

"RURAL MARKETING"- AN EMERGING AVENUE FOR ENCASHING SUSTAINABLE MARKETING ADVANTAGE

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Abstract

The role and scope in form of fuelling growth in rural marketing is evident by the investment and expansion in terms of product and service availability in rural markets. Realizing the potential of rural market almost all the big brands and emerging players are trying their best to tap the potential and thus proliferating the revenues and growth.

Realizing this fact the present paper conceptually with examples from different industry tries to portray the rapid development in rural marketing, factors affecting its growth and strategies for promoting rural marketing. The present paper develops an insight for different concerned to explore rural marketing potential to contribute in development of economy at large.

Key words

Rural Marketing, Industrial development, Rural sector, Rural opportunities

I. Introduction to development and scope of Rural marketing

The lure of rural India has been the subject of animated discussion in corporate suites.. With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. Urban India constitutes places with a population of more than 5,000, a population density above 400 per square kilometer, all statutory towns, that is, all places with a municipal corporation, municipal board, cantonment board, notified area council, etc. and with 75% of the male working population engaged in non-agricultural employment. All non-urban is rural

During the last quarter of 2008-2009, manufacturing shrank 1.4%. In contrast, agriculture grew 2.7%. The feel-good factor in urban India is returning only now with a new, stable government and a sharp jump in the Bombay Stock Exchange Sensitive Index.

Indian agricultural industry has been growing at a tremendous pace in the last few decades. The rural

areas are consuming a large number of industrial and urban manufactured products. The rural agricultural production and consumption process plays a predominant role in developing the Indian economy. This has designed a new way for understanding a new process called Rural Marketing. The concept of rural marketing has to be distinguished from Agricultural marketing. Marketing is the process of identifying and satisfying customers needs and providing them with adequate after sales service.[1] Rural marketing is different from agricultural marketing, which signifies marketing of rural products to the urban consumer or institutional markets. Rural marketing basically deals with delivering manufactured or processed inputs or services to rural producers, the demand for which is basically a derived outcome. Rural marketing scientists also term it as developmental marketing, as the process of rural marketing involves an urban to rural activity, which in turn is characterized by various peculiarities in terms of nature of market, products and processes. The rural market is insulated from the global meltdown. The rural part of our economy has been untouched by credit cards and mortgages as known in the West the rural market is massive. 12.2% of the world's consumers live in India. Rural households form 72% of the total households. This puts the rural market at roughly 720 million customers. Total income in rural India (about 43% of total national income) is expected to increase from around US\$220 billion in 2004-2005 to US\$425 billion by 2010-2011, a CAGR of 12%, as per census 2006. [6]

The durables and automobile sectors contribute US\$2.5 billion each, and agri-inputs (including tractors) about US\$1 billion. Some 42 million rural households [use] banking services against 27 million urban households. There are 41 million Kisan credit cardholders [credit cards issued to farmers for purchase of agricultural goods] against some 22 million card users in urban markets. Be it automobile, telecom, insurance, retail, real estate or banking, the future drivers of growth are rural. No marketer can

afford to ignore the possibilities of rural India.[3]

II. Reasons for preferring rural markets

There are primarily certain reasons for this shift in marketing focus to rural India.

1. As existing markets reach saturation levels, marketers start moving into the interiors and find that there is a vast untapped customer base out there.
2. As urban India grows, it needs more help from rural areas. When the new immigrants travel back home, they carry with them stories of urban lifestyles. Awareness is thus created in the potential
3. Between the 8th (1992-97) and the 10th (2002-07) Five Year Plans, successive governments have tripled the spending on rural development from \$6.82 billion to \$20.2 billion. All this potential has got India's big business houses rushing to enter and expand rural businesses. [5]

III. An overview on Opportunity cashing and growth in Rural Marketing

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 cell phone 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.

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.[4]

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. gold and gold jewelry is from rural and semi-urban areas. The Tatas have launched a mass-market jewelry brand - Gold Plus. The Tatas train unemployed youth and send them to the villages as brand ambassadors. The problem with gold in India is that it is often adulterated. In rural areas, gold jewelry is not for ornamentation; it is a safety net for emergency situations. Thus, the Tata seal of good housekeeping is taking the brand places. "GoldPlus is an interesting example of the brand addressing the non-metro jewelry culture with its ethnic touch with regard

Hindustan Lever Ltd, the \$2.3 billion Indian subsidiary of Unilever, the country's largest FMCG company, has also got on the bandwagon. It's Project Shakti uses self-help groups across the country to push Lever products deeper into the hinterland. Its four-pronged program creates income-generating capabilities for underprivileged rural women; improves rural quality of life by spreading awareness of best practices in health and hygiene; empowers the rural community by creating access to relevant information through community portals and it also works with NGOs to spread literacy. There are currently over 15,000 Shakti entrepreneurs, most of them women, in 61,400 villages across 12 states. By the end of 2010, Shakti aims to have 100,000 Shakti entrepreneurs covering 500,000 of India's 640,000 villages, touching the lives of over 600 million people.

Telecom giant Sunil Mittal, chairman of the \$2 billion mobile telephony major Bharti Tele- Ventures, is another unabashed ag-bearer of the 'go rural' strategy. In an interesting business diversification, he has tied up with the legendary Rothschilds of Europe for a \$51 million food processing venture and export of fruits and vegetables.

Rallis, on the other hand, was partnering ICICI Bank and Hindustan Lever in offering deals to farmers that covered operations from the pre-harvest to post-harvest stage. In 2004, the two operations were merged and Tata Kisan Sansar, a network of one stop shops providing everything from inputs to know-how to loans, was launched. Today, the Tata Kisan Sansar has 421 franchisee-run centers in three states and reaches out to over 3.6 million farmers.

The \$2.6 billion Mahindra group has successfully established a synergy between its current businesses and the planned rural forays. Its flagship, Mahindra & Mahindra Ltd is India's largest farm equipment

company. Its subsidiary, Mahindra Shubhlabh Services, has operations in 11 states, and leverages the strong Mahindra brand, the 700,000-strong Mahindra tractor customer base and the 400-plus dealer network, to provide a complete range of products and services to improve farm productivity and establish market linkages to the commodity market chain. Its retailing arm, Mahindra Krishi Vihar, has been instrumental in increasing the groundnut yield in Rajasthan through a new seed sourced from the state of Maharashtra, and it has also introduced a new variety of grapes in Maharashtra.

Some FMCG players continue to expand rural penetration [HUL's Project Shakti, Tata Tea's Gaon Chalo]. Coca-Cola's Parivartan program has trained more than 6,000 retailers to display and stock products. Dabur has created a training module ASTRA [advanced sales training for retail ascendance] in several regional languages. A number of auto companies have launched rural-specific campaigns." [7]

Godrej introduced three brands of Cinthol, Fair Glow and Godrej (soap) in 50-gram packs, priced at 10 cents; Adidas and Reebok increased their sales by 50% in rural markets by reducing prices.

Size and design changes -- Videocon introduced a washing machine without a drier for US\$60; Philips launched a low-cost smokeless chulha (stove); DCM Shriram developed a low-cost water purifier especially for rural areas.

Improving product acceptance -- LG Electronics developed a customized TV (cheap and capable of picking up low-intensity signals) for the rural markets and christened it Sampurna. It sold 100,000 sets in the first year; Coca-Cola provided low-cost iceboxes as regular power outages meant families could not depend on refrigerators.

IV. Strategies for growing and flourishing for tapping rural markets

1. By developing communication channels and improving perceptions- Choosing the right marketing channel in case of rural marketing is a major challenge. Because of tradition bound culture and cultural barriers and also because the literacy level is comparatively low. Communication in the rural area needs to be in local idiom

Since rural media is also expensive since it has to manage its marketing through creating awareness and changing the attitude and mindset of people thus bringing respective change in the behavior of the people. The audience is also fragmented, location wise the promotion becomes more costlier.

Thus certain essentials needs to be considered while selecting the right channel for communicating- Selecting the right media mix for example TV since supported by ownership of cables, satellite, and establishing community TV thus enhancing the viewing facility in the rural areas.

Similarly Radio, because of quite big expansion in broad casting facilities availability of radio sets as a medium cannot be challenged.

Similarly use of cinema is equally important for rural consumers. Advertisement films, short documentaries combine education and promotion both and lead to widespread awareness. Also the use of print media has also enhanced. The small segment of the newspaper readers become opinion leader's. Similarly since the younger generation is more educated and conscious they can be used to spread the information through written word to different channels.

Also the use of outdoor displays in form of wall paintings particularly effective in melas, haats and mandis cannot be ignored. Also the use of publicity vans or through audio-visuals. Portable exhibition kit can be carried and can be displayed to provide a good communication to the rural public. Similarly the advent of syndicate vans have also added to the process. Those firms that cannot afford the or need to operate the vans can take services of syndicate AV vans of independent agencies. Similarly the use of puppet shows, folk theatre, Harikatha developed for product promotion can be a tool for promotion in rural markets.

2 By communicating in Indian Language to develop good rapport

3. Emphasizing on social and cultural values of Rural customers- Companies have recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

4. Focusing on customers requirement in design and features for satisfaction

5. By choosing good brand ambassadors & models - Companies are picking up Indian models, actors for advertisements as this helps them to show themselves as an Indian company. Diana Hyden and Shahrukh Khan are chosen as a brand ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford.

6. By focusing on Indian Values - MNCs are associating themselves with India by talking about

India, by explicitly saying that they are Indian. M-TV during Independence Day and Republic Day make their logo with Indian tri-color. Nokia has designed a new cellular phone 5110, with the India tri-colour and a ringing tone of "Sare Jahan se achcha".

7. By promoting Indian cricket Team as a medium - Companies are promoting Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. LG has launched a campaign "LG ki Dua, all the best". ITC is promoting Indian cricket team for years, during world cup they have launched a campaign "Jeeta hai jitega apna Hindustan India". Similarly, Whirlpool has also launched a campaign during world cup.

8 By associating customer with Product in Indian Context - Companies are now talking about normal India. It is a normal tendency of an Indian to try to associate himself/herself with the product. If he/she can visualize himself/herself with the product, he/she becomes loyal to it. That is why companies like Daewoo based their advertisements on a normal Indian family.

9. By developing and promoting rural based product for intimate rapport building- Many companies are developing rural-specific products. Keeping into consideration the requirements, a firm develops these products. Electrolux is working on a made-for India fridge designed to serve basic purposes: chill drinking water, keep cooked food fresh, and to withstand long power cuts.

10. Utilizing brand words associated in Indian Context - Companies use Indian words for brands. Like LG has used India brand name "Sampoorna" for its newly launched TV. The word is a part of the Bengali, Hindi, Marathi and Tamil tongue. In the past one year, LG has sold one lakh 20-inch Sampoorna TVs, all in towns with a population of around 10,000.

11. Planned role of media in promotion - Media Rural marketing is being used by companies. They can either go for the traditional media or the modern media. The traditional media include melas, puppetry, folk theatre etc. while the modern media includes TV, radio, e-choupal. LIC uses puppets to educate rural masses about its insurance policies. Government of India uses puppetry in its campaigns to press ahead social issues.

12. Promoting use of IT in developing rural markets- Most of the companies nowadays are taking help of IT route to access the rural population and opening up new avenues for growing the market. For example Government of India has set e-kiosk

common service centers across India. They offer everything from crop prices and insurance to telemedicine and online education. Microsoft India is footing the bill for half of them. Similarly the Dairy Information system Kiosk (DISK) the dairy portal from Amul provides useful information on dairying and serves as a data analysis and decision support kiosk to improve milk collection in 2,500 centers in Kheda, Gujarat by the cooperatives.

Similarly EID Parry India Agri line attempts to bring about e-commerce in agricultural and non-farm products by offering a network of partnership, 36 internet Kiosks have been set up so far using the franchising route.

13. Effective Sales force management - The rural salesperson should possess some special traits. The company should select and place only such salesperson who are willing to stay in rural areas. For examples many big brands like Lipton have placed their salesperson at Khategaon in Madhya Pradesh. Similarly they have placed salesperson at other remote places like Anthiyoor in Tamil Nadu. Other essential is that there should be cultural congruence. The salesperson should be well aware of the cultural aspects. The salesperson should serve as advisor rather than as that of seller. Similarly the attitude in terms of having patience and consistent follow up too ensure successful positioning and consistent profits.[9]

V. Case Examples ITC e-Choupal, Project Shakti of HUL and HPCL'S Rasoi Ghars

ITC followed a different media/communication strategy which is more elaborate and extensive in rural marketing so far, which benefits both the farmers and the organization. The strategy is use the Information Technology and bridges the information and service gap in rural INDIA which gives an edge to market its products

like seeds, fertilizers and pesticides and other products like consumer goods. With this strategy it can also enhance its competitiveness in global market for agri exports.

A pure trading model does not require much capital investment. The e-Choupal model, in contrast, has required that ITC make significant investments to create and maintain its own IT network in rural India and to identify and train a local farmer to manage each e-Choupal. The company has initiated an e-Choupal effort that places computers with Internet access in rural farming villages; the e-Choupals serve as both a social gathering place for exchange of information (choupal means gathering place in Hindi)

and an e-commerce hub. The computer, typically housed in the farmers house, is linked to the Internet via phone lines or, increasingly, by a VSAT connection, and serves an average of 600 farmers in 10 surrounding villages within about a five kilometer radius.

Each e-Choupal costs between US \$3,000 and US \$6,000 to set up and about US \$100 per year to maintain. Using the system costs farmers nothing, but the host farmer, called a sanchalak, incurs some operating costs and is obligated by a public oath to serve the entire community; the sanchalak benefits from increased prestige and a commission paid him for all e-Choupal transactions. The farmers can use the computer to access daily closing prices on local mandis (government mandated markets), as well as to track global price trends information about new farming techniques either directly or, because many farmers are illiterate, via the sanchalak (the village farmer who runs the e-Choupal and acts as ITCs representative in the village).

In addition they can also know about weather forecast (local) and best practices in the world from e-Choupal website. They also use the e-Choupal to order seed, fertilizer, and other products such as consumer goods from ITC or its partners, at prices lower than those available from village traders; the sanchalak typically aggregates the village demand for these products and transmits the order to an ITC representative. At harvest time, ITC offers to buy the crop directly from any farmer at the previous day's closing price; the farmer then transports his crop to an ITC processing center, where the crop is weighed electronically and assessed for quality. The farmer is then paid for the crop and a transport fee.

Launched in June 2000, 'e-Choupal', has already become the largest initiative among all Internet-based interventions in rural India. 'e-Choupal' services today reach out to more than 3.5 million farmers growing a range of crops - soyabean, coffee, wheat, rice, pulses, shrimp - in over 31,000 villages through 5200 kiosks across six states (Madhya Pradesh, Karnataka, Andhra Pradesh, Uttar Pradesh, Maharashtra and Rajasthan).

Vision and Planning Behind the e-Choupals

Implementing and managing e-Choupals is a significant departure from commodities trading. Through its tobacco business, ITC has worked in Indian agriculture for decades, from research to procurement to distribution. ITCs translation of the tactical and strategic challenges it faced and its social commitment into a business model demonstrates a

deep understanding of both agrarian systems and modern management.

Project Shakti of HUL-Connecting rural marketing and leading to Developmental marketing

Hindustan Unilever Limited (HUL) leverages micro enterprises of rural women by marketing its products in rural markets/.It enlists rural women as direct to home distributors of HUL products. This helps in making them micro entrepreneurs in the process. The entrepreneur distributors interact with the consumers not only as sellers but as educators of those products. This project already has a large network of local credible entrepreneurs who markets and endorses HUL products. This has also helped in improving health and hygiene awareness amongst the rural communities. [8]

The footprints already covers around 60,000 villages including 75 million people..Through the project HUL has created income generating capabilities for underprivileged rural women by providing them sustainable micro-enterprise opportunity and giving them required training. As a part of this project the company also initiated Shakti Pracharini a communicator appointed for a cluster of village, which provides training and awareness about health and hygiene..Such initiatives made women self dependent and also helped in development of various self help groups (SHG). By the end of 2007 this has become a huge network spread across 18,624 villages in states of Tamil Nadu ,Andhra Pradesh, U.P, Bihar and West Bengal. There has also been substantial increase in sales of company's products in areas where this project was carried out.[10]

HPCL'S Rasoi Ghars

Hindustan petroleum has established Rasoi Ghar or community kitchen at many villages. It introduces the villagers to the LPG and comprises of eight gas stove stations, a gas meter and a "pay as you use system". Since it is a known fact that smokeless, appropriately priced, fuel efficient and modern cooking device will be a big market in rural India the only thing required is to prepare the rural women with the right strategy.

HPCL has the following objectives for this-

- ❖ Providing hands on experience for operation of these LPG stoves
- ❖ Eliminating the fear of use of gas
- ❖ Showing them that they can save a lot of time which they spend in collecting firewood
- ❖ Helping them to understand that the time saved can be utilized in earning wages that can be

used in paying for gas.

HPCL has set up 600 Rasoi Ghar spread over 30 villages in India. In the next stage it will go to extend this to other women in entrepreneurs all over India. A rapid expansion by franchising route would help in completing the business model. Though HPCL knows that it is a loss incurring initiative for the company in initial years but it is building a big clout and a potential market. The objective of the company is quite clear is spreading awareness for usage of LPG but is also helping in improving the rural lives as well.[2]

VII. Conclusion

Thus, it can be concluded that one has to understand the market norms in agricultural input so as to devise good marketing strategies and to avoid unethical practices, which distort the marketing environment. Many of the inputs used for production process have implications for food, health and environmental sectors. Rural marketing needs to combine concerns for the society, besides being titled towards profit. Rural market for agricultural inputs is a case of market pull and not market push. Most of the jobs of marketing and selling is left to the local dealers and retailers. The importance of rural marketing can be understood from the fact that today modern inputs i.e. diesel, electricity, fertilizers, pesticides, seeds account for as much as Green Revolution

Rural for sure is a lucrative market, and the growth could be further, fueled by using the correct channel and finance option. The rural customer has a tendency of relying on the opinion leader even for a small investment or buying decision. This coupled with an easy and flexible finance option can help in making any brand win the race.

Rural marketing in India is not much developed there are many hindrances in the area of market, product design and positioning, pricing, distribution and promotion. Companies need to understand rural

marketing in a broader manner not only to survive and grow in their business, but also a means to the development of the rural economy. One has to have a strategic view of the rural markets so as to know and understand the markets well.

In the context of rural marketing one has to understand the manipulation of marketing mix has to be properly understood in terms of product usage. Product usage is central to price, distribution, promotion, branding, company image and more important farmer economics, thus any strategy in rural marketing should be given due attention and importance by understanding the product usage, all elements of marketing mix can be better organized and managed

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