

Study the Advertisement and Promotional Impact on FMCG Sector in rural Pune District and the Overall Potential of the Rural Market

Vishal Weldode¹, Darshan Mejari², Sandeep Salunkhe³

^{1,2,3}Balaji Institute of Modern Management Pune, Survey No. 55/2-7, Off Mumbai-Bangalore Bypass, Tathawade, Pune, Maharashtra 411033

ABSTRACT

In country like India, where the 70% of the people live in rural area, the rural market holds a lot of marketing potential. There is a wide spread difference in the standard of living between urban and rural India. In order to launch products and develop advertising for rural market there is a need to understand both the rural context and also the consumer very well. Promotion of brands in rural markets requires the special measures. Due to the social and backward condition the personal selling efforts have a challenging role to play in this regard. The word of mouth is an important message carrier in rural areas. In fact the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income. The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area. This research paper will be therefore an attempt to study the Advertisement and Sales Promotion impact on FMCG Sector in rural India and the overall potential of the rural market.

I. INTRODUCTION

According to the third annual edition of Accenture Research, “Masters of Rural Markets: From Touch points to Trust points - Winning over India's Aspiring Rural Consumers,” rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets. The report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India's rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices.

The hinterlands in India consist of about 650,000 villages.

These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favorable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

The challenges – market development, product design, logistics, communication — deter many companies from even considering rural markets in developing countries. But some companies have what I call rural DNA – the ability to recognize the rural opportunity and to develop innovations to tap those markets along with their urban markets.

II. OBJECTIVE OF THE STUDY

- To assess the impact of TV advertisement on the buying behavior of FMCG consumers in Pune district.
- To understand the factors influencing purchase decision other than advertising.

LITERATURE REVIEW

Kannan (2001) studied the rural marketing prospects in selected areas of Tamil Nadu with a view to examine the potential of selected products in the areas under consideration. 100 respondents were selected in this survey and multistage random sampling was used. He concluded that the rural markets are coming up in a big way and growing twice as fast as the urban, witnessing a rise in sales of typical urban kitchen gadgets such as refrigerators, mixergrinders and pressure cookers. For successful marketing in rural areas, an integration of traditional and modern methods of selling is required. To communicate effectively with the prospective rural consumers and to ensure effective distribution and prompt delivery, organizations must understand the specific requirements and needs of the villagers and then plan their strategy to convert the prospective consumers into active consumers.

Aggarwal (2003) found out that an efficient marketing system leads to the optimization of resource use and output management. A well designed system of marketing can effectively distribute the available stocks of modern inputs and thereby sustain a faster rate of growth in agricultural production. An efficient marketing system ensures higher level of income to the farmers by reducing the number of market middleman, regulating marketing services, providing better prices for the products by having competitive conditions for marketing. A new situation is emerging in India. Governments have been emphasizing economic development by ensuring growth rates of seven-eight percent annually, enhancing the welfare of farmers and workers and unleashing the creativity of entrepreneurs and marketers {Singh and Bhagat (2004)}. This 111 opportunity must be fully utilized to bridge the rural urban divide, using knowledge as a tool. As such, there is a need to focus on Empowering Rural India (Kalam 2005) and one of the ways that this can happen is through a strong and transforming agrimarketing.

The strengthening of rural communication services is an important ingredient for the welfare and development of rural India as it gives timely information on business, price, market and demands within a few minutes and that too at a very low cost {Paatnaik and Rao (2006)}. The open and transparent franchise policy for rural areas must be worked out to enable the franchisee to provide telecom facility on a revenue sharing basis. The rural literacy and road length, in particular, and other rural infrastructure in general are considered essential for the growth of rural non-farm sectors and for enhancing their employment generation potential, policy measures should be directed towards strengthening these support systems which in turn would lead to the growth of rural India and the Indian economy as a whole {Pradhan (2005)}. Corporate and rural India has entered into collaborative partnerships through vertical coordination. A common thread among these is integration and tightening the supply chain {Hans (2006)}.

The agri-initiatives taken by Indian corporates will play an important part in the dissemination of the right information and knowledge. Corporates can act both as buyers of agri-produce as well as providers of resources for producing the same. Rural marketing as any marketing activity in which one dominant participant is from a rural area. For the purpose of defining the domain of rural marketing, "rural" and "urban" can be visualized on a continuum, consisting of three broad groups, namely, rural, rurban and urban. The construct called rurban is the overlap between rural and urban, with physical features closer to urban areas and proximity to large urban centers, but with deep rural sociological moorings. The domain of rural marketing, thus can be seen in a two dimensional space as a flow of goods, services, and ideas from one area to another, except in the case of urban to urban flow.

III. SAMPLE AND RESEARCH METHODOLOGY:

METHODOLOGY The present study is descriptive and analytical in nature. The study has made use of both primary and secondary data. The primary data has been collected by carrying out a sample survey among 150 customers of FMCG products residing in Pune district using random sampling technique. Questionnaire was used as technique for data collection.

Analysis was made by using simple percentage. A survey among 150 customers has been conducted to assess the impact of TV advertisement on purchasing FMCG products and to identify the level of satisfaction of subscribers. This survey also conducted to obtain suggestion from the customers for the better performance of FMCG products. Secondary data for the study was collected from sources of external published data, computerized database and books of various authors.

CONCLUSIONS

Advertisement, the foregoing discussion show, is a sharp double edged weapon. When the claims of an advertisement correspond with the features of a product purchased as a consequence of such advertisement, the advertisement is bound to create a positive attitude among the Consumers in the long run. On the other hand, when the features of the product purchased do not corroborate the claims made in advertisement, those advertisements are sure to create a negative attitude among the consumers. It is therefore essentials that an advertisement aims to create faith and goodwill in the minds of consumer about the product featured by conforming to the core principles of believability, uniqueness, reputation and reasonable claims.

The problem is not whether to advertise or not. But the problem is how to advertise with a view to maximize returns on the money invested. Effectiveness of advertising is greater when it is adequately planned, executed and constantly evaluated in terms of crystallized objectives. Since the FMCG sector is expected to grow several folds in the coming years, advertising in this sector will prove to be fruitful for all company. TV advertisement of FMCG has influence on the purchase decision making of respondents. TV advertisement has brought a paradigm shift in the arena of advertising. TV ads, especially those which are telecasted at the prime time are strategic tools of attracting potential customers.

Opposing to the belief that only well-educated and rich consumers utilize the top national brands but even low level income consumers were found to be captivated such brands. Similarly the consumers have been establishing well exposed to the different media primarily to the newspapers and television. The teenage rural consumers have been found more variety seeking in contrast to the old aged counterparts. The Indian rural market with its vast size and demand base offers a huge opportunity that Multinational Companies cannot pay for to ignore. Mounting the market by tapping the countryside, many Multinational Companies are inward bound into India's rural markets.

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