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Marketing Strategies for Rural India

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ABSTRACT

Marketing today has completely transformed the nature and dynamics of business. Marketing of products has taken precedence over the process of production itself. This can be attributed to the fact that the new age consumer equipped with the potent tool of information seeks more knowledge about the product, its features and its uses. And when this information is presented in a creative and effective manner, it creates an everlasting impression on the consumer's mind and may even alter his perception of what he needs. Marketers are forever seeking fresh challenges and scouting for more and more clientele to be drawn into their sphere of influence. The urban consumer has always been pampered with the most dazzling array of goods and services from every industry. But the urban market is fast shrinking due to saturation caused by the competition and the growth rate over the past few years has consistently shown a declining trend To explain how the dynamics of branding works in different settings, we have taken example of four villages from various parts of the country. For our purpose we will refer to these villages as our focus groups. We have taken a village each from Punjab, Bihar, Kerala and West Bengal. We will start our analysis by describing the features of each village, define a product that we wish to market in that village and then describe the marketing strategy for that product

KEYWORDS:

Introduction

Marketing today has completely transformed the nature and dynamics of business. Marketing of products has taken precedence over the process of production itself. This can be attributed to the fact that the new age consumer equipped with the potent tool of information seeks more knowledge about the product, its features and its uses. And when this information is presented in a creative and effective manner, it creates an everlasting impression on the consumer's mind and may even alter his perception of what he needs. Marketers are forever seeking fresh challenges and scouting for more and more clientele to be drawn into their sphere of influence. The urban consumer has always been pampered with the most dazzling array of goods and services from every industry. But the urban market is fast shrinking due to saturation caused by the competition and the growth rate over the past few years has consistently shown a declining trend. In the hunt for fresh pastures, the vast and hitherto vastly unexplored terrains of rural India consistently beckon the moolah seeking marketer.

Why go Rural?

There are various reasons why every industry is taking a very serious look at rural markets

- About 285 million live in urban India whereas 742 million reside in rural areas, constituting 72% of India's population resides in its 6, 00,000 villages.
- The number of middle income and high income households in rural India is expected to grow from 80 million to 111 million by 2007 while urban India is expected to grow from 46 million to 59 million.
- Size of rural market is estimated to be 42 million households and rural market has been growing at five times the pace of the urban market
- More government rural development initiatives.
- Increasing agricultural productivity leading to growth of rural disposable income.
- Lowering of difference between taste of urban and rural customers.
- Many companies like Colgate-Palmolive, HLL, Godrej etc have already made forays into rural households but still capturing the markets is a distant dream. Most marketers still lack in depth knowledge to analyze the complex rural market.

Characteristics of Rural markets

- There are certain characteristics of rural India, which every prospective marketer
- needs to be aware of before unleashing his product:
- Low income influenced by seasonal fluctuations
- Low literacy
- Diverse customs, languages and social structures
- Resistant to change
- Price sensitive
- High brand loyalty
- Influenced by traditions
- Moderate aspirational levels
- Quality Conscious
- Low to moderate risk taking ability

These typical characteristics of the rural market make it evident that there are huge challenges, which a marketer will face. These challenges need to be tackled using appropriate strategies and proper planning. The major obstacles can be classified as follows:

- Poor infrastructure facilities, which hamper the effective distribution of products and make the task of reaching the target consumer difficult.
- Traditional media is ineffective due to illiteracy and non availability.
- There is insufficient past research to provide some insight about consumer behaviour.
- Disposable income is highly dependent on good monsoons and a rich harvest.
- Varying linguistic and socio-cultural norms compel the marketer to vary his marketing message for different parts of the same country.
- Role of women in buying process is still not independent of family constraints.
- Inadequate credit availability hampers the ability of rural retailers to carry stocks.
- Understanding the psyche of the rural consumer and gauging the complexity of the rural market has to be given utmost priority by marketer. Creative marketing solutions need to be devised to combat these barriers.

Methods followed traditionally

Traditional methods of rural marketing make an interesting study and they ought to be analyzed carefully to draw relevant conclusions. Conventionally marketers have used the following tools to make rural inroads:

- Use of few select rural distributors and retailers to stock their goods but no direct interaction with prospective consumer.
- Use of print media or radio but no alternate form of advertising for promoting their brands
- More focus on price of product but less attention devoted to quality or durability
- Same product features for urban and rural setting with no customization for rural areas despite differences in the market environment.
- Low frequency of marketing campaigns.
- Little uses of village congregations like haats and melas to sell the products.
- More focus on men as decision makers and buyers.

Marketing in focus groups

To explain how the dynamics of branding works in different settings, let us take example of four villages from various parts of the country. For our purpose we will refer to these villages as our focus groups. We have taken a village each from Punjab, Bihar, Kerala and West Bengal. As we have stressed earlier, for any product to be successful in the rural parts of the country, a customized approach is necessary. So we will start our analysis by describing the features of each village, define a product that we wish to market in that village and then describe the marketing strategy for that product.

For a village in Punjab

There are various factors that need to be kept in mind so as to influence the buying behaviour of the people of this village. Punjab has a rich culture and Punjabis are per se very lively people. They believe in strong community relationships. Caste system is not very strong and overall farmers are prosperous. Land is fertile and there is abundant food and water. Literacy rates are almost equivalent to the country's rate and people are highly aware of the current trends and like to own goods that enhance their status in the community. People are fond of eating and frequent celebrations are part of their lives.

To understand how marketers need to approach this market, we have chosen an electronic grill as the product. Traditionally a clay tandoor is used to cook chapattis, non-vegetarian items etc in this region. We are offering electronic grill as a substitute to this. Characteristics that a marketer needs to highlight in this product are:

- Modern way of cooking
- A premium product, uses some imported technology
- Control panel in Punjabi language
- Smart looks, international styling
- Faster cooking, heat controls and offers variety in terms of dishes that can be cooked
- Payment in easy installments
- Convenient to handle and portable
- Available in different sizes viz. 22 liters, 19 liters, 16 liters

In addition to using these promotional parameters, it has to be kept in mind that disposable income is maximized during harvesting season so it's the perfect time to launch this product. Television and radio can be used to effectively promote the product. In addition to this, demonstrations can be used to carry home the message.

As women are highly regarded in this region, so they can be roped in to educate the local women about the benefits of using this product instead of traditional tandoor. Also another way to promote this product can be to position it as a gift item during marriages etc.

For a village in Bihar

Factors that need to be analyzed while entering this market are low level of literacy, division of society based on economic background and caste system. There is no dearth of water in this region and soil is also fertile. But there is lack of infrastructure and modern industries. Rainfall levels are high. The law and order situation has worsened in the recent past and the frequency of extremist violence has risen. The people of Bihar are very religious and God-fearing. For recreational purposes, they engage in folk theatre and enjoy music and dance.

To understand how marketers need to approach this market, we have chosen multipurpose oil as the product. Characteristics that a marketer needs to highlight in this product are:

- Non- sticky quality of the oil
- Contains herbal qualities
- Can be used for many purposes like hair massage, body massage and for relieving stress
- Special characteristics like cooling attributes
- Available in variety of fragrances

As the income level in this part of the country is very low, so small and convenient packaging is very important. Moreover to help them to relate to this product, impression of their local Madhubani painting can be used on sachets or bottles. Also the product name has to be traditional to which villagers can relate to for example madhusudan or sanjivini. For promoting the product, some movie star should be used as villagers aspire to be like them and thus emulate them.

For a village in Kerala

Kerala can perhaps be one of the easiest places for the marketer to sell their product, as it is very similar to the urban markets. This can be attributed to the high level of education coupled with a rich socio cultural heritage. Various recreational activities are largely promoted by number of clubs like sports clubs, youth clubs etc. Kerala has high sex ratio and is most literate of all the states in India. Administration is very efficient and there is high level of awareness among people. There is high regard for women in the society. Certain parts of Kerala are industrially backward and tourism, rubber, Beedi manufacturing etc form the major source of income for the people. One of the most important characteristics of these villages is the presence of large number of co-operative societies.

To understand how marketers need to approach this market, we have chosen a mouthwash as the product. Characteristics that a marketer needs to highlight in this product are:

- Usefulness of dental hygiene
- Anti plaque properties
- Promises fresh breath

Any media i.e. television, radio or print media can be used to promote the product. Again, as the income levels are moderate so small or medium packs have to be introduced. Most important point that has to be taken care of is that co-operatives have to be roped in for effective distribution of the product. These co-operatives are very well aware of the buying habits of the people and the trends of the market. So they can provide large amount of useful information. Some kind of incentive or profit sharing model has to be devised so that co-operatives have the reason to push this product.

For a village in West Bengal

A typical village of West Bengal has characteristics like low amount of agriculture, coastal areas with fishing being the major source of income for the locals, generally people are poor and land holdings are very small, literacy rates are very low. Staple diet is rice and fish. People are very proud of their language and culture. We have chosen dairy whitener as the product to demonstrate the approach that a marketer needs to take to make inroads in this type of market. The main brand promise that is offered to the consumer is low pricing and economy of the product.

Cost of milk in a cup of tea is around Re 1. But a 50 gm sachet, which is priced at nearly Rs 6.50, can be used to make nearly 25 cups of tea. So cost of milk used comes down drastically to nearly 26 paise per cup. Moreover sachet offers convenience of use and can be used anywhere. As there is high degree of humidity in that region and people cannot afford refrigerators, so this product helps to eliminate the problem of proper storage.

Analysis & Opportunities

As it is clear from the examples taken, for the product to be successful in rural market, it has to be customized for that particular

market. Each product needs individual attention and success in one market cannot be emulated in other markets. Most important factors that work for a product are right brand promise that is relevant for the local population and discreet brand visualization. Brand visualization would include factors like name of the product in local language, color combination according to local settings and a tag line, which delivers the message that is easily understood by the people. Companies need to identify the opinion leader in each area and target him as the first point of contact for villagers. One potential area that companies need to tap is advertising the local events like bullock races, melas or festivals. Another way is to advertise in places where people commune like hand pumps, ponds or haats.

Innovative uses of products

Time and again it has been proved that whatever may be the level of research involved in the market study, rural consumers behave in the manner that is totally unpredictable. They devise such innovative uses of a product that even surprises the companies. Some of the following examples will support this are:

- In a village of northern India, weavers used condoms to cover their fingers while weaving. This not only helped to avoid cuts on the fingers but also the lubricant helped in easy movement of the thread between the fingers.
- Godrej hair dyes are used in some villages to dye the buffaloes. This made them look younger and thus fetched better price at the cattle fairs.
- Horlicks was added to the feed of the cattle to fatten them and thus improve the milk producing capacity.
- Asian paints found that in some villages' paints were used to color the horns of the cattle for easy recognition.
- In the villages of Bihar, Iodex was used on the tired limbs of the cattle, returning from the fields in the evening so that they are fresh the next day.

All these examples show the there is tremendous potential for the existing products in the rural areas, and companies need to look beyond the obvious and critically analyze every indication that rural markets give, be it poor sales or high sales volumes.

Future Outlook

Considering the magnitude of the task at hand with the companies, it makes sense for non-competitive companies like HLL and LG to make a joint effort to penetrate the market. They can use each other's distribution channels to leverage their brands. Also considering the poor awareness levels of the people, competitors like HLL and P&G should join hands to avoid the product proliferation, which results in confusing the consumer. Rural consumers have a very high level of ethos so all the care should be taken not to hurt them in any form of advertising. Moreover every effort should be made by the companies to promote the "my brand" feel in the minds of consumers.

This can be achieved by connecting the local industries of that place and if possible, use it in packaging or graphics of the product. So the need of the hour is the integration of all the above stated approaches and constantly reinventing the products and bringing new innovations. Companies will need to think beyond the short term gains and resort to experimentation so as to develop a dedicated model for these areas. This will ensure rich rewards and long term association with rural consumers.

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