

Understanding the Concept of Promising Opportunities and Strong Ground Realities of FMCG Sector

Nikhil Garg^{1*} Dr. Chetali Agrawal²

¹ Research Scholar, Mewar University, Rajasthan

² Department of Management, Mewar University, Rajasthan

Abstract – FMCG product contacts each part of human life. These products are as often as possible consumed by all sections of the general public and a considerable portion of their income is spent on these goods. Aside from this, the sector is one of the imperative contributors of the Indian economy. This sector has appeared extraordinary development over recent years; in truth it has enlisted development during recession period moreover. The future for FMCG sector is extremely promising because of its inherent limit and positive changes in the environment. This paper talks about on diagram of the sector, its basic analysis and future prospectus. Fast-moving consumer goods (FMCG) are products that are sold rapidly and at moderately ease. Models include non-sturdy goods and soft drinks, toiletries, over-the-counter medications, prepared foods and other consumables. However, over the most recent couple of years, the FMCG market has developed at a faster pace in rural India contrasted and urban India. The main reason for this paper is to ponder and examine about Fast-moving consumer goods (FMCG) Sector in India. This paper centers around significance of FMCG Sector, Challenges in FMCG Sector on rural areas and Strategies Adopted in FMCG. Data has been gathered from different wellsprings of proof, in addition to books, diaries, websites and surveys. Also we have utilized chi-square test and table and outlines to give a definite analysis identified with FMCG products

Keywords: FMCG, Fast –Moving Consumer Goods, Market, Rural, Consumer.

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1. INTRODUCTION

The item that has life that is short, offered in multitude of quantity and also have price that is low is referred to as Fast moving Consumer goods (FMCG). In additional words Use and also through products are widely known as fast moving consumer goods. These items can also be known as Consumer Packaged Goods (CPG). You will discover a huge number of items in this range and Hundreds of businesses in FMCG. In order to market the products of its in great number of quantity with LESS profit margin each business use different strategy. FMCG products aren't durable but quite frequently consumable products. The merchandise includes in FMCG are :- toiletries To soaps, hair products to shaving products, cosmetics to dental hygiene products, sodas to food products, batteries, stationery to wellness solutions, medicine to energy drink or plastic products and food. You will find 4 "A" Awareness, Affordability, Availability and Adoptability which has an effect on sales of FMCG products. Profit margin is extremely small in these sorts of solutions though the sales of these items are

extremely high in volume. The most effective way to boost the sale of these items is Advertisement. By utilizing various marketing strategy every business wants to boost the sales of his in terms of volume also as in profit. You will find scores of player in industry, they're generating very less profit though sales volume is quite high.

The Indian FMCG market will be the fourth biggest in Indian economic system plus features a market size of US\$13.1 billion. It's been expected that the FMCG sector is going to reach to US\$33.4 billion in 2015 from US\$11.6 billion in 2003. The economic system of India is surging forward by bounds and leaps, maintaining pace with rapid urbanization, improved literacy level, plus climbing per capital income. There's lots of competition between the organized and unorganized segments and well Established distribution networks, are the attributes of FMCG sector. This field has a competitive and strong MNC presence In India. The important Firms are growing small- and bigger time businesses are catching up also. Based on the study conducted by AC Nielsen, sixty two from top hundred

manufacturers are run by MNCs, so the balance by Indian companies. 15 companies own these sixty two brands and twenty seven out of these're run by Hindustan Unilever. Pepsi is at number 3 followed by Thumbs Up. Britannia takes the 5th spot, followed by Colgate, Coca-Cola, Nirma, and also Parle. Individual attention, cigarettes, Nirma, Indian Tobacco Corporation (ITC), Godrej, Hindustan Lever Limited (HLL), Gujarat Cooperative Milk Marketing Federation (GCMMF Amul), Dabur India Limited Some FMCGs items as toothpaste, toothbrush, tooth power, bath sope, washing detergent, washing powder, blue, shampoo, hair oil, face lotion, telcom powder, diospray, In food products butter, bread jem, sweet n salted lassi, Tea, baby products, chocolates, accomplished better in the outlying areas than the metropolitan and additionally the semi urban areas.

1.1.1 Significance of FMCG

- The latest design of the marketplace displays that great homesteads are turning into world players as well as the small companies catching up quick with them. The study on the marketplace shows that the following variables have contributed to the improvement of FMCG market in India.
- Large base of customer - The exploding public of the nation has worked because of the improvement of the market. The FMCG companies of India appreciate a continually growing customer base.
- Purchasing power - Over the years, the buying power of the Indian public has created complicated and due to this the need for FMCG products has similarly gone up. This's the same encouraging the FMCG businesses to present more current items to satisfy the transforming taste of consumers.
- Market that is competitive: The Indian FMCG market place is amazingly competitive. Certainly, including the very best businesses are getting it difficult to hold the best place of theirs in the marketplace on account of crazy competition. companies that are Innovative are coming regularly, forcing the set in place businesses to improve their current product extend.
- Media: Television presently has come evening probably the most inside regions of the nation and accordingly, plugs are enticing brand new customers to try merchandise that are new in this particular fashion enhancing the need for FMCG goods while in the rural zones of India.

1.1.2 Challenges faced by FMCG

- Managing accessibility within the complicated distribution Set Up:** The Indian FMCG market needs to handle very complicated distribution system comprising several levels of many small retailers between business and end customer. For instance a business like, Marico must guarantee access to 1.6 million retailers dispersed all over the nation. As the quantity of SKUs (Stock keeping Units) is growing exponentially, simply ensuring accessibility at the final phase of distribution has turned into a nightmare for companies. Standard answers applicable in developed countries aren't suitable for a nation as India. Dealing with smaller pack Sizes Unlike in advanced countries ,where businesses have already been attempting to handle big package sizes (reduction in transportation ,handling and packaging expenses for big pack measurements are handed down as price cuts to cost sensitive customers),in India the pattern is in the complete opposite path.
- Entry of National Players in the standard Fresh Products sector:** National players wish to promote "fresh" items which have been traditionally managed by local players in every area. For instance, ITC would like to make inroads looking for ' ATTA' and Nestle for yoghurt. In these things, the freshness of the item is a crucial necessity from the consumer's point of view. Traditionally national businesses have been effective with centralized plants, wherever they are able to deal with quality and in addition enjoy large economies of scale. As freshness is among the most crucial criteria from the customer's point of view, national players will need to handle decentralized production plants.
- Dealing with complex taxations structures:** Due to the complicated taxation structure, it's hard for treatment of India as a single sector. Varying community tax structures across states inspire traders to indulge in the smuggling of products across states, resulting in the development of grey markets. Experts are from the perspective that smuggled goods account for aproximately fifteen % of the entire goods flow. Such activities distort the plans and routines of FMCG companies. More due to the tax on the interstate sales, companies may never ever deliver items to clients located outside of the state.

- iv. **Dealing with Counterfeit Goods:** Based on recent analysis done, counterfeits accounted for loss of sale worth far more compared to Rs 300 billion for the FMCG industry each year. P&G discovered that different counterfeit products of Vicks Vaporub raked in product sales the same as fifty four % of the initial. In order to avoid such losses, FMCG businesses in India have to make sure they train greater control over the distribution channel of theirs and not leave it with the market forces.
- v. **Opportunistic Games played by the Distribution Channel:** It's a typical notion in distribution that just fifty % of the promotion really gets to the last customer. This's mainly because that lots of distributors work unscrupulously. Instead of participating in the job on the facilitator, they attempt to get a major portion of the promotion funds on their own. One FMCG firm discovered it wound up spending considerable amounts as rebate to its industry channel due to illegal printing of coupons by several distributors and wholesalers. Several of these distributors in addition indulge in the illegal movement of items from a single market to another during hometown promotions.

1.1.4 Strategies followed by FMGC companies in rural areas

Rural advertising is a special niche. Advertising in the rural markets demands a huge amount of cash to market a brand inside a tiny village. But there are very few helpful means of drawing in the rural markets with fewer cost.

- Street shows are rather well known in villages. There are lots of examples of good street shows being used to advertise a product.
- Wall paintings are utilized in villages to advertise products. It's a popular method which has 2 benefits. The structure is painted without any cost for the owner, and also then again, the advertiser does not need to invest something much more than what he does for the color. Thus it's a win win situation.
- An audio announcement in bus stands has a very good effect on the promotion of items and brands in cities that are small. A lot of businesses have produced record by using bus means product offers and brand building. With intelligent product choice and extraordinary ideas, businesses have been effective and have created the very best of the circumstances.

- An experienced rural service provider is able to do great things in promotion and in marketing the brand of yours. Working with local companies to do a rural advertising effort is akin to learning a brand new language. Employing a seasoned service provider to utilize will help escape these drawbacks. The familiarity of the skilled personnel with regard to rural markets are able to stay away from errors that are common and enlarge the odds of yours of a triumphant rural marketing opportunity.
- Personal communication holds considerable benefit in rural communities. Personal presence in a neighborhood helps a brand build its track record of 'being in the community'. Addition in a devoted customer base secures anyone within the community than those without.

A couple of years ago, consumer electronics business LG launched a unique marriage package for countryside markets. The program provided a simple tv, washing machine, along with a fridge. Knowing that these're the posts the men and women in outlying areas gift for weddings that proved to be a blockbuster scheme! Employing the above strategies are going to furnish a foundation for a successful rural marketing campaign. Successes in several communities are able to establish a brand loyalty which generates genuine returns.

2. LITERATURE REVIEW

Yadav (2017) brought in place that technology should be viewed upon as techniques for connecting individuals rather than customers. The creator dissected the upsides of social media marketing and also discovered that social networking makes it fundamental for the businesses to speak with the planned interest group, regardless of the numbers of theirs. Attributable to the growing ubiquity of social media, relatively seventy % of the businesses from everywhere worldwide display social media interest

Bharadwaj and Ahuja (2016) detailed that the significance of social media networks expanded each day among the Indian youth. The examination takes up several benefits, for instance, data with regard to employment opportunities, invaluable asset for instruction, so on for all the adolescents as well as verifiable perils associated with large utilization of social media networks, low confidence, cyberbullying, diversion, for example, as well as so on. As suggested by them, in India, Facebook is placed as the 3rd most used site among the adolescents. While the US frames the best market for Facebook, India comes

straightaway, adding the 2nd biggest market for Facebook.

Sajid (2016) expressed that the brand new mantra for internet business companies within the current day is community internet marketing. It's incomprehensible for any group to deny internet nearness, especially when the brand has several rivals in the industry. Be that as it may, a company ought not make huge investments without first dissecting whether the methods associated with social media marketing would support the items of theirs. The examination also expresses that after use of a process, a company must hang scarce in any case for a period of 3 days previously envisioning outcomes. The study also urges the promoters to get involved in time that is limited fusion of social media marketing and traditional methods.

Sasatanun and Charoensukmongkol (2017) investigated the effect of social networking on company efficiency and discovered that the businesses which utilized social networking with the end objective of Customer Relationship Management (CRM) showed larger fulfillment regarding the business performance of theirs in comparison with others. A good connection between enhanced CRM and offers of the company was also captured by the makers. The examination proposes that business owners that don't keep public capabilities to put in closer to home interaction with all the buyers must generate utilization of social media marketing, to remunerate their shortcoming.

Kim and Wang (2017) directed a comparable report led and suggested that the business groups must incorporate their selling techniques to social networking to attain enhanced customer engagement, along these lines bringing about enhanced company performance. While receiving social internet marketing techniques, the organizations must concentrate on social CRM capacity, to achieve much better functionality of the firm as well as client engagement.

3. RESEARCH METHODOLOGY

3.1 Research Design:

The job of research design is connecting the questions to data. Design rests between the 2, showing exactly how the research questions shall be hooked up to the equipment and the data and treatments can be used in answering them. Research design must follow at the concerns and accommodate them with information. The style may be the simple for a slice of empirical investigation, and also includes major concepts like technique, sample plus the equipment and treatments being utilized for gathering and analyzing empirical data. This presents an extensive, generalized set of results presented parsimoniously and succinctly. By comparison, a qualitative method generally creates a

wealth of precise info in regards to a much smaller amount of cases and individuals. This raises comprehension of a situation and the cases studied but reduce generalization. The study is descriptive in nature.

3.2 Methodology

Doing re-search in a methodical plan is known as research methodology. Research methodology incorporates goals of the investigation, declaration of trouble, hypothesis, survey, and observation of respondents, along with secondary and primary data, statistical models to test hypotheses and additional are followings:

- a) **Sample size:** There are many companies that create Fast Moving Consumer Goods. In this particular analysis look at, researcher has chosen hundred FMCG Companies.
- b) **Sampling procedure:** The researcher embraced the handy sampling method to keep a strategic distance from inclination. The devices in any situation, demonstrate that a good number of the people that have a stake in the company were for all purposes and intents present for substantial conclusion reason behind this particular work.
- c) **Research design:** Re-search is descriptive in nature. The principle characteristics of this analysis are explanation of the state of brand new patterns and innovations in Advertisement industry.
- d) **Data Collection Method:** For compilation of primary details because of this investigation work survey technique were used. Experimental strategy is not found suitable for this particular evaluation in light of the reality that the topic is a hypothetical thing and there are simply no demand experiments. Survey is used to gather quantitative info about things in a public.
- e) **Source of information:** For the examination reason each secondary and primary data are used. The main information gathered from sales males of the businesses, customers & dealers managing in the merchandise on the business. The secondary information gathered from documents of the business, dealers and retailers. The information of previous sales likewise are gathered. The secondary and primary data are already gathered to discuss each component of the examination.

3.3 Objectives

1. To analyze the present promotion strategy of various FMCG brands in rural markets.
2. To analyze the problems faced by companies BY FMCG when advertising in Rural Market

3.4 Hypothesis

1. H_0 : To prove whether there is significant indifference of Seasonal Market affecting the RURAL Advertising of FMCG
2. H_1 : To prove whether there is significant difference of Seasonal Market, affecting the RURAL Advertising of FMCG
3. H_0 : To prove whether there is significant indifference of Disposable Income affecting the RURAL Advertising of FMCG
4. H_1 : To prove whether there is significant difference of Disposable Income affecting the RURAL Advertising of FMCG

4. RESULT AND ANALYSIS

After the Primary information is gathered, it must be analyzed to touch base at genuine conclusions as well as effect. Information analysis is a process of condensing, changing information, applicable info, conclusion as well as suggestion Right after utilization of hypothesis assessment, researcher started interpretation. This serves to make derivations. Every one of those procedures aids in research discoveries as well as conclusions.

4.1 Demographic Factors

Table 1 Gender of the respondents

S.no	Gender	No of the respondents	Percentage of the respondents
1	Male	60	60
2	Female	40	40
	Total	100	100

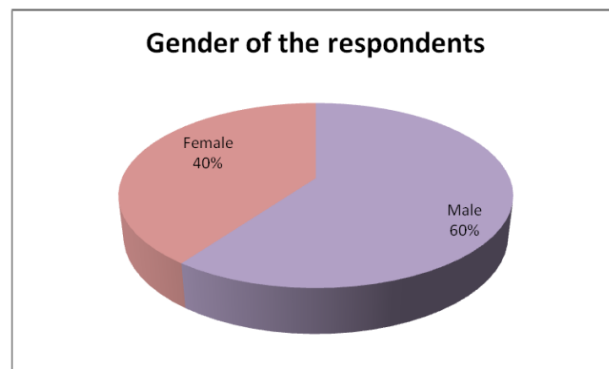


Figure 1 Gender of the respondents

Interpretation: As indicated by the above table, out of absolute 100 respondents, 60 respondents (60%) are male and remaining 40 respondents (40%) are female.

Table 2 Age of the respondents

S. No	Age of the respondents	No of respondents	Percentage of respondents
1	20-30	40	40
2	30-40	28	28
3	40-50	20	20
4	50-60	10	10
5	Above 60	02	02
Total		100	100

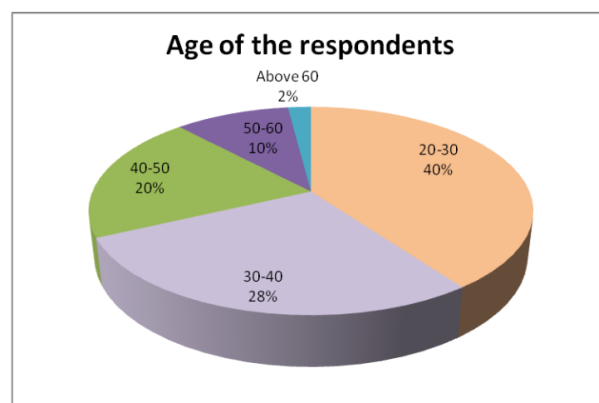


Figure 2 Age of the respondents

Interpretation: In this table, out of complete 100 respondents, 20 respondents (20%) are in 40-50 years age group while 40 respondents (40%) 20-30 years, 28 respondents (28%) are in 30-40 years age group. 10 respondents are under the 50 - 60 years age group and rest 02 respondents are over 60 age group.

4.2 Testing of Hypothesis

4.2.1 Test of Hypothesis One

H_0 To prove there is significant indifference of Seasonal Market affecting the RURAL Advertising of FMCG

H_1 To prove whether there is significant difference of Seasonal Market, affecting the RURAL Advertising of FMCG

Table 3.: Observed frequency table

S. No.	Opinion	Number	Percentage
1.	Yes	79	79
2.	No	21	21
Total		100	100

Table 4 Contingency frequency table

Variable	O _i	E _i	O _i - E _i	(O _i - E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Yes	79	50	29	891	17.82
No	21	50	-29	891	17.82
Total	100				35.64

$Xc^2 = 35.64$, while Critical value = 3.842

Decision:

From the chi-square figured above, it is seen that the registered value of X^2 is more prominent than the basic or table value at d.f = 1, along these lines, we acknowledge the alternative hypothesis, which says that seasonal market affects the rural advertising of FMCG product at a significant level.

4.2.2 Test of Hypothesis Two

H_0 : To prove whether there is significant indifference of Disposable Income affecting the RURAL Advertising of FMCG

H_1 : To prove whether there is significant difference of Disposable Income affecting the RURAL Advertising of FMCG

Table 5: Observed frequency table

S. No.	Opinion	Number	Percentage
1.	Yes	68	78
2.	No	32	32
Total		100	100

Table 6: Contingency frequency table

Variable	O _i	E _i	O _i - E _i	(O _i - E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Yes	68	50	18	324	6.48
No	32	50	-18	324	6.48
Total	100				12.96

$Xc^2 = 12.96$, while Critical value = 3.842

Decision

In view of the processed value of $Xc^2 = 12.96$ and the table value of 3.842 at df = 1, we dismiss the null hypothesis and acknowledge the alternative hypothesis and thusly presume that the disposable income affects rural advertising at a significant level.

5. CONCLUSION:

Countryside India is a powerhouse pressing the economy's development. It's home to seventy five % of the country's one billion buyers, the zone where one half of the national wage is made. The "rural market of India" is monstrous plus disseminated a plenty of chances alternatively with the "urban" area. It covers probably the most extraordinary individuals and regions so that as needs be, the very best number of customers. The promotional methods of rural marketplaces are inside and out more or less not the just like urban marketplaces. The countryside market is much more price delicate compared to the urban.

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Corresponding Author

Nikhil Garg*

Research Scholar, Mewar University, Rajasthan