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MARKETING OF BRANDED PRODUCT IN RURAL AREA: A CONCEPTUAL BASED STUDY ON RURAL MARKET

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ABSTRACT

The mantra for marketers is innovation. New marketing and advertising models have yet to tap India's multicultural heritage, and the process of globalization has yet to spring from the bottom-up i.e. from rural India. In addition, the rural way of speaking is different from the urban manner of communicating. This difference needs to be addressed in order to avoid incorrect conclusions that associate rural verbal behavior with linguistic deficiency, especially in relation to brand recognition. The study attempts to understand the company strategy for increasing the marketability of their branded product in rural area. In present paper researcher had analyzed the rural market behavior, through descriptive study an attempt had been made to look the hinterland at different perspective. Apart from study of various research report and survey results, detailed study of CPG and Consumer Durable Industry had been made. In this paper a new approach, 4R's had been highlighted and presented. It also aims to analyze the impact of communication and campaigning process on consumer buying behavior. While focusing on specific areas of departures and inadequacies in past and current research in the area, the paper discusses the possibility of creating an effective model for enhancing marketability of the product. Although no pre test and post test had been made to check the validity of model in rural market. The proposed model is designed keeping in mind the technological advancements that have taken place in the marketing environment in rural India. It may also provide key insight and opportunities to marketers to frame their 4R's strategy.

KEYWORDS

Rural Marketing, 4 R Principles, Consumer Durable, Marketing Strategy.

1. INTRODUCTION

The long term is the sum of short terms. If you are not able to perform outstandingly well in the short term you will never succeeded in long run"
 Marco Bizzarri, CEO, BOTTEGA VENETA
 'As rural India starts to become more and more like, urban India, providing distribution of product and service across the hinterland is a big opportunity. However, more and more rural retailers want urban model of servicing, not compromised servicing, just because they are in rural areas'

Hemant Bakshi, Executive Director, HUL.

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges, including understanding the dynamics of the rural markets and strategies to supply and satisfy the rural consumers.¹¹ Understanding and forecasting about Indian rural market as always been considered as complex because of its special uniqueness. However many companies were been successful in entering the rural markets. They proved that with proper understanding of the market and innovative marketing ideas, it is possible to tap the potential of rural markets. By introducing the products in to rural markets, companies are not changing and challenging customers' tastes and preferences but their life style and habits. Marketers are working out to understand the social dynamics and attitude variations in different rural areas. They know that the future in rural areas is very promising only for those who understand the dynamics of rural markets and exploit them to their best advantage.¹⁴

TABLE.1 USAGE GROWING FASTER IN RURAL AREAS

VILLAGES HAVE BEEN THE ENGINE OF GROWTH		
Increase in homes using	Between 2001 & 2011	
	Rural	Urban
	Absolute Percentage	
Two wheelers	161	110
LPG Cylinders for cooking	144	99
Banking Services	119	101
Television Sets	114	75
Mosaic/Tile Floor	85	71

Source: Census 2001-11

At 9.3 crore, more homes in rural India had electricity than in urban regions (7.3 crore). Of course, the number of rural households at 16.8 crore dwarfed the number of urban ones (7.9 crore). The households owning a scooter/motor cycle rose by 161 per cent in rural India compared with an increase of 110 per cent in urban India. Probably due to more electricity connections, the number of homes owning a television set has jumped by 114 per cent in rural areas, while the growth was only 75 per cent in the cities. Thanks to the increase in welfare spending by the Government, the income of rural consumers has risen, and improved their lifestyle.²⁰

2. CHANGING BUYING PATTERN TOWARDS BRANDED PRODUCT: FAST MOVING CONSUMER GOODS (FMCG) AND CONSUMER DURABLE

Driven by changing consumption patterns and higher disposable income, the rural consumption market is expected to expand three-fold from the current level of US\$ 190 billion to US\$ 600 billion by 2020. Greater attention from marketers in every sector, intense government support, and increasing self-reliance are strengthening the rural sector in India. The fact that about 72 per cent of the Indian population resides in hinterlands brings home the point that the Indian consumer base is highly supported by the rural population; which is eventually driving revenues for many major conglomerates operating in diverse markets in India.

Today we notice this shift in branded product in rural area as a result of socio-economic and political changes in last 5 years. This had made rural area more viable market as compare to urban market. The introduction of sachet made rural people who are traditionally not accustomed for bulk purchase, too buy branded rural products like 1rs shampoo, nut powder, oil beverage, readily available in the ready availability of instant food, beverage, cosmetic products, edible

oil, bath soap, detergent, cleaning powder and liquid tooth paste etc. in rural shops. This changed the pattern of buying from traditional product to branded products. A report by National Sample Survey Office (NSSO) has also revealed that rural households' expenditure on durable goods has increased from 3.1 per cent (1987-88) to 4.8 per cent (2009-10), confirming that the expenditure on non-food items like durable goods has increased over the past few decades.¹⁸

2.1. FMCG IN INDIAN CONTEXT

FMCG sector is a corner stone of Indian economy. This sector touches every aspects of human life. The rural markets were the main growth drivers. The number of households in rural areas using FMCG products went up from 136 m in 2004 to 143 m in 2007 implying a CAGR of 1.7% on the back of higher penetration. In 2009, the rural areas grew at a robust rate of 18% as compared to 11% growth in urban retail market. According to a McKinsey, rural India would become bigger than the total consumer market in countries such as South Korea or Canada in another twenty years. While the per capita income in rural areas is lower than that in urban areas, the customer base is thrice that of urban areas. With the economy on a high growth flight, robust consumerism, greater rural penetration and rapidly growing organized retail FMCG growth had been fasten up. There had been an increase in value growth led by demand of premium products at rural regions which had led to higher consumption. There had been shift from unorganized to organize, unbranded to branded which had added impetus to growth in FMCG segment.¹⁰

As per the AC Nielsen's report, the FMCG sector saw a growth of 16.2% YoY during April-May '09. As per the FICCI-Technopak report, the industry's size is expected to reach US\$ 47 bn by 2013 and US\$ 95 bn by 2018. The continued focus of the government on rural areas, lower penetration and consumerism would aid the FMCG sector in its growth. Further, implementation of the proposed Goods and Services Tax (GST) and opening of Foreign Direct Investment (FDI) would fuel growth.¹¹

2.2. CONSUMER DURABLE: BRIEF NOTE ON CONSUMER DURABLE INDUSTRY

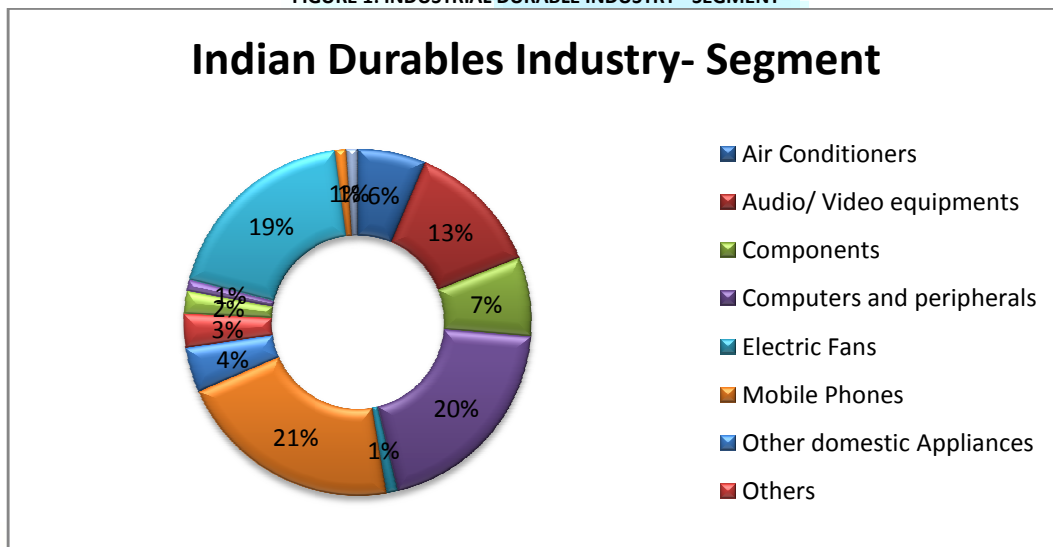
The consumer durable sector which contributes around 8% in the Index of Industrial Production (IIP) and which provides jobs to professionals, skilled, semi skilled and unskilled workers, particularly women in the rural and semi-urban areas every year. According to a study "Rise of Consumer Durables in Rural India" undertaken by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), India's rural consumer durable market will witness an annual growth o 40 per cent in the next fiscal 2011-12, as against the current growth rate of 30% owing to the change in lifestyle and higher disposable income of rural India which has fascinated the consumer durable market.

According to the President of ASSOCHAM, around 35% of the total sales of consumer durable items come from rural and semi-urban markets, which will grow by 40 to 45 per cent in the near future. The consumer durable industry is growing at a fast pace and sees a strong demand in the coming period with the growing affordability of products as well as general buoyancy in the economy.

The urban consumer durables market is growing at an annual rate of nine to 12%, the rural durables market is growing at 30% annually. Some high-growth categories within this segment include mobile phones, TVs (LEDs) and music systems (IPODs). The segment improves the quality of life of people by providing entertainment / information / education / comfort and also helps to reduce daily chores. But the importance of the sector in national economy remains unnoticed.

According to ASSOCHAM Research Bureau, the Indian consumer durables segment can be segregated into consumer electronics (LCDs, home theater systems, laptops & PCs etc.) and consumer appliances (white goods) like refrigerators, washing machines, air conditioners, microwave ovens, dishwashers and small home appliances. Television, Refrigerator and Air-conditioner have penetration of around 25%, 17% & 4% respectively in the rural. The study revealed that in the coming five years it would be a new era for rural, by 2015 it is expected that every village will be connected by an all weather road, every village will get the internet connectivity and almost every home will have electricity and possess a mobile phone.

FIGURE 1: INDUSTRIAL DURABLE INDUSTRY - SEGMENT



The Central Statistics Office of the Ministry of Statistics and Programme Implementation released the estimates of Index of Industrial Production (IIP) with base 2004-05 for the month of December 2011 which illustrates the Consumer durables having growth of 5.3%, with the overall growth in Consumer goods being 10.0%.²⁴

Table 2: IIP

Month	Consumer goods (298.08)		Consumer durables (84.60)	
	2010-2011	2011-2012	2010-2011	2011-2012
Apr	175.2	180.8	286.0	290.5
May	167.3	179.3	268.9	282.6
Jun	173.7	179.1	277.3	281.7
Jul	171.1	182.0	279.4	304.6
Aug	163.7	167.2	263.5	278.0
Sep	168.2	177.8	283.1	308.4
Oct	168.3	168.7	289.2	288.6
Nov	163.7	185.0	269.8	300.7
Dec*	188.9	207.7	283.5	298.4
Jan	197.3		310.8	
Feb	200.0		317.2	
Mar	202.5		323.3	
Average	171.1	180.8	277.9	292.6
Apr-Dec				
Growth over the corresponding period of previous year				
December	3.5	10.0	7.8	5.3
Apr-Dec	7.4	5.7	13.8	5.3
* Indices for December 2011 are Quick Estimates.				

NOTE: Indices for the months of Sep'11 and Nov'11 incorporate updated production data.

TABLE 3: WEIGHTED MEASURE OF CONSUMER DURABLE GOODS

Description	Weight	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Electrical machinery & apparatus	19.80	116.8	131.6	373.0	530.8	459.2	472.1
Radio, TV and communication equipment & apparatus	9.89	122.7	312.8	604.2	726.7	809.1	911.5

3. INDIAN RURAL CONSUMER MARKET SURVEY AND REPORT'S

Indian Rural Consumer Market reaches \$6 Billion. The Consumer Market, especially Fast Moving Consumer Goods (FMCG), sector in rural and semi-urban India is estimated to cross \$20 billion by 2018 and \$100 billion by 2025, according to an AC Nielsen survey. Some of the most popular consumer goods included fruit drinks, shampoos and biscuits are among the most bought items in rural and semi-urban India and will continue to be so.

The Nielsen study was conducted across 81 FMCG categories. It revealed that \$6 billion were consumed by rural and semi-urban towns of India out of the \$30 billion FMCG sales in 2010. It also revealed that growth in the FMCG sector in rural India increased 3.5 times from 2000 to 2010, as compared to 3.2 times in urban India. Ranjeet Laungani, Executive Director, Nielsen, said, "The demand revolution has percolated down to middle India and these towns will behave like the metros of tomorrow," as quoted by an MXM India. He said that rural India would prove "to be critical for volumes in the long run." The study also revealed 4 prime trends that have led to increased consumption in India, namely, premiumization - customers switching from commodities to brands, going from indulgence to regular consumption and greater acceptability. The survey stated that FMCG sector contributes to 2 percent of the nation's GDP and is steadily growing; rural and semi-urban markets are growing at the rate of 10 percent annually (about \$1,063 billion by 2012) and account for 60 percent of the FMCG sales.

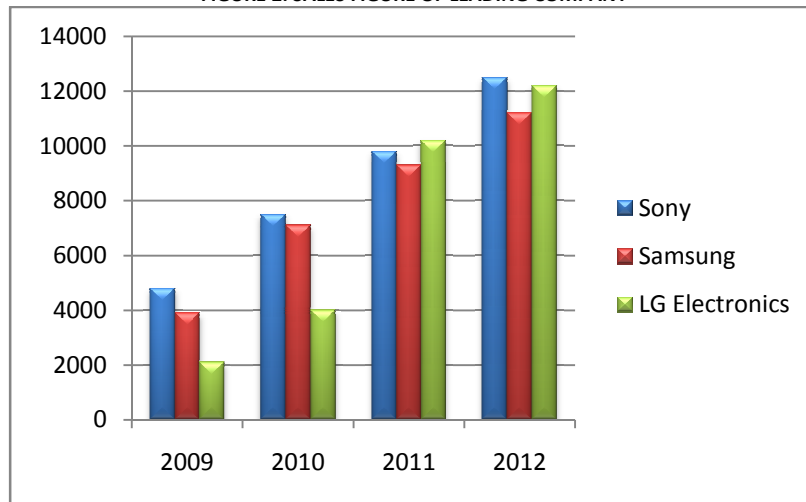
In the Annual Global Investor Conference, 2011, conducted by Motilal Oswal, it is stated that the FMCG sector in India has registered a Compound Annual Growth Rate (CAGR) of 11.2 percent from 2000 to 2010, with an average annual volume growth of 8.5 percent. This growth has been attributed to factors like, increased consumption, rise in income levels, changes in lifestyles and demographic changes. The conference highlighted data from an AC Nielsen survey, which stated how the rural sector in India accounts for about 33 percent of the total revenue every year. It stated that the FMCG sector stood at \$30 billion in 2010. Food occupies the major chunk in this sector, with about 52 percent, followed by non-food 45 percent and Over the Counter (OTC) 3 percent.

According to Booz & Company, the Indian FMCG sector is expected to grow between 12 to 17 percent by 2020 and would reach a market size of 4,000 to 6,200 billion. According to a study by McKinsey Global Institute (MGI), incomes in India are likely to grow 3 times over the next two decades and India will become the world's fifth largest consumer market by 2025¹⁷

TABLE 4 - MNC SALE FIGURE OF LCDS IN CHHATTISGARH

LCD Brands	Yearly LCD unit sales			
	2009	2010	2011	2012 (estimated)
Sony India Pvt Ltd	4800	7500	9800	12500
Samsung India Pvt Ltd.	3900	7100	9300	11200
LG Electronics	2100	4000	10200	12200

FIGURE 2: SALES FIGURE OF LEADING COMPANY



Source: Company officials of Chhattisgarh State

4. MARKETING TO RURAL INDIA

While marketing to rural people it must be remembered that the rural consumer does not have a budget problem. He has a cash flow problem. This is because the village folk receive funds only twice a year. At these times, he is capable of making high volume purchases. At all times, however, the unit price is critical and so is the pack size. Because of this, in the lean season when there is a cash flow crunch, marketers need to provide financial products, schemes or solutions that suit the needs of the rural population.

Penetration in rural would be attainable only if the organizations keep in mind the psyche of rural consumers, the cultural and social dynamics and above all cater to the diverse yet unique requirements of this segment. Different target segments require different marketing approach and rural market is no exception to it. Experience suggests that mere extension of urban marketing strategies in rural India will fail unless they are customized to the needs, ethos of rural India. In the rural context, one of the best ways to capture the audience is through Event Management. Since rural areas have limited venues for entertainment, conducting an event in rural areas can bring a good response. Some of the interesting events that can be conducted are Road Shows, Melas, Street Theatre, and Film Shows and so on. Several Agrochemical companies such as Rallis India Limited, Wockhardt and tractor companies like Escort, Mahindras have successfully employed melas, local communication to get higher sales.

Jagmohan Singh Raju, a professor of marketing at Wharton, says: "No consumer goods company today can afford to forget that the rural market is a very big part of the Indian consumer market. You can't build a presence for a brand in India unless you have a strategy for reaching the villages." Several European multinational firms -- and a few U.S. firms -- have been making inroads into rural India for years. Companies such as Unilever, Phillips and Nestle have long been known to India's rustic dukaandars, or merchants. Among U.S. firms, companies such as Colgate and Gillette have made considerable headway. According to Raju, marketing to rural customers often involves building categories by persuading them to try and adopt products they may not have used before. "A company like Colgate has to build toothpaste as a category, which means convincing people to change to toothpaste instead of using neem twigs to clean their teeth, which was the traditional practice," he says. "This is difficult to do and requires patience and investment by companies. It's not like getting someone to switch brands."^{14 22} The overall marketing mix framework for rural markets must therefore focus around plugging the segments with the right product, using value for money pricing, selecting the most appropriate channel of distribution, building long term relationships with the customers and finally, using the power of emotional brands.⁹

4.1 FIVE REASONS FOR GREATER BUSINESS CONFIDENCE IN RURAL INDIA

- 4.1.1 Rural spending is now less dependent on farm income, which constitute to the 50 percent of the total rural Income. Income remittances from migrant rural populations and increase in nonfarm activities such as trading and agro-processing are boosting non-farm income.
- 4.1.2 The increase in procurement prices (the minimum price that the farmers earn on produce sold to the government) is putting more money into the hands of the rural population. A series of good harvest, on the back of several good monsoons from 2005 to 2009 has accelerated rural employment in agricultural and allied activities.
- 4.1.3 The government has increased spending in rural areas from US \$ 9 billion for the financial year ending March 2007 to an anticipated US \$ 16 billion for the financial year ending March 2010.²³
- 4.1.4 Improved access to finance and institutional credit has brought greater cash inflows to rural households. Institutional credits to the agriculture and allied sectors increased from US \$ 14.5 billion in 2002-03 to US\$ 55 billion in 2008-09.⁶
- 4.1.5 Policy measures such as US \$ 13.9 billion waiver of agriculture loans and the National Rural Employment Guarantee Scheme (NREGs), which guarantees 100 days of employment to one member of every rural household, have helped to reduce under-employment and raised wages. The official minimum average per-day wage paid under NREGs has increased from INR 65 in 2006-07 to INR 84 in 2008-09

4.2 4A VS 4 R's: AN APPROACH TOWARDS MARKETING OF BRANDED PRODUCTS

The company reaches deeper into the interior through regular visits to stock smaller villages with supplies. "A good distribution network is the only answer in rural India. Companies need to keep two issues in mind here: one, ensure distributor margins are high enough to make them service their territories well; and two, offer consumers a choice of products so that the marginal cost of distribution reduces, while avenues of income generation increase." notes Rural Relations' Lokhande.

Each Company is making their way to Rural India. Most of them have studied the market and analyzed the things over there and ready to stand and compete at rural India. There are some of the companies which have already written their success stories in rural market. Companies like HUL, ITC, LG, and M & M have given a new format for rural marketing. They have done a great job. So, the marketing is always having the difference in Urban and rural, which makes the companies to think over the Marketing mix. Marketing mix is such an element in rural market which gives the sense to think of marketing activities. This 4A model is similar to the 4P model of marketing mix; the difference it shows is main streamline and rural market. 4A perceived to be more customer oriented. The 4A's are Affordability, Availability, Awareness, and Acceptability.¹⁵

If the Indian advertising industry is to reach out to rural India, it has to be firmly grounded in rural perceptions, values, and traditions. It has to drown itself in local colours, customs, and modes of communication to make itself relevant to rural society. It must gain the trust of the masses by undercutting its excessive dependency on Western advertising, on the one hand, and on deceptive and manipulative claims, on the other. It has to reach out to potential consumers and relate to them on a level that can bring about the desired behavioral changes. Finally, it has to find ways of reincarnating innovation. The components of the 4-R principle are not mutually exclusive. Innovation should be carried out within the framework of what can best be characterized as the 4-R principle²

R1 = Relevance

R2 = Reliability

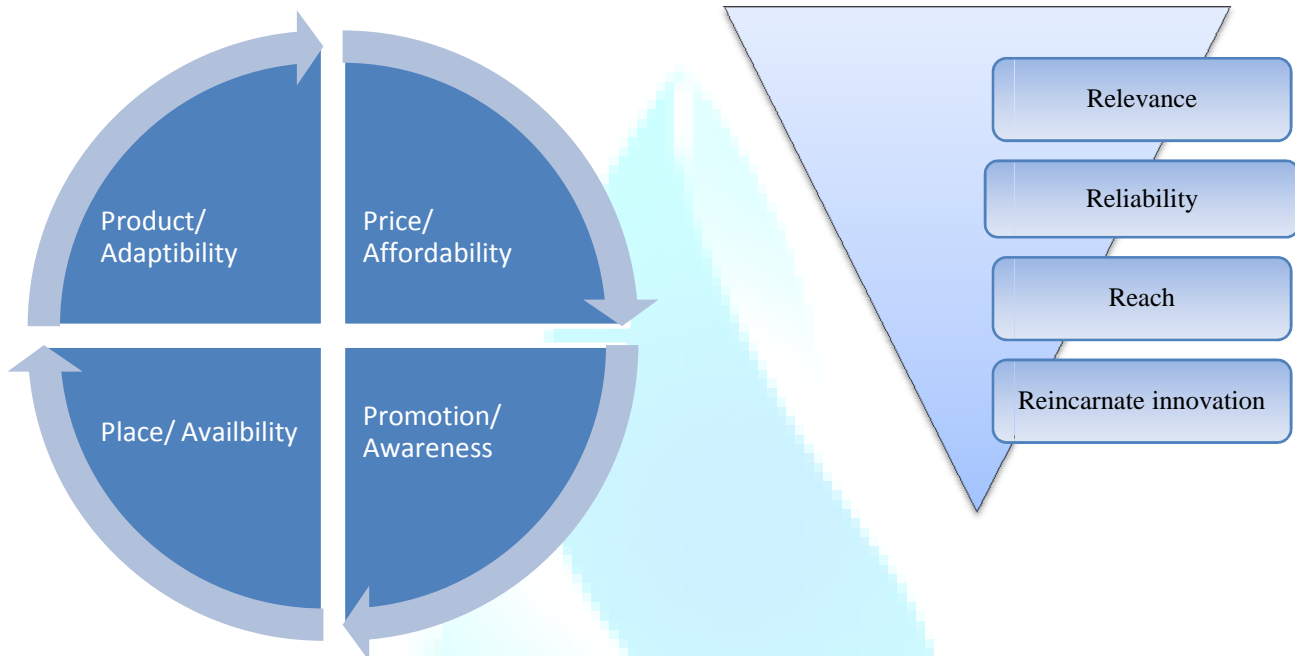
R3 = Reach

R4 = Reincarnate innovation

TABLE 5: 4P's, 4A's & 4R's

4 P's &	4 A's Principal	4 R Principal
P1: Product ,	A1: Adaptability	R1 = Relevance
P2: Price,	A2: Affordability	R2 = Reliability
P3: Place,	A3: Availability	R3 = Reach
P4: Promotion,	A4: Awareness	R4 = Reincarnate innovation

FIGURE 3: 4P's, 4A's & 4R's



R. Seshadri, Managing director of Anugrah Madison, an advertising agency that focuses on rural and semi-urban markets, believes there are four mantras for a brand to succeed in India's rural markets: "Customize product and communication; build recognition through demonstration; build word of mouth for the brand; and build access through innovation and a cost-effective distribution channel."

In formal reasoning, relevance has proved an important but elusive concept. It is important because the solution of any problem requires the prior identification of the relevant elements from which a solution can be constructed.

4.2.1 PRODUCT – ACCEPTABILITY VS RELEVANCE

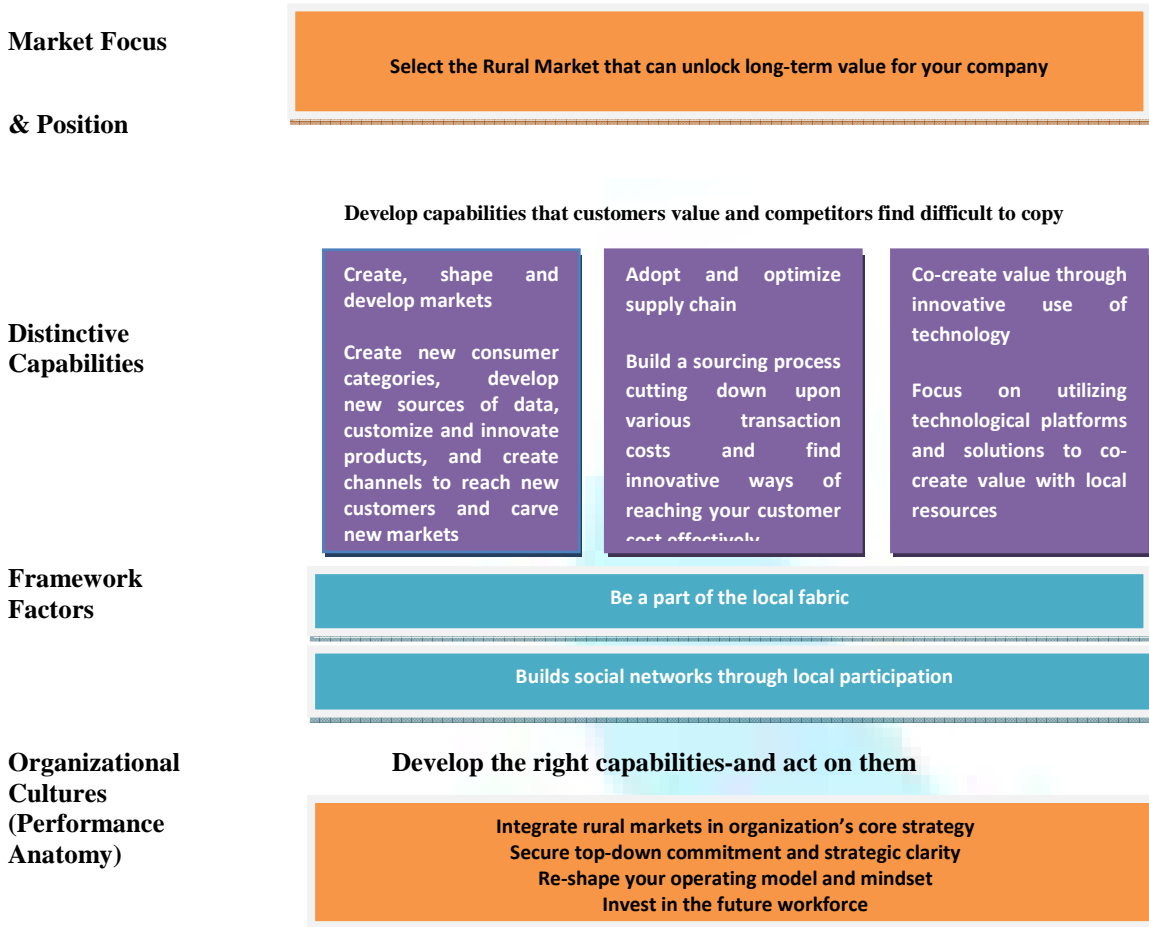
Across product categories, however, there seems to be a lot of action. Media -- particularly TV -- has been a great leveler. Even in small villages, people who have seen the urban lifestyle on television seem to want similar goods and services. Companies have realized this and are going all out to tap this latent demand. Companies understand what low income consumer wants but it is hard to design exclusively for them for several reasons.²⁵ Owning a car in India is esteem for most Indians and also in many developing countries. TATA Motors (recently took over Jaguar and Land Rover brands from Ford) came out with a compact car Tata Nano. Nano is expected to cost about USD 2,000 specially designed for the low income consume.

- The State Bank of India (SBI) has started a zero-balance bank account program for villagers. Called the SBI Tiny account, there are no physical branches or officials, just a paid volunteer who is equipped with a small box and a cell phone. The box enables biometric measurements (fingerprints), at the time of opening the account to confirm the account holder's identity. The cellphone enables communication with the zonal office to check on available balance. Payments under programs such as the NREGS and pensions are made directly to these accounts. The advantage for the villagers is that they can withdraw money from their accounts at any time of the day or night. (Withdrawals are never more than a few dollars.) SBI hopes to cover 100,000 villages by 2012. The bank has tied up with India Post for some services.
- Maruti Suzuki, India's leading automobile manufacturer, today sells 5% of its vehicles in the rural markets. The company expects this number to rise to 15% in the next two years. "This is not just our wish, but reflects market demand," says director (marketing & sales) Shuji Oishi.
- India Post, the public sector postal network, has its own plans. It has been hard hit in urban areas because of the more efficient (though more expensive) private sector courier services. Now it is looking at consolidating its hold on the rural areas. Project Arrow has been launched to IT-enable post offices in the hinterland. A pilot project involving 500 post offices -- the country has more than 150,000 -- has been kicked off. It will focus on banking, money remittance, and transmission and delivery of information.
- The third challenge is to gain acceptability for the product or its service. LG in 1998 introduced a customized TV for rural market & christened it "Sampoorna". It was a runaway hit selling 100,000 set in very first year.
- Because of lack of electricity & absence of refrigerator in rural area coca cola provide low-cost ice boxes, i.e. tin boxes for new outlets & thermocol boxes for seasonal outlets

4.2.2 PRICE VS ACCEPTABLE VS RELIABILITY

The second challenge is to ensure affordability of the product or service. With low disposable income, product need to be affordable to rural consumers, most of them whom is daily wages earner. Reliability refers to the consistency of a measure. A test is considered reliable if we get the same result repeatedly. For example, if a test is designed to measure a trait (such as introversion), then each time the test is administered to a subject, the results should be approximately the same. Unfortunately, it is impossible to calculate reliability exactly, but it can be estimated in a number of different ways. Lower prices/smaller packaging has been the most common strategies adopted by FMCG companies to penetrate rural markets.¹⁶

FIGURE 4: BUILDING BLOCK OF HIGH PERFORMANCE



Company for tapping rural market towards branded Consumer Durable products be done by rolling out low rate Equated monthly Installments (EMI). When developing products in any category, marketers must identify the typical rural specific needs. Urban products cannot be dumped into rural markets without modifications. The rural audience better receives tailor-made products as the consumers feel empowered and tend to identify with the offering. For instance, shampoos or soaps with distinctive, strong rose or jasmine perfumes are very liked among the rural women in South India. Creation and development of markets in the hinterland involves building consumer understanding, product customization, relevant pricing, value engineering, and innovative modes of advertising and promotion—all designed to increase consumption and open up new markets. The following activities stand out:

CREATING NEW CATEGORIES

Businesses may need to develop new products tailored to the unique needs and circumstances of rural consumers. An example: BP Energy India saw an opportunity to offer a cleaner fuel alternative for the traditional charcoal- and wood-fired stoves used in the countryside—a move that the company believed could convert 3.6 billion potential consumers to more environment-friendly energy solutions. The company bought patented technology from the Indian Institute of Science (IISc) that used fuel pellets made from agri-waste to run smokeless stoves; it had successfully sold the pellets to nearly 200,000 households by early 2008

CUSTOMIZING PRODUCTS

Rural consumers typically define value in terms of the functional focus of a product or service—its durability, affordability, and fit for multiple uses. Nokia translated this perspective into customized mobile phones for the rural market. Sold as a part of the “bundled offers” by different telecom providers, the phones are priced at less than INR2, 000 and are feature rich, with multilingual keypads, a built-in flashlight and FM radio. The rural market leaders usually address their customers’ price perceptions in two ways: by offering low-priced products in the first place, with a range of even cheaper variants; and by selling products as discrete units rather than in multiunit packs. Many FMCG companies, selling products ranging from biscuits to shampoos, have introduced smaller pack sizes to increase category penetration. The rural market experts may also practice value engineering, lowering the input costs by using alternative materials for raw materials or as packaging alternative.¹

4.2.3 PLACE V/S AVAILABLE V/S REACH:

The classic conundrums of reach and coverage of the media are shattered. Distribution costs and increases market penetration at lowest costs and low danger to environment. The first challenge is to ensure the availability of product or services. India: 638000 Village are spread over 3.3 Million Sq. Km. Around 70 % of Indian live in rural areas but finding them is not easy. Challenge to send product to far flung village on a regular basis. Several creative communication media have been used by various companies to tackle the problem of having to use visual communication and non-verbal communication to reach the rural audience. This is required because a large proportion of the rural population cannot read or write. Getting together with small industries, dharamsalas, post offices or other rural outlets for advertising and marketing purposes can be quite useful. Word of mouth is a big advantage in rural India. Collaborative and shared warehouses may bring down.

- Over the year India’s largest FMCG Co., HUL has built a strong distribution system that helps its brand to reach the interior of rural market.
- Coca cola, which consider rural India as a future growth driver, has evolved a hub & spoke distribution model to reach village.
- LG define all cities & town other than 7 metro cities as rural & semi – urban market. To tap these unexplored markets LG has a set up 45 area offices & 59 rural / remote area offices.

4.2.4 PROMOTION VS. AWARENESS VS 4R’S (RELEVANCE + REACH + RELIABLE+REINCARNATE INNOVATION)

Different target segments require different marketing approach and rural market is no exception to it. A much strong awareness can be created without conventional flyers, TV advertisements, and hoardings. The need for focused communication aimed at the rural be underestimated. This calls for innovation and substantive changes. If the Indian advertising industry is to reach out to rural India in an effective and efficient manner, it has to be grounded firmly in rural

perceptions, value and traditions. It has to immerse itself in local colors, customs and modes of communication in order to make itself relevant to the needs and desires of rural society.⁵ It has to gain the trust of the masses by undercutting its own excessive dependency on western styles of advertising, on the one hand and on its use of deceptive and manipulative claims, on the other. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioral changes.⁸ Finally, it has to find ways to reincarnate innovation. The four components are not mutually exclusive; they share an interdependent relationship.

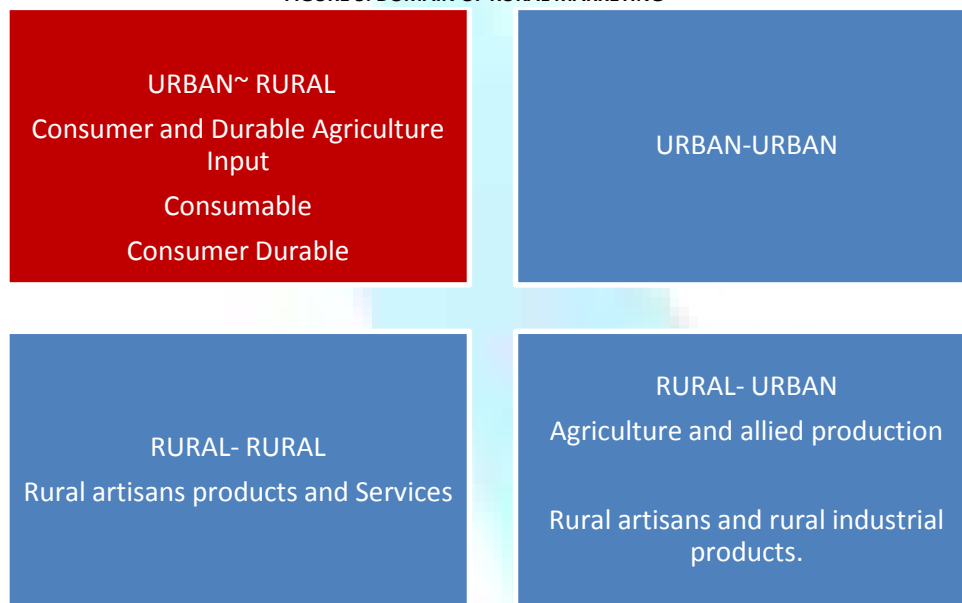
- Nokia, Ericsson, Qualcomm are developing technology for rural value-added services like agri-related information. Reuters is also providing data on weather and commodity prices through mobile phones to farmers.
- General Electric is studying water and energy solutions. The focus is to provide clean drinking water and energy efficient power solutions.
- IT companies are developing software that makes rural launches viable. For instance, cattle-tagging has made cattle insurance viable now as an embedded software chip tracks the lifecycle of the livestock.
- Healthcare and Pharmacy companies are getting increasingly active with Novartis launching its Arogya Parivar (healthy family) programme, Aventis looking at making diabetic care affordable and Ranbaxy hiring in a big way in rural India.
- Hindustan Unilever not only created a low cost brand Shakti (Shakti means Strength) for the low income group but also made use of the microfinance channel to Promote its product to Reach the remotest areas and thus creating an employment opportunity for the poor.

5. MARKETER PERSPECTIVE AND IMPLEMENTATION

Rural marketing is thus a two way marketing process (other than internal aspect). Its content now encompasses inflow of product into rural areas for production or consumption purposes, and also outflow of product to urban areas.

DOMAIN OF RURAL MARKETING

FIGURE 5: DOMAIN OF RURAL MARKETING



Source: (Pradeep Kashyap & Siddharth Raut – The Rural Marketing: 2010)²¹

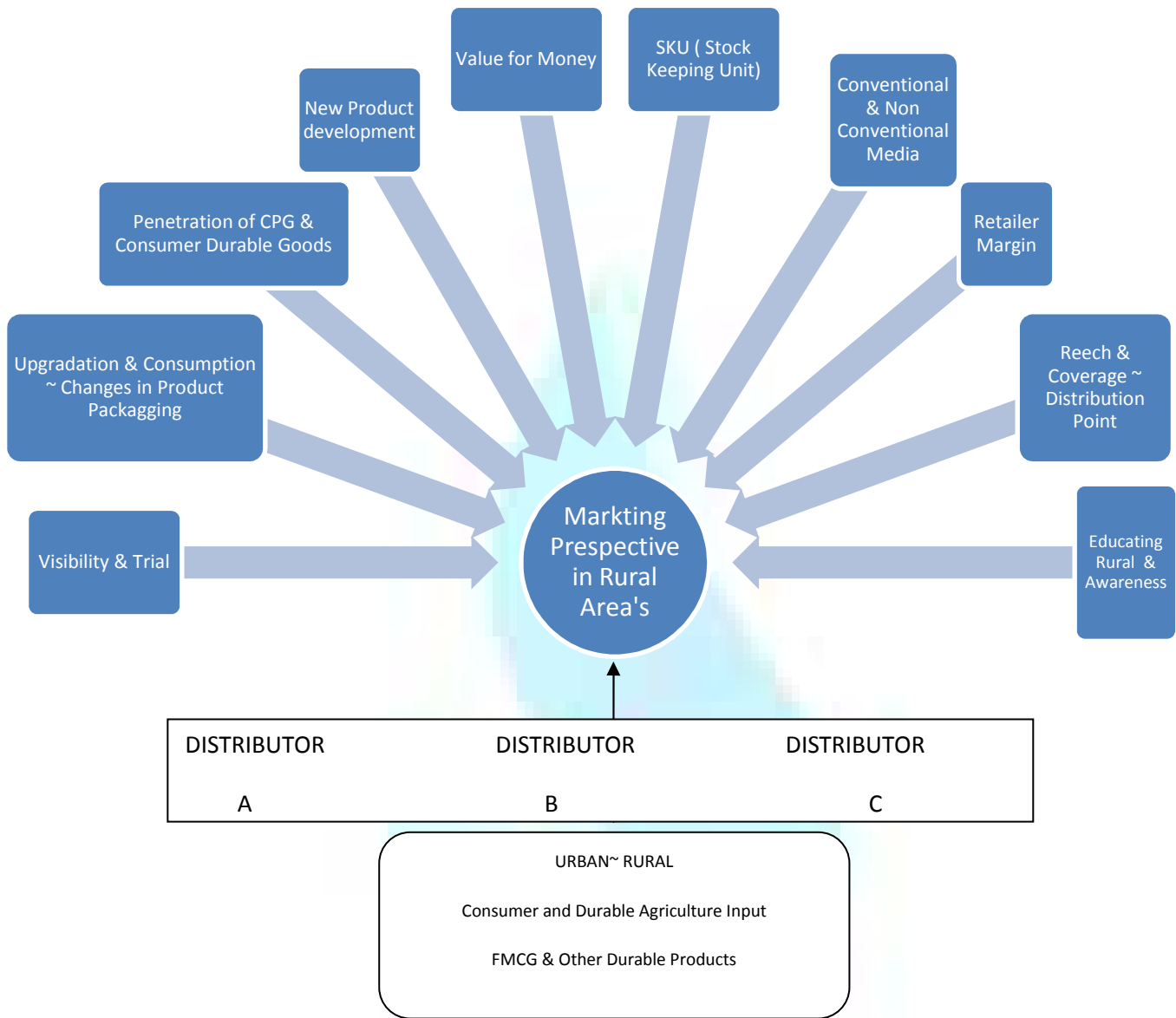
Rising per capita income, increased literacy and rapid urbanization have caused rapid growth and change in demand patterns. Apart from the demand for basic goods, convenience and luxury goods are growing at a fast pace too. The urban population between the ages of 15 to 34 years is expected to increase from 107 m in 2001 to 138 m in 2011, an increase of 30% per annum. In fact by 2020 it is expected that the average age in India will be 29 years. This would unleash a latent demand with more money and a new mindset. With growing incomes at both the rural and the urban level, the market potential is expected to expand further. While the homegrown companies are looking to expand beyond the Indian shores, the MNC subsidiaries are likely to look for greater leverage of their respective parent's strength. Since India is a big potential market, none of the big MNCs can afford to ignore the region for long. The decade ahead is likely to see more MNCs looking to enter India, as organized retailing picks up.³

Every marketer must realize that the rural consumer is not a miser. He is not simply looking for the cheapest product in every category. He understands and demands value for money in every purchase that he makes. Pricing therefore is a direct function of factors including cost-benefit advantage and opportunity cost. Pricing offered to consumers should be for value offerings that are affordable. Price sensitivity is extremely high and comparison with competitive prices is common. It must be remembered that the rural consumer does not have a budget problem. He has a cash flow problem. This is because the village folk receive funds only twice a year. At these times, he is capable of making high volume purchases. At all times, however, the unit price is critical and so is the pack size. Because of this, in the lean season when there is a cash flow crunch, marketers need to provide financial products, schemes or solutions that suit the needs of the rural population¹⁹

Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Constant scanning and sieving of ideas and plans is essential at all times. Focused attention needs to be paid to market research that goes on to reduce the uncertainty in dealing with these markets. More specifically, in relation to rural areas, demand is seen to be very highly price elastic. To break the price barrier is essential. Only this can keep the grey area local brands in check.⁷

Due to the large size of the market, penetration level in most product categories like jams, skin care, toothpaste, hair wash etc. in India is low. This is more visible when a comparison is done between the rural and the urban areas.²⁶ Existence of unsaturated markets provides an excellent opportunity for the industry players in the form of a vastly untapped market as the income rises. FMCG products are witnessing a retailing revolution in recent times. While some retail chains have large retail formats enabling huge volumes, some are focused on affordability which has resulted in margins getting squeezed. The Indian market is dominated by more than 12 m small 'mom and pop' retail outlets. However only 4% is in the organized sector, thereby reducing the reach. With FDI expected to be allowed, the share from the retail formats is expected to increase.

FIGURE 6: MARKETING PERSPECTIVE - MODEL FOR ENHANCING MARKETABILITY OF PRODUCT'S



CONCLUSION

Market provides a key to gain actual success only to those brands which match best to the current environment i.e." imperative" which can be delivered what are the people needs and they are ready to buy at the right time without any delay. Rural experience suggests that more sales happen on trust and familiarity with the agent than on a structured administration of financial planning tools The 800 million potential consumers in rural India presented both an opportunity and a problem, as this market has been characterized by unbalanced growth and infrastructural problems. Thus looking at the opportunities which rural markets offer to the marketers it seems that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage¹⁰

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