rising and the lifestyles are changing. There are as many middle income households in the rural areas as there are in the urban. Thus the rural marketing has been growing steadily over the years and now is bigger than the urban market for FMCGs. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups and the same is true in India. Over 70% of sales are made to middle class households today and over 50% of the 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 lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumers in a big way. But the rural penetration rates are low. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Many companies including MNCs and regional players started developing marketing strategies to lure untapped market. While developing the strategies, the marketers need to treat the rural consumers differently from their counterparts in urban because they are economically, socially and psycho-graphically different to each other. This paper covers the attractions for the FMCG marketers to go to the rural, the challenges, the difference between the rural and the urban market and the suitable marketing strategy with the suitable example of companies and their experience in going rural.

Key Words: Urbanization, Tele-Info Centers, E-Choupal, Haats, Mandis, Mela, Local Bazaar.

1. INTRODUCTION

The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty odd years. The FMCG sector is a corner stone of the Indian economy. This sector touches every aspect of human life. Indian FMCG market has been divided for a long time between the organized sector and the unorganized sector. Unlike the US market for FMCG which is dominated by a handful of global players, India's 460 billion FMCG market remains highly fragmented with roughly half of the market going to unbranded, unpackaged and homemade products. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Globally, the FMCG sector has been

successful in selling products to the lower and middle income groups, and the same is true in India. Over 70% of sales are made to middle class households today and over 50% is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumer in a big way. MART, the specialist rural marketing and rural development consultancy, has found that 53 per cent of FMCG sales and 59 per cent of consumer durable sales lie in rural areas. Of two million BSNL mobile connections, 50 percent went to small towns and villages; of 20 million Rediffmail subscriptions, 60 percent came from small towns; so did half the transactions on Rediff's shopping site. According to a study by Chennai-based Francis Kanoi Marketing Planning Services Pvt Ltd, the rural market for FMCG is worth Rs.65,000 crore, for durables Rs 5000 crore, for tractors and agri-inputs Rs.45,000 crore and two- and four-wheelers, Rs.8000 crore.

2. FMCG MAJORS EYE RURAL INDIA

The fast moving consumer goods (FMCG) sector is an important contributor to India's GDP. It is the fourth largest sector of the Indian economy. The FMCG market is estimated to treble from its current figure in the coming decade. Penetration levels as well as per capita consumption of most product categories like jams, toothpaste, skin care and hair wash in India are low, indicating the untapped market potential. The growing Indian population, particularly middle class and the rural segments, present an opportunity to makers of branded products to convert consumers to branded products. The Indian rural market with its vast size and demand base offers a huge opportunity for investment. Rural India has a large consuming class with 41 percent of India's middle class and 58 percent of the total disposable income.

FMCG sector in India

The Indian FMCG sector has a market size of \$13.1 billion. Well established distribution networks, as well as intense competition between the organized and unorganized segments in the characteristics of this sector. FMCG in India has a strong and strong MNC presence across the entire value chain. It has been predicted that the FMCG market will reach \$33.4 billion in 2015 and \$11.6 billion in 2003. The middle class and the rural segments of the Indian population are the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products. The Indian economy is surging ahead by leaps and bounds, keeping pace with rapid urbanization, increased literacy levels and rising per capita income. The FMCG sector consists of non-durable products, which broadly include personal care, household care and food and beverages. It is largely classified into organized

and unorganized segments. The sector is buoyed by intense competition between these two segments. Besides competition, it is marked by a robust distribution network network coupled with increasing influx of MNCs across the entire value chain. The sector continues to remain highly fragmented. India's FMCG sector creates employment for more than three million people in downstream activities. The total FMCG market is in excess of Rs.850 billion. It is currently growing at double-digit rate and is expected to maintain a high growth rate.

EXPORTS

India is one of the world's largest producers of a number of FMCG products but its exports are a very small proportion of the overall production. Total exports of food processing industry were \$6.9 billion in 2008-09 and marine products accounted for 40 percent of the total exports. Though the Indian companies are going global, they are focusing more on the overseas markets like Bangladesh, Pakistan, Nepal, Middle East and the CIS countries because of the similar lifestyle and consumption habits between these countries and India. Hindustan Lever Limited (HLL), Godrej Consumer, Marico, Dabur and Vicco Laboratories are amongst the top exporting companies.

INVESTMENT IN THE FMCG SECTOR

The FMCG sector accounts for around 3 percent of the total FDI inflow and roughly 7.3 percent of the total sectoral investment. The food processing sector attracts the highest FDI, while the vegetable oils and Vanaspati account for the highest domestic investment in the FMCG sector.

INVESTMENT POTENTIAL IN RURAL MARKET

The Indian rural market with its vast size and demand base offers a huge opportunity for investment. Rural India has a large consuming class with 41 percent of India's middle class and 58 percent of the total disposable income. With population in the rural areas estimated to have risen to 153 million households by 2009-10 and with higher saturation in the urban markets, future growth in the FMCG sector will come from increased rural and small town penetration.

IMPULSE TO GO RURAL

There are many reasons that has urged the FMCG companies to enter the uncharted territory of rural India.

Some of the attractions are discussed below;

1.1 Large Population

The rural Indian population is large and its growth rate is also high. Over 70% India's one billion plus population lives in around 627,000 villages in rural areas. This simply shows

the great potentiality rural India has to bring the much needed volumes and help the FMCG companies to bank upon the volume driven growth.

	Area	Households Population
Rural	72.6	74.6
Urban	27.4	25.4
All-India	100	100

2.2 Rising Rural Prosperity

India is now seeing a dramatic shift towards prosperity in rural households. To drive home the potential of rural India just consider some of these impressive facts about the rural sector. As per the National Council for Applied Economic Research (NCAER) study, there are as many ‘middle income and above’ households in the rural areas as there are in the urban areas. There are almost twice as many ‘lower middle income’ households in rural areas as in the urban areas.

2.3 Distribution of People income-wise

The Indian middle class, target consumers for many companies, is expected to swell up to 267 million people in the next five years, up 67 percent from the current levels, thus providing a great market opportunity for firms, according to NCAER. A report by National Congress for Applied Economic Research’s (NCAER) Centre for Macro Consumer Research said by 2015-16, India will be a country of 53.3 million middle class households, translating into 267 million people falling in the category.

As per the study, which uses ‘household income’ as the criterion, a family with an annual income between Rs. 3.4 lakh to Rs 17 Lakh(at 2009-10 price levels) falls in the middle class category. NCAER also said with the increase in village incomes and growing urbanization, the percentage of rural population in the total middle class of the country will reach 48.8 percent by 2025-26 from 37.4 percent at present. This apparently is the result of development work which happened under the Five Years plans and the other special programmes such as land reforms, rural electrification, rural communication and rural credit facilities, etc. The absolute size of despite the high rural share in these categories, The rural penetration rates are low, thus offering tremendous potential for growth. According to Mr. D. Shivakumar, Business ,Head (Hair), Personal Products Division, Hindustan Lever Limited, the money available to spend on FMCG (Fast Moving Consumer Goods) products by urban India is Rs. 49,500 crores as against is Rs. 63,500 crores in rural India.

3. Growth in Market

The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market. The market has been growing at 3-4% per annum adding more than one million new consumers every year and now accounts for close to 50% of volume consumption of FMCG. The growth rates of lot of FMCG are higher in rural markets than urban markets. In product categories like toilet soaps, talcum powder, cooking oil, vanaspati ghee, tea, cigarettes and hair oil, the share of rural market is more than 50%. The estimated annual business from rural markets was Rs 1,23,000 crore, comprising Rs 65,000 crore of FMCG, Rs 5,000 crore of durables, Rs 45,000 crore of agricultural inputs including tractors and Rs 8,000 crore of two-wheelers and four wheelers.

Twenty nine per cent of the rural people own cars, 27 per cent own colour televisions, 24 per cent own refrigerators and 10 per cent own washing machines, which points to the untapped potential in the rural areas.

Year	2011	2020
Turnover (in lakh crores)	1.25	4.00

In a Press Release on January 3, 201, The Associated Chambers of Commerce and Industry in India (ASSOCHAM) have forecasted an extremely robust growth in the FMCG sector. The Press Release is detailed below:

Fast Moving Consumer Goods (FMCG) will be witnessing more than 50% of growth in its Rural and Semi-Urban Segments by 2012 which in totality is projected to grow at an CAGR of 10% to carry forward its market size to over Rs.1,06,300 crore from present level of Rs.87,900 crore according to an analysis carried out by the Associated Chambers of Commerce and Industry In India (ASSOCHAM).

4. Effectiveness of Communication

An important tool to reach out to the rural audience is through effective communication. "A rural consumer is brand loyal and understands symbols better. This also makes it easy to sell look - alike", says Mr. R.V Rajan, CMD, Anugrah Madison Advertising. The rural audience has matured enough to understand the communication developed for the urban markets, especially with reference to FMCG products. Television has been a major effective communication system for rural mass and, as a result, companies should identify themselves with their advertisements. Advertisements touching the emotions of the rural folks, it is argued, could drive a quantum jump in sales.

5. IT Penetration in Rural India

Today there are over 15 million villagers in India who are aware of the Internet and over 300,000 villagers have used it! Ten years back, history was created with Public Call Office phone booths (essentially manually operated payphone facilities), opening in every corner of the country. This experiment was an instant success and contributed to hundreds of thousands of jobs. Over the next two years, WorldTel is expected to provide 1000 centres in Tamil Nadu with 2 to 20 terminals in each centre. If successful, this experiment can be replicated easily to all 27 states leading to over half a million Internet users through this experiment alone! The existing 600,000 public call offices in India will soon be transformed into public 'tele-info-centres' offering a variety of multimedia information services. The rural consumers spend time and money to access higher level information. Studies have indicated that if the content has direct relevance and will result in commercial gains, people in rural areas are willing to pay for information services. Consumerism has altered rural buying behavior in recent years. Spending patterns of those who spend are now adapting to face the technology bug. Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, exam results, career counseling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities of change are becoming visible.

6. Impact of Globalization

The impact of globalization will be felt in rural India as much as in urban. But it will be slow. It will have its impact on target groups like farmers, youth and women. Farmers, today 'keep in touch' with the latest information and maximize both ends. Animal feed producers no longer look at Andhra Pradesh or Karnataka. They keep their cell phones constantly connected to global markets. Surely, price movements and products' availability in the international market place seem to drive their local business strategies. On youth its impact is on knowledge and information and while on women it still depends on the socio-economic aspect. The marketers who understand the rural consumer and fine tune their strategy are sure to reap benefits in the coming years. In fact, the leadership in any product or service is linked to leadership in the rural India except for few lifestyle-based products, which depend on urban India mainly.

7. Company experiences in Going Rural

It becomes amply clear that rural India has to be the hot target in future for FMCG companies as it presents a plethora of opportunities, all waiting to be harnessed. Many of the FMCG companies are already busy formulating their rural marketing strategy to tap the potential before competition catches up. With extensive competition not only from MNCs but also from the numerous regional players and the lure of an untapped market has driven the marketers to chalk out bold new strategies for targeting the rural consumer in a big way. All biggies in the industry be it HLL, Marico, Colgate-Palmolive or Britannia, are showing deep interest in rural India. However not everything is all rosy and there exist some gray areas in the rural strategies also. To increase sales, growing the consumer pie rather than sharing it, has emerged as one of the key strategies being used by FMCG majors. Offering more product variants, categories, price points, sizes and different marketing and distribution channels, all form part of a FMCG corporate's strategy. To gauge the extent of shift in focus of the FMCG giants just sample this: recently Godrej Consumer Products Ltd (GCPL) did something that it hadn't done before; it introduced smaller pack sizes of some of its soaps and put them on the market for Rs 5. And FMCG giant HLL has just launched a green variant of Lifebuoy soap, which, it hopes will be a winner in the rural areas.

Also, don't be too surprised if you village folk having their hair washed and dyed en masse as they are only taking advantage of the live demonstrations conducted by Chennai-based CavinKare Products. So it is clear that rural markets have caught the eyes of FMCG marketers and it is being targeted through experiments in a big way. But is it a right marketing strategy? Or will it prove to be an expensive mistake? Well that's the issue most FMCG companies face today and the one we discuss here. HLL has also established a single distribution channel by consolidating categories. The channel seeks to build a network of sub-stockists. In 2003, about 6000 such sub stockists were appointed to service 50,000 villages with a total population of 250 million. Likewise, at Coca Cola India, to reach out to rural villages, the company started out by drawing up a hit list of high-potential villages from India's various districts. To ensure full loads, large distributors were appointed, and they were supplied from the company's depot in large towns and cities. Full load supplies were offered twice weekly. On their part, the large distributors appointed small distributors in adjoining areas. The small distributors in turn fixed journey plan on a weekly basis. In addition to these innovative distribution techniques, a number of FMCG companies have now started relying on savvy entrepreneurs who trawl the rural hinterland, gathering mountains of village level data. One such entrepreneur, Pradeep Lokhande, distributes used computers to

schools in about 28,000 villages through his Pune-based rural consumer organisation, Rural Relations. Lokhande supplies computers, collects data in exchange, which is then sold to companies. The company now has a database of 35, 000 schools. Besides tapping schools, Lokhande also strikes direct contacts with opinion leaders in villages and recording obscure details of the local economy. This data is now being lapped up. In 1996, Lokhande got his first customers for the data: Tata Tea and Parle. Today, he has clients like HLL, P&G, Marico, Asian Paints, Telco and DSP Merrill Lynch. The focus on rural markets doesn't really come as a surprise. India's rural market has been growing steadily over the years and is now bigger than the urban market for fast moving consumer goods (53% share of the total market).

The annual size in value terms currently estimated at around US \$ 11 billion. According to a study by the National Council for Applied Economic Research (NCAER), there are as many 'middle income and above' households in the rural areas as there are in the urban areas. Moreover, there are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. As per the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the middle and high-income market is expected to grow from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double that of urban India. But despite the high rural share in these categories, the rural penetration levels are low, thus offering tremendous potential for growth. This is why Coke and HLL are looking to increase their reach. And others are following suit. Chennai-based CavinKare Products which makes hair dyes, organises live demonstrations in remote areas where villagers get a free tinge of jet black or blonde or red – free of cost. Brooke Bond Lipton India markets its rural brands through magic shows and skits. Reckitt and Coleman uses NGOs in rural areas to educate customers about product benefits. But rural India isn't just being developed as a consumer market. It is also being developed as a cost effective supply chain. Tobacco and foods major ITC is focusing on the rural segment to bring down its transaction costs. With a judicious blend of click & mortar capabilities, agricultural communities in villages use internet kiosks - known as echoupals - to access ready information in their local language on the weather & market prices.

They are also able to disseminate knowledge on scientific farm practices & risk management. The aggregation of the demand for farm inputs from individual farmers gives farmers access to high quality inputs from established and reputed manufacturers at fair

prices. As a direct marketing channel, virtually linked to the 'mandi' system for price discovery, 'e-Choupal' eliminates wasteful intermediation and multiple handling.

Thereby it significantly reduces transaction costs. While the farmers benefit through enhanced farm productivity and higher farm gate prices, ITC benefits from the lower net cost of procurement (despite offering better prices to the farmer). Launched in June 2000, 'e-Choupal', has already become the largest initiative among all Internetbased interventions in rural India. 'e-Choupal' services today reach out to more than two million farmers growing a range of crops - soyabean, coffee, wheat, rice, pulses, shrimp - in over 21,000 villages through 4100 kiosks across six states. Whether the objective is to increase market share or to lower transaction costs, the end objective is to improve the robustness of the rural supply chain. Moreover, these are scalable and robust models, and, given the right policy environment, it should be possible to seamlessly integrate them in the months and years to come.

Coke's spokesperson: "We are launching a new version of our Sprite brand, Sprite Zero, for the metro audience. Similarly, we have introduced variants of our Maaza brand in the market. We have also introduced 200 ml versions of Diet Coke at Rs 10, compared to the 500 ml Rs 20 version." This, Coke maintains, is its strategy to grow the consumer pie, rather than share it with players in existing categories. It is creating more choices and price points for the carbonated and non-carbonated drink consumers, who at present stand at less than three per cent of the total market. Agrees MrShahra. He says consumer base is different across categories."For instance, we offer different products for different target audiences. We provide soya products at different price points in different markets." Realising the importance of reaching the consumer, more and more companies are experimenting with alternative channels like direct marketing, rural haats, etc. Mr Press says Godrej generally keeps experimenting with alternate channels to pump up volumes. "Our strategy hinges on effective communication and distribution plans," he adds. ITC is experimenting with its e-choupal as a procurement and marketing channel to expand its presence in rural India, while HLL has a similar initiative in Project Shakti. Says MrBanga, India is one of the most exciting markets offering great potential. Over the next ten years India's per capita income is likely to double. In FMCG, there is an opportunity to catalyse penetration, increase usage and upgrade consumers. Volume growth at HLL is following value growth as a result of building capabilities and strengthening brands. This, in turn, he says, will bring profit growth. This seems to be the story of rest of the Indian FMCG sector as well. They seem to have done everything right. They have consolidated brands, built capacities and have increased reach.

Buoyed by GDP growth at 8.5% and 6.9% for '03-04 and '04-05, respectively, there have been two years of successive economic growth. Consumer sentiments and spends are positive. Monsoons are on track and rural demand is also believed to be on track. So bring on the tea, cold drinks, juices, and ready-to-eat snacks now. The FMCG party seems like a long one.

8. RURAL INITIATIVES

ITC's Agri-Business is India's second largest exporter of agricultural products. ITC is one of the India's biggest foreign exchange (US \$ 2 billion in the last decade). The company's 'e-Choupal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the internet. This transformational strategy, which has already become the subject matter of a case study at Harvard Business School, is expected to progressively create for ITC a huge rural distribution infrastructure, significantly enhancing the Company's marketing reach. The company places computers with Internet access in rural farming villages; the e-choupals serve as both a social gathering place for exchange of information (choupal means gathering place in Hindi) and an e-commerce hub. It began as an effort to re-engineer the procurement process for soy, tobacco, wheat, shrimp, and other cropping systems in rural India has also created a highly profitable distribution and product design channel for the company—an e-commerce platform that is also a low-cost fulfillment system focused on the needs of rural India.

The e-Choupal system has also catalyzed rural transformation that is helping to alleviate rural isolation, create more transparency for farmers, and improve their productivity and incomes. Coke's

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9. Rural Vs Urban Consumers – Challenges

The biggest mistake a FMCG company can make while entering the rural India is to treat it as an extension to the existing urban market. But there is a vast difference in the lifestyles of the rural and urban consumers. The rural Indian consumer is economically, socially, and psychographically different from his urban counterpart. The kind of choices that an urban customer takes for granted is different from the choices available to the rural counterparts. The difference in consumer behavior in essence stems from the way of thinking with the fairly simple thought process of the rural consumer in contrast to a much more complex urban counterpart. On top of this there has hardly been any research into the consumer behavior of the rural areas, whereas there is considerable amount of data on the urban consumers regarding things like - who is the influencer, who is the buyer, how do they go and buy, how much money do they spend on their purchases, etc. On the rural front the efforts have started only recently and will take time to come out with substantial results. So the primary challenge is to understand the buyer and his behavior. Even greater challenge lies in terms of the vast differences in the rural areas which severely limits the marketer's ability to segment, target and position his offerings. The population is dispersed to such an extent that 90% of the rural population is concentrated in villages with population of less than 2000.

So the geographical spread is not as homogeneous as it is with the urban areas owing to vast differences culture and education levels.

Also with agriculture being the main business of rural sector the purchasing power of rural consumer is highly unpredictable which can lead to high variations in demand patterns. One more gray area that needs to be probed into is the importance of retailer in rural trade. Rural consumer's brand choices are greatly restricted and this is where the retailer comes into the picture. The rural customer generally goes to the same retailer to buy goods. Naturally there's a very strong bonding in terms of trust between the two. Also with the low education levels of rural sector the rural buying behavior is such that the consumer doesn't ask for the things explicitly by brand but like "laalwalasabundena" or "paanchrupeywaali chai dena". Now in such a scenario the brand becomes subservient to the retailer and he pushes whatever brand fetches him the greatest returns. Thus, as there is a need to understand the rural consumer, similarly need is there to study the retailer as he is a chief influencer in the buying decision.

10. Developing effective rural marketing strategy

Till recently most FMCG companies used to treat rural markets as adjuncts to their urban strongholds and rural consumers as a homogeneous mass without segmenting them into target markets and positioning brands appropriately. However it is beyond doubt that the rural markets are not dumping grounds for low-end products basically designed for an urban audience. The winning strategy instead is to focus on their core competency such as technological expertise to design specific products for the rural economy. The most remarkable example in this context is the launch of sachets which has transformed the rural market considerably as packaging in smaller units and lesser-priced packs increases the product's affordability. Also companies like HLL and Nestle who have adopted this strategy have benefited tremendously. Another case is of Britannia with its Tiger brand of low priced and conveniently packaged biscuits becoming a great success story in rural markets. Companies also need to change the profile of their brand managers as they are usually urban-bred MBAs, fed on a staple diet of western marketing principles and are alien to the rural India. A step in this direction like hiring managers from the Institute of Rural Management Anand (IRMA) could probably go a long way in improving the situation. Along with the cultural dynamics, the needs and latent feelings of the rural people have to be well understood before launching products in rural segments. Marketers would do well to first understand this and then designing products accordingly. For example, Cadburys has launched ChocoBix, a

chocolate flavored biscuit which is based on the consumer insight that rural mothers opt for biscuits rather than chocolates for their children.

Another very important factor that needs to be looked at is the proliferation of spurious products. Rural masses are illiterate people and they identify a product by its packaging (color, visuals, size etc.). So it becomes very easy for counterfeit products to eat into the market share of established reputed brands. The retailer also gets a larger profit on selling the counterfeits rather than the genuine products and hence is biased towards the fakes. Brands such as "Jifeboy", "Bonds Talcum", "Funny & Lovely" etc., which are doing the rounds of rural markets, pose considerable challenge to rural marketers. Companies would also do well to have a proper sales and distribution network. In terms of sheer reach the companies can gain significant competitive advantages as the rural market is highly fragmented and a brand needs to be on the shop shelf before it can be sold. Companies should also make sure that the prices of their products are not pushed up because of a channel of middlemen who are neither required nor add any value to the product. The rural market remains quite price-sensitive and thus squeezing costs at every stage is of vital importance. Some FMCG giants like HLL are in process of enhancing their control on the rural supply chain through a network of rural sub-stockists, who are based in the villages only. Apart from this to acquire further edge in distribution HLL has started Project Shakti in partnership with Self Help groups of rural women. However not all traditional strategies need to work and the need is to generate creative ideas. A very significant step for change could be an effort to directly tap the haats, mandis, melas and local bazaars which provide an opportunity of promoting the brand in front of a large congregation of rural consumers.

Finally an effective rural strategy for FMCG companies must include the use of traditional media for creating awareness about their products in the rural 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 it a powerful marketing communication channel are: accessibility is high, it involves more than one sense, interest arousal capability is high and minimum cost. There are few companies which have used traditional media effectively and reaped rich dividends. Brooke Bond Lipton India Ltd (BBLIL) markets its rural brands through magic shows and skits. Reckitt and Coleman uses

NGO's in rural areas to educate customers about product benefits which establishes one to one communication channels.

11. Conclusion

In the end it is certain that FMCG companies will have to really gain inroads in the rural markets in order to achieve double digit growth targets in future. There is huge potential and definitely there is lot of money in rural India but the smart thing would be to weigh in the roadblocks as carefully as possible. The companies entering rural market must do so for strategic reasons and not for tactical gains as rural consumer is still a closed book and it is only through unwavering commitment that the companies can make a dent in the market. Ultimately the winner would be the one with the required resources like time and money and also with the much needed innovative ideas to tap the rural markets.

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