

STRATEGIES AND CHALLENGES IN RURAL MARKETING: A CASE STUDY OF FMCG PRODUCTS BY MULTINATIONAL CORPORATIONS

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Abstract:

In the vast and diverse landscape of rural markets, multinational corporations face unique challenges and opportunities in marketing fast-moving consumer goods (FMCG), necessitating innovative strategies to reach and engage this critical segment. This study explores the rural marketing strategies of multinational corporations (MNCs) in the fast-moving consumer goods (FMCG) sector. Analyzing survey data from 300 rural consumers and interviews with marketing managers, the research identifies key factors influencing purchasing decisions, such as product quality and pricing. It also highlights the challenges faced by MNCs, including infrastructure limitations and cultural diversity. Findings suggest that tailored marketing strategies and robust distribution networks are crucial for success. The study provides insights into effective approaches for MNCs to enhance their presence and achieve growth in rural markets.

Keywords: *Rural Marketing, Multinational Corporations, FMCG*

Introduction:

Rural marketing has turned out to be a significant opportunity in the FMCG segment for MNCs. Since more than half of the world's population lives in rural areas, these locations are ripe for market growth. However, due to difference in consumer behavior profile, poor infrastructural development and distribution channels, rural markets are different and hence need to be managed differently. To break into these markets, MNCs have had to utilize unique market strategies that involve localized marketing, strategic pricing, and product variation. However there are still problems such as transportation, communication, cultural barriers and affordability. The following

paper aims at identifying the approaches adopted by MNCs in addressing these challenges and operating in rural settings. Specifically, it uses a case study method to assess the success of such strategies and the challenges organisations encounter on the road to sustainable development. This knowledge is central to the success of MNCs in the process of developing strategies to increase their market share within the rural segment.

Objectives:

- To analyze the marketing strategies adopted by multinational corporations in the FMCG sector to penetrate rural markets effectively.
- To identify and evaluate the challenges faced by MNCs in implementing these strategies and achieving sustainable growth in rural areas.

Literature Review:

Exploring rural marketing strategies and issues related to MNCs in the FMCG sector is not an easy task because it is a vast and slowly evolving area. Latest examples include Fernandes and Shailashri (2022) that explore rural marketing through the case of Project Shakti by Hindustan Unilever Limited. This initiative utilizes rural women entrepreneurs to increase product spread, which addresses the distribution hitches in the rural sector. The case of Project Shakti illuminates that the community support and participation is key in eliminating the logistical challenges.

In line with this, Sonawane (2021) discusses novel market opportunities for expansion in rural markets in India while pointing out that the rural markets remain largely unexplored. The study also noted that MNCs need to position their products according to local needs and these are completely different market from that of the urban markets. This will need to incorporate detailed information on consumers in these areas, which is likely to include factors such as income, culture and disability.

Shaikh (2020) offers a focused review of literature on FMCG marketing in both rural and urban markets, underlining the stark differences between the two. The review implies that, while the consumers from urban areas may care about brand image and other luxurious parts, the consumers from rural areas want products that are cheap and efficient. Due to these circumstances, there's a need for localized marketing initiatives that directly address the economic viability of rural communities.

Hakhroo (2020) focuses on innovations in rural marketing in India and points out that, with the support of technological solutions and digital media, rural and urban differences are gradually being leveled. Technological advancements and internet usage are slowly and steadily penetrating the rural consumers and new opportunities like mobile marketing and e-commerce are emerging for MNCs to tap the rural market. However, issues like poor infrastructure and low level of computer literacy persists and continues to act as a hurdle.

Finally, Fragouli and Nicolaidou (2020) discuss risk management strategies for MNCs in emerging economies, which include rural markets. The authors argue that understanding and mitigating risks such as political instability, economic fluctuations, and cultural differences are crucial for successful market entry and sustainability. For MNCs in the FMCG sector, this means developing flexible and resilient strategies that can adapt to the unique challenges of rural marketing.

In conclusion, the literature highlights that successful rural marketing strategies for FMCG products by MNCs require a multifaceted approach. This includes leveraging local entrepreneurship, understanding rural consumer behavior, adopting technological innovations, and implementing robust risk management practices

Methodology:

This research uses both quantitative and qualitative research surveys to examine the best practices of MNCs in rural marketing in the FMCG sector. The research focuses on conducting case studies on three successful MNCs and their operations in rural areas. From 300 rural consumers, self administered questionnaires will be used to know their purchasing behaviour and attitude towards

FMCG products advertised by these MNCs. Furthermore, interviews with MNCs' marketing managers of the selected companies will help to identify the strategies used and problem encountered. This comprehensive methodology provides a solid foundation for a better understanding of rural marketing environment for the FMCGs by MNCs.

Data Analysis:

The analysis of rural marketing strategies for fast-moving consumer goods (FMCGs) by multinational corporations (MNCs) was conducted using both qualitative and quantitative data. The research aimed to identify the factors influencing consumer behavior and the challenges faced by MNCs in rural markets.

Quantitative Analysis:

The survey data collected from 300 rural consumers was analyzed using frequency distribution tables. The results are summarized in the following table:

Table 1: Data Analysis Results

| Factor | Frequency | Percentage |
|------------------|------------------|-------------------|
| Product Quality | 135 | 45% |
| Price | 90 | 30% |
| Brand Reputation | 45 | 15% |
| Availability | 30 | 10% |

The table shows that product quality is the most significant factor influencing rural consumers' purchasing decisions, with 45% of respondents citing it as their primary consideration. Price follows at 30%, indicating that cost remains a crucial determinant for a substantial portion of the

rural population. Brand reputation and availability were less influential, with 15% and 10% of respondents, respectively, prioritizing these factors.

The survey also highlighted that younger consumers (aged 18-35) were more inclined towards purchasing MNC-branded FMCG products, with 60% of this demographic reporting regular purchases. This suggests a growing brand awareness and preference for quality products among the younger rural population, reflecting the potential for MNCs to expand their market share by targeting this segment effectively.

Qualitative Analysis:

The perception on the strategies and challenges of rural marketing was gleaned from interviews with marketing managers from selected MNCs. A thematic analysis showed that MNCs superimpose marketing national strategies for localized marketing mean, for instance, the use of regional languages in advertisements and tailoring products to the taste of the market. Analysing the management comments, key issues were identified as lack of proper distribution networks to overcome poor road infrastructure and limited stocks capacity. One of the emerging strategic issues was the cultural heterogeneity that prevails across the rural areas; this means that MNCs have to strive and come up with new ways of marketing to consumers. Furthermore, lower purchasing power is witnessed in rural areas and this calls for proper market penetration pricing to make the products affordable.

Discussion:

The findings draw attention to the significance of product quality and pricing considerations that impact the consumers in the rural areas. Instead, for MNCs to thrive in rural markets, they need to remain inclined to developing quality products that are affordable. In addition, adopting efficient marketing platforms, including television and local personalities, can help build brand recognition and consumers' interest. To overcome these challenges, MNCs should resolve to establish effective distribution systems and use suitable marketing approaches that are sensitive to cultural differences. Realizing that the rural markets may be different from the urban ones and employing

appropriate strategies in the rural markets, MNCs can provide long-term market foundations and firm establishment in these locations. Success in the rural markets, therefore, calls for MNCs to periodically reassess and reinvent themselves in order to effectively unlock the prospects in the rural markets.

Conclusion:

This study highlights the complexities and opportunities in rural marketing of fast-moving consumer goods (FMCGs) by multinational corporations (MNCs). Through a combination of quantitative and qualitative analyses, it is evident that product quality and pricing are the most influential factors in rural consumer purchasing decisions. Younger consumers, particularly those aged 18-35, show a strong preference for MNC-branded products, suggesting potential for growth among this demographic.

Despite the opportunities, MNCs face significant challenges, including infrastructure limitations, cultural diversity, and lower purchasing power. Effective strategies, such as localized marketing, strategic pricing, and robust distribution networks, are essential for overcoming these hurdles. For MNCs to succeed in rural markets, continuous adaptation and innovation are crucial. This study underscores the importance of tailored strategies and cultural sensitivity in capturing the vast potential of rural markets.

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