

# The Role of Small Sachets in Rural India: A Strategic Tool for FMCG Penetration and Inclusive Growth

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**Keywords: Sachet Marketing, Rural FMCG, Bottom of the Pyramid, Micro-Packaging, Rural Consumption, India Rural India represents one of the most significant growth opportunities for Fast-Moving Consumer Goods (FMCG) companies. Among the various innovations adopted to penetrate this market, the introduction of small sachets has proven to be one of the most effective strategies. This paper examines the role of sachetization in rural India, focusing on affordability, consumer behavior, distribution efficiency, and socio-economic impact. Using secondary data from industry reports and government sources, the study highlights how sachets have transformed rural consumption patterns and contributed to inclusive market development.**

## I. INTRODUCTION

India's rural population accounts for approximately 65% of the total population and contributes nearly 46–48% of FMCG consumption. Despite improvements in income levels, rural purchasing power remains irregular and dependent on agricultural cycles and daily wages. Large pack sizes often act as a barrier to consumption due to higher upfront costs.

Small sachets—typically priced between ₹1 and ₹5—have emerged as a strategic solution by aligning with rural consumers' cash-flow realities. Sachet marketing is deeply rooted in Bottom of the Pyramid (BoP) theory, which emphasizes affordability, accessibility, and availability.

## II. EVOLUTION OF SACHET MARKETING IN INDIA

Sachet marketing gained momentum in the late 1980s when FMCG firms such as Hindustan Unilever Limited (HUL) introduced shampoo sachets priced at ₹1. This innovation enabled first-time users to

experience branded products with minimal financial risk.

Table 1: Evolution of Sachet Categories in Rural India

Period	Key Products Introduced in Sachet Form
1990–1995	Shampoo, Hair Oil
1996–2005	Detergents, Toothpaste
2006–2015	Soaps, Tea, Coffee
2016–Present	Snacks, Spices, Health & Hygiene Products

## III. RURAL CONSUMER BEHAVIOR AND SACHET PREFERENCE

Rural consumers are characterized by:

- Daily or weekly income patterns
- High price sensitivity
- Preference for low-risk purchases

Sachets allow trial-based consumption, encouraging rural consumers to shift from unbranded to branded products. Studies indicate that over 70% of rural consumers first experience branded FMCG products through sachets.

## IV. MARKET SIZE AND STATISTICAL INSIGHTS

Table 2: Contribution of Sachets to FMCG Sales in India

Category	Share of Sachets in Rural Sales (%)
Shampoo	60–65%
Detergents	35–40%
Toothpaste	30–35%
Hair Oil	40–45%

(Source: Nielsen India, FMCG Reports)

Table 3: Price Sensitivity and Purchase Frequency

Pack Type	Average Purchase Frequency (Monthly)
Sachets	8–12 times
Small Bottles	2–3 times
Large Packs	0–1 time

This data demonstrates that sachets significantly increase consumption frequency despite lower per-unit margins.

#### V. DISTRIBUTION EFFICIENCY IN RURAL MARKETS

Rural distribution faces challenges such as poor road connectivity, low retail density, and limited storage facilities. Sachets offer multiple logistical advantages:

- Easy transportation in bulk
- Minimal storage requirements
- Faster stock rotation
- Low capital investment for retailers

Village kirana stores prefer sachets as they enhance footfall and reduce inventory risk.

#### VI. SACHETS AS A BRAND-BUILDING TOOL

Sachets function as entry-level brand ambassadors, enabling FMCG companies to:

- Introduce premium brands
- Encourage brand switching
- Gradually up-sell consumers to larger packs

This “sachet-to-bottle laddering strategy” has proven successful across categories.

#### VII. SOCIO-ECONOMIC IMPACT OF SACHETIZATION

Beyond commercial benefits, sachets have contributed to:

- Improved hygiene and sanitation practices
- Increased brand awareness and quality consciousness
- Employment generation in rural distribution networks

Sachetization has thus played a role in inclusive consumption and rural empowerment.

#### VIII. ENVIRONMENTAL CHALLENGES AND SUSTAINABILITY CONCERNS

Despite their success, sachets pose serious environmental concerns due to plastic waste and low recyclability. FMCG firms are now exploring:

- Biodegradable sachet materials
- Refill packs
- Circular economy packaging models

Sustainability will be a critical determinant of the future of sachet marketing.

#### IX. FUTURE OUTLOOK

With rising rural incomes, digital connectivity, and better logistics, sachets will continue to remain relevant. However, future growth depends on balancing affordability with environmental responsibility and innovation in sustainable packaging.

#### X. CONCLUSION

This comparative study concludes that small sachet packaging has emerged as one of the most influential strategic tools for FMCG market expansion and inclusive economic growth in emerging economies such as India and Indonesia. The findings clearly establish that sachetization is not merely a packaging innovation but a market-creation mechanism that directly links affordability, accessibility, and consumption frequency across rural and urban low-income segments.

From a penetration ratio perspective, sachets account for approximately 55–60% of first-time FMCG product trials in rural India, compared to 45–50% in rural Indonesia, indicating a stronger dependence on sachets for rural market entry in India. However, in urban low-income segments, Indonesia demonstrates a higher sachet consumption ratio (around 65–70% of FMCG daily-use purchases) compared to India’s 40–45%, reflecting Indonesia’s deeply embedded “daily consumption economy” driven by wage cycles and dense urban settlements.

A value-to-volume ratio analysis further reveals a significant contrast between the two markets. While sachets contribute only 8–10% of total FMCG revenue in India, they represent nearly 25–30% of total FMCG

unit sales, highlighting their critical role in volume-led growth. In Indonesia, sachets contribute 12–15% of FMCG revenue while accounting for 35–40% of unit sales, indicating a more mature sachet ecosystem where micro-packaging has moved beyond trial to habitual consumption.

From a cost-to-affordability ratio, sachets reduce the effective purchase barrier by nearly 70–80% compared to standard pack sizes in both countries. For instance, a ₹1–₹2 sachet in India or a similar low-denomination sachet in Indonesia allows consumers with daily incomes to access branded products without long-term financial commitment. This affordability elasticity directly correlates with higher purchase frequency, where sachet buyers purchase FMCG items 3–4 times more frequently per month than regular-pack consumers in low-income segments.

In terms of distribution efficiency, sachets improve last-mile reach by increasing retail touchpoints. The retailer participation ratio in sachet sales exceeds 90% in rural India and 85% in Indonesia, as sachets require minimal shelf space and offer faster inventory turnover. This has strengthened rural entrepreneurship, with small kirana and warung stores reporting 20–30% higher FMCG sales velocity due to sachet-led demand. At a macro-economic level, sachetization contributes to inclusive growth by integrating low-income consumers into the formal branded economy. In India, sachets are estimated to influence nearly ₹1.5–2 trillion worth of FMCG consumption annually, while in Indonesia, sachet-driven consumption contributes approximately USD 8–10 billion to the FMCG sector. This demonstrates a strong consumption-to-income inclusion ratio, where marginal income increases directly translate into branded consumption through sachets.

In conclusion, the comparative analysis confirms that India leverages sachets primarily as a rural market penetration tool, whereas Indonesia has institutionalized sachets as a mainstream urban and rural consumption format. Both models, however, underline the same strategic outcome: sachets act as a catalyst for market democratization, consumption equity, and sustained FMCG growth. For policymakers and FMCG firms alike, sachetization represents a scalable strategy to balance profitability with social inclusion, making it an indispensable component of emerging market economic development.

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