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# The Marketing Battlefield Called Rural Market

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## **ABSTRACT**

*The Indian growth story is now spreading itself to India's hinterlands. As the organizations are adopting varying and innovative strategies to enter into the rural market through the 4Ps i.e. Product strategies, Pricing strategies, Place / Geographic strategies, and Promotion strategies, the rural markets are also indicating that there lies enormous potential yet to be unearthed.*

*The focus of the paper is to explore the vast potential available for the marketers, where they can adopt various marketing mix strategies. The paper explore the contemporary examples and future potential available for the organizations engaged heavily in rural markets.*

*If the marketer truly understands the needs of the rural consumers, he/she should strive to provide them with those products and services that would meet their requirements. The marketer has to focus on his core competencies like the technological expertise to design the products for the rural masses. The rural India having purchasing power, definitely offers a great potential for the companies where the chances of outnumbering the urban areas in all aspects are very high.*

*But only those companies would survive at these places and win over the rural consumers who can spend time and money on understanding them and come up with innovative ideas.*

*Key words: Marketing mix, Sachetization, Branding*

## **Introduction**

Rural India, which accounts for more than 70 per cent of the country's more than one billion population, is not just witnessing an increase in its income but also in consumption and production. It is gaining significance as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. Lately, the rural areas are consuming a large quantity of industrial and urban manufactured products. This has offered opportunities for the cooperate to develop schemes for entering into rural market. Rural marketing had been the buzzword for the business establishments – especially the FMCG and the consumer durables industry. Number of companies has made a big bang just by focusing themselves on the rural markets.

Earlier the companies ignored this market because this market offered low return on high investment. Now that this market is showing promise, they started foraying into it. These companies are now trying all the time tested and a few innovative marketing strategies to sell more and more to the rural consumers that suit their lifestyle and living standards. Several large companies like ITC, HUL, Philips, LG, Britannia, etc., have penetrated aggressively into the

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rural markets and spent heavily in the rural areas. Some of them have even invested money to create separate sales and marketing teams exclusively for rural markets. They have also appointed specialist agencies who could advise them on rural marketing.

### Nature Present Rural Market:

In most of the rural areas, countrywide, there is considerable awareness on various latest products that are available in the market. This was only possible due to the penetration of cable and satellite channels that have brought down the world at the finger tips of the common man. The rural consumers got their mindset influenced by the media to such an extent that people who had money started purchasing the products unmindful of the costs, just to satisfy their needs as well as their ego.

The various corporate enterprises also played a significant role in the development of the rural market. Their timely intervention into the rural areas, their appropriate planning, their perception and identification about the massive growth of rural markets and the use of marketing strategies all have equally contributed for the progress of Indian rural markets. They traced a constant rise in their demands for those products that were once confined mostly to the urban houses. But, blame it on the kind of awareness created by the companies – people started using the products for other strange purposes.

In many villages, one can even see today the alternate use of the products other than for their actual purpose. People in the state of Bihar feed the cattle with Horlicks as a health drink to fatten them! Similarly, people in Punjab use washing machine not for washing clothes but to make frothy *lassi* in huge quantities! Animals are rubbed with Iodex on their skins to relieve them from muscular pains after a day's hard work. Paints meant for houses are used on the horns of cattle for easy identification and theft prevention. If companies felt happy with their increased sales and profits through this means and thought that they captured the rural markets, then it is time for them to review their marketing strategies. It is hard for them to understand that these results do not coincide with the application of the marketing tools and the technical expertise that are generally used to satisfy the customers as well as the company objectives. The

implications of 4 Ps of marketing mix or the use of 4 As (Acceptability, Affordability, Accessibility, and Awareness) for successful rural marketing have produced wrong results.

The following two charts give us an indication towards the tendency and inclination for the various consumer durables and expendables in rural India. With the help of these the various organizations can plan their marketing strategies based upon the 4 Ps of marketing mix.

### Rural Demand - Consumer Durables (%age of all India)

	1995-96	2001-02	2009-10
Consumer Durables			
Scooters	33.1	39.4	39.9
Motorcycles	47.3	39.8	48.3
Mopeds	52.7	58.2	57.7
Cars/Jeeps	2.1	8.0	10.9
Automotives	37.9	36.0	37.9
Television	54.0	54.5	44.2
White Goods	23.8	23.9	23.7
Fans	50.0	56.9	56.7
Low cost items	58.1	60.1	61.3

Source: <http://www.ncaer.org> (The Great Indian Market – Results from the NCAER's Market Information Survey of Households, August 2005)

### Rural Demand - Expendables (%age of All India)

	1995-96	2001-02	2009-10
Consumer Expendables			
Edible Oil	64.3	67.1	62.9
Health Beverages	28.6	27.3	28.1
Packaged Biscuits	36.0	42.8	30.3
Shampoos	27.2	31.9	33.0
Toilet soaps	49.8	52.5	54.7
Washing Cakes	68.7	71.4	75.6
Washing Powder	50.4	50.8	54.9

Source: <http://www.ncaer.org> (The Great Indian Market – Results from the NCAER's Market Information Survey of Households, August 2005)

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## Marketing Mix for the Rural Markets

Marketing Mix refers to the set of actions, tactics, tools or variables that a company uses to promote and sell its brand or product in markets. The marketers need to take some new and innovative strategies in the four domains of marketing mix, viz., Product Decisions, Pricing Decisions, Promotion Decisions and Distribution Decisions. The marketer will need to adapt his/her marketing mix to suit rural conditions and the maximum adaptation will have to be in the distribution and media mix.

### Product Decisions

The Rural market is not a homogenous set of customers with preferences frozen in time. When developing products in any category, marketers must try to dig out and identify the typical rural specific needs. Urban products cannot be dumped onto rural markets without proper modifications. Tailor-made products are better received by the rural masses as the consumers feel empowered and tend to identify with the offering. For example, shampoos or soaps with distinctive, strong rose, jasmine and other flowery perfumes are very popular with the rural women in Southern India. The urban women do not connect as strongly with these perfumes. Sachetization is surely a distinct rural-driven phenomenon. As demand in several categories is being created, intensity of use remains quite low. On average, rural folks use a shampoo only once a week. Habits, normally, take time to change and making unit sachet packs affordable is the key to inducing trial and purchase. Systematic, in-depth research, that can help understand the depths of the mind of the village folks, their buying criteria, purchase patterns and purchasing power are an essential input while developing rural specific products or services.

It was an error to launch a completely stripped down version of the urban product in the rural market, with the objective of offering the lowest possible price. This was not what a rural consumer wanted. What is required is to introduce a product with 'essential' features, whose needs are recognized and for which the consumer is more than willing to pay. Product developers should aim at eliminating all the cost-adding features, i.e., features which a consumer is unwilling to pay for as he sees no apparent utility.

This would "redefine value" in the minds of the consumer and would definitely increase product acceptability. Product development is severely constrained by legislation in the case of agricultural inputs like fertilizers, pesticides and insecticides. In the case of fertilizers for example, though levels of deficiency of nutrients have increased significantly over the past decade, no significant changes in formulations notified under the Fertilizer Control Order have taken place. This has severely restricted the availability of cost effective specialty fertilizers of global standards to farmers in India. Technological know-how for manufacture of such fertilizers today exists within the country. However, farmers using modern farming practices are unable to get an assured supply of such farm inputs due to existing draconian legislation. A move to liberalize the sector could perhaps consider the accepted worldwide norm of allowing manufacturers with a strong R&D base to decide their own formulations with the government machinery regularly conducting checks on market samples of finished products to ensure that they live up to the labeled specifications. This, perhaps, would be a major policy initiative that would give a huge impetus to innovative product development in the farm sector.

Products for the rural markets will have to be simpler, and easy to use, service, and maintain. The product literature has to be simple and well illustrated for the rural consumers to understand easily. This will help in faster diffusion of the product in rural society.

Consider the example of television. LG developed a TV in late 1990s with on-screen displays in Indian languages such as Hindi, Bengali, Tamil and Marathi. Philips too developed a TV sub-brand *Vardaan*, exclusively for the rural markets. This TV could withstand voltage range of 90-270 volts. Voltage fluctuations are quite common in rural electricity supply and *Vardaan* was designed to overcome this challenge.

ICICI Bank and Dena Bank have customized their rural ATMs, so that they operate on biometric authentication. Branded *Asaan*, ICICI Bank's rural ATMs are battery operated so that power failure is not an issue and they even accept soiled currency notes. Dena Bank's ATMs even have voice instructions for rural users.

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Another important product characteristic is that it should be dispensable in single units. In rural areas it is normally seen that the buyers demand a single cigarette or a match box, instead of a full packet, which is normally the case in urban areas. Sachet packaging is one alternative which has been successfully used by tea, shampoo, toothpaste, tomato ketchup manufacturers to penetrate rural markets. Today, one finds that a typical rural kiosk stores sachets and similar sized products of well known brands like Colgate toothpaste, Liril, Cinthol, Lifebuoy toilet soaps, Parachute coconut hair oil, *Pan Parag*, and so on. A typical kiosk, which earlier sold only cigarettes, *bidis*, and *paan* is a mini departmental store today, serving the daily needs of consumers in rural areas.

### **Brand Management in Indian Rural Markets**

The concept of branding has been a late entrant in rural markets. Consumers have graduated to branded products with increased affordability as a result of increasing rural incomes in recent years. A brand name in the rural context facilitates easy brand recall and also draws any colours, visual or numeric association. But some brands are known by their names, for example, Surf and Dalda.

The challenges in creating a brand identity in rural areas involve the need to relate the brand with the rural lifestyle, or with appropriate status symbols, or with the rural environment. As most brands are introduced in urban markets and then move to rural, creating a brand identity in rural areas becomes a tough challenge.

### **Building a Brand Image**

The brand should have a personality of its own. Mahindra & Mahindra have maintained their sterling image in rural markets. Their *Sarpanch* brand helped to draw close brand recognition between the product and the head of the village.

The major percentage of sales in the rural areas comprise of branded products. This would only happen when the brand has found a ready acceptance in the rural market as the one offering good value proposition. But building and maintaining brands in rural areas is a different science altogether.

An in-depth study of rural markets becomes the prerequisite to find out the needs, wants and aspirations of rural consumers by directly contacting them. This can be followed with creating or 'reengineering' a product to make it relevant to the need and suitability of rural consumers. The entire brand building effort has to be built on the basis of their needs and aspirations from a specific product category and the corresponding value provided by the brand.

The media selected to promote the brand is also very important, as the conventional mass media may not prove to be very effective when used alone in fulfilling the need and aspirations of the rural market. Therefore, organizations should select other below the line media as well; to arouse the interest of rural consumers. Because of high level of interaction, *haats* can be an effective medium for rural advertising.

Brand identity in the rural markets is often created through the visual logo of a product, the colour of the product, or the taste of the product. For example, in one rural market survey, a buyer of Thums Up recognized it through its logo and mentioned it as sweet black water that came in a bottle. The generic name was 'soda water'. But he did not want just any aerated soda but Thums Up that had a fizz in it and hence he called it 'soda water'.

Likewise, Coca-Cola's '*Thanda*' campaign with Aamir Khan delivered better results than any other slick advertising campaign. Further, price-performance relationship of the product needs to be closely examined. The marketer must attempt to maximize performance in the rural customer's environment without sacrificing any feature which is available to the urban customers. LG has now come out with a refrigerator with battery powered backup of 12 hours. This has helped the brand overcome the infrastructure constraint of power in rural India.

### **Pricing Decision**

The rural consumer is price sensitive mainly because of his/her relatively lower income level. Thus the major task of marketers is to examine methods by which he/she can make the product more affordable for the rural consumers. The products like pump sets, tractors, television, etc. have been marketed in a way

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that people can use rural banks and can also be offered hire purchase terms.

Another way is to offer a smaller unit or pack size, at a lower price. Toiletries are marketed in rural areas in smaller unit sizes, thus making them more affordable. We can see that Colgate toothpaste tube is sold in packs of 50 gms. And above in urban areas, whereas in rural areas it is also available in some even smaller sized packs. A firm may even consider buying the product from smaller firms and marketing it in rural markets. This strategy can help a large firm pass on the benefits of lower costs of a small firm to the customer in the form of lower prices.

### **Promotion Decisions**

The rural consumer likes to touch and feel a product before making a choice. Demonstrations are undoubtedly the most effective promotional tool shaping the purchase decisions of the rural population. Demonstrations establish the credentials of any new technology being used in developing the product. Technological tools must be used to prepare a database of customers and their requirements. Arrangements may be made for the use of video using mobile vans and even large screen video walls at events. There are instances of companies using several creative communication media 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. Alliances with cottage industries, *dharmshalas*, *panchayats*, *chaupals*, post offices and police stations for advertising have also helped immensely. More importantly, in rural India, experience has proved time and time again that word of mouth is the key influencer and marketers are not turning a blind eye to this.

The re-use capacity and colour of the container in which the product is packed is also an important factor. In fact, reusable packaging is considered a major aid in promoting sales for majority of products in the rural market. Consumer and Trade schemes that incentivise spending using discount coupons, off season discounts, free samples, etc. do encourage spending. Lucky draws and gift schemes are a major success in most states. The use of local idioms and colloquial expressions are an excellent way to strike a rapport

with the rural consumer and must be borne in mind when developing media plans and public relations programmes. Apart from regular household goods, several agribusiness companies have also started providing gift schemes with attractive offers like free jewellery that influences the ladies to pressure the farmers to purchase agricultural inputs from select companies. This promotion strategy thus makes women influence purchase decisions that they would ordinarily not be involved in.

Rural sports, like *kabaddi*, *kho-kho*, bullock cart race, and rural fairs and *haats* have a special place in the rural consumer's life. Firms like Bajaj Electricals, HUL, Parle, ITC, etc. have successfully used them to promote their brands.

### **Distribution Decisions**

Distribution is the key to penetrating rural markets. It is here that the firm has to deploy a mobile distribution strategy. The firm may either have its own fleet of vans or hire the services of a distributor having one. This is of utmost importance as the firms cannot wait for the rural buyers to come to the city to buy his/her requirements. Competition is driving firms to reach out to the buyer.

Intermediaries form the foundation to rural distribution. If the intermediary understands and is constantly reminded about your product, then the end user will definitely not be allowed to forget. The companies must reinforce this highly effective medium and use all their innovation, money and energy to develop more dramatic point of sale and point of contact material. This becomes all the more vital when in rural India, more often than not, the overlap between the product categories sold in a single outlet is tremendous. For instance, a store may call itself as a grocery store but will stock everything from groceries to vegetables to fertilizers and sometimes even stock medicines. In such cases, the point at which the customer actually comes in contact with a product may not be the point at which the sale is effected.

Distribution costs must be reduced through optimum utilization of the network. Thus, incorporating *haats* and hub & spoke model in the distribution strategy of a rural marketing organization selling consumer goods and FMCG products (typically once a week purchase items) is a tremendous opportunity.

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## Conclusion

The arduous journey of marketers to the rural markets has indeed been one of surmounting one hurdle after another. But the innovative and effective marketing strategies adopted in rural areas have paid slow but good dividends. Adapting themselves to the rural atmosphere, marketers quickly innovated along all elements of the 4Ps of the marketing mix – product, price, promotion, and place.

Evolution of a supporting ecosystem in the twenty first century provides several opportunities for serious marketers. Continuous customization, with inputs from all stakeholders, seems a sure shot approach to provide both short and long term returns in the rural markets.

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