ISSUES & PERSPECTIVE OF MARKETING STRATEGY FOR DELIVERING VALUE TO THE RURAL CONSUMER

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ABSTRACT
The Indian rural market is very unique and distinctive. Over the past few years’ rural market has witnessed an enhancement in the buying power of consumers, supplemented by their aspiration to upgrade their standard of living. Making sure that a product is available is not the only aspect for success in the rural market. A marketer should keep in mind that the rural market functions in a highly complex environment, hence it is important for them to formulate customized strategies for rural areas. The formulation of strategies depends upon several factors like product category, target segment, accessibility, availability, affordability and awareness. The buying behavior of a rural consumer is quite different from that of an urban consumer therefore the marketing strategies which worked in the urban market may not work in the rural market. By formulating separate marketing strategies there are many companies which have successfully entered and captured the rural markets. They have set examples before their competitors that with proper understanding of the market and by implementing innovative marketing ideas, it is possible to tap the rural markets. This paper discusses the rural marketing strategies adopted by the marketer to ensure maximum value and satisfaction for the rural consumers.

KEY WORDS: accessibility, consumer, product, price, place, promotion, rural market.

INTRODUCTION
The rural market is at the cusp of a definite revolution in terms of immensely enhanced purchasing power, buying preferences and overall volume of consumption of goods and services. The sheer size of the market, as large sections of rural population get converted into consumers, is enough to demand focused attention from marketing practitioners to convert the sprouting opportunity into realizable market shares and achieve growth. Rural market broadly differs in terms of its geography, social and cultural factors. Therefore these factors along with other factors affect the marketing strategy. The primary reasons for undertaking definite efforts to recognize marketing practices and to evolve a proper framework for creating suitable marketing strategy for the rural market have their basis in two major developments. The first is that on account of rising purchasing power of the rural consumer, corporate world is realizing the huge potential that must be captured by creating access and focusing marketing efforts in the rural segment. The second reason is that the rural consumers are different enough to demand separate marketing effort. Moreover the infrastructure and the marketing institution that describe the rural markets are very different from the urban situation which the marketers are used to. Therefore
A marketer has to create innovative solutions with the help of marketing mix to tap the rural potential. It is important to understand that rural market are not linear extensions, in more difficult territory, of the urban market hence specific efforts to analyze the dynamics of the, rural market is required to be made. Rural India, which accounts for more than 70 per cent of the country's population (according to the Census of India 2011), is not just witnessing an increase in its income but also in consumption and production. The rural lifestyle, values, awareness decision making style, culture and social factors are different. With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketers are exploring the potential of the rural market. A striking feature rural India, is the diverse and varied profiles of customers. Each of these varied segments of rural market is rooted in its customs and traditions, which has a deep impact on the consumer motivation. Each facet of their lives from birth, to education, to marriage, to livelihood is influenced by the extremely imbedded traditions. Therefore no marketer can follow a uniform marketing mix strategy throughout India.

The rural consumer is a perceptive consumer and a discerning buyer, partly because of the various demands on a limited discretionary income. Therefore marketer need to understand that their product mixes for the rural marketers would need to be judiciously planned in views of the rural market reality. The predicament of the marketer is multiplied by the blitz of fake brands that flood the rural market in the FMCG sector, taking advantage of the lack of exposure of rural consumers. Therefore product and brand recognition becomes a serious challenge. Marketers also need to realize that a majority of branded products are into their introduction and early growth stage of product life cycle in the rural market so their product strategies in contrast to the urban efforts should vary. Pricing in the rural market has to overcome the myth that only cheaper, stripped down variants will sell well in these markets. Rural consumers certainly, like their urban counterparts, want value for money but may not have buying capacity to buy larger units at a given purchase occasion. So pricing strategy needs to be adapted according to the rural market condition. The sources of information about products and brands are limited for the rural consumer. The major influencers are word of mouth, opinion leaders and existing users. The limited information sources hold back the rural confidence particularly when purchasing new products. Hence it is a challenge for the marketer to build up trust and assurance. In order to communicate effectively in rural markets, marketers need to have a clear understanding of rural aspirations, fears, perceptions and role models. Distribution in rural India is considered a tough challenge to overcome. Less than half the villages are connected through motor able, all weather roads. The rural retailers are somewhat widespread, though the product choices made available are few. Utilizing the traditional outlets of haats(weekly market) and melas(fairs) effectively, finding customized local solutions, employing mobile vans for transportation cum sales purposes, are some answers that marketers need to focus upon.

Marketing strategy for capturing the rural consumer

Prof. C.K. Prahalad elaborates on the great opportunity and challenge before the Indian marketers. The main challenge is to deploy technology to come out with rural centric products that would be able to create a new-consuming class out of the poor consumer. Low price and functional value being the driving forces, this new category of products would be able to offer higher value than the ones’ currently available in rural markets. Firms have the opportunity to go for the real Indian mass markets that want good quality at lower price points, well designed and packaged, branded and well advertised. Rural markets currently account for more than fifty
percent of the total FMCG consumption in the country. The rural FMCG market has grown significantly in the last five years. The major players in the FMCG category in rural markets are HUL, ITC, Dabur, Marico, Colgate, Nirma, Cavinkare and Godrej. Consumer durables like Usha, Bajaj, Philips, Titan, Godrej, Nokia, Micromax, Karbon, LG, Samsung, Hero, Tata. Among the high priced durables, television has penetrated the rural market with highest degree of success. We shall now discuss each element of the marketing mix and the rural market specific marketing mix strategy.

**PRODUCT STRATEGY**

Product decision is the foremost and vital decision in the marketing strategy. It should be assessed on the basis of the acceptability consideration so as to develop the right strategy for rural markets. Acceptability is a major obstacle a marketer has to face while developing product and services for rural market. The challenge is to discover the taste and preferences of rural consumers and then offer products that fulfill their needs and want. The core product designed has to be rural centric. The acceptance of a product in rural market is determined also by the physical and social factors like the infrastructure facilities, availability of electricity, condition of roads etc. The rural product has to satisfy rural needs and offer value for money. Rural consumers buying decision also depends on the attitude towards the product and the cost benefit analysis before buying. The product should be suitable for the rural environment; easy to use, visually identifiable and affordable. Micromax mobile launched in 2008 targeted the rural Indian consumer with its feature packed economically priced handsets. Given below are some of the strategies relevant for rural markets:

1. **Design and style:** The design and style of the product matters a lot in product decision. While designing products for rural markets one should take into account the environmental conditions in which the product will be used, its functionality, convenience of operations and cost. The Nokia 1100 cell phone is a classic example of product designed for rural market. When Nokia developers watched field workers using mobile phones in India, they noticed that the intense humidity made the phones slick and hard to hold or dial. So they designed the nokia 1100 with a non slip silicon coating on its keypad and slides to resist the damage caused by the dust in dry atmosphere and some factory environment. An analysis of rural consumer and their lifestyle indicates the significance of redesigning the products. Efforts should be made towards the manufacturing of products that are particularly intended for the rural consumer. Nirma that offered a value for money detergent powder at the lower end of the price quality spectrum could increase its penetration into rural households. Before Nirma, the lower end of the market was dominated by several unorganized players. The Godrej chotu kool refrigerator is an excellent example of innovative and affordable product that not only caters to rural needs but also aims at improving their living standards. To keep the maintenance cost of the product low is equally important while manufacturing the product for the rural market. Durability and ease in maintenance must go hand in hand.

2. **Sturdy products:** Rural consumer gives enormous importance to the durability of a product. They also have a psychological faith that products which are heavy and bulky in look are sturdier and long lasting. Since the rural consumer in general handles the product...
in a rough manner, the product for rural market must be sturdy. Eveready battery which has an overwhelming share of dry cells and torches in the rural markets, found that the plastic torches introduced by them received a very good response in urban markets, but has no takers in rural India. Farmers preferred heavy brass torches because of the salvage value the brass metal fetched when the redundant torch was sold to a scrap merchant. Most often in rural India consumer set their own emotional specifications for judging the quality of a product, for example a rural consumer views heavy watches as quality watch. The products designed for rural markets should be sturdy enough to resist rough handling and the rigors of transportation.

3. **Avoid complexity**: Excess of intricacies in the product adds up to its complexity which makes it difficult for rural consumers to handle the product. Uncomplicated products can be used by the rural consumers more easily. A marketer must carefully categorize and select appropriate new features to be added to the basic product. One of the buying motives for the rural customers is the functional utility rather than rich features and sophistications. The product will have a higher chance of succeeding when no frills are added to the product and consequently it reduces the cost of the product as well. Tata’s **Swach** is a low-cost solution for drinking water. Combining locally sourced materials with nano silver particles for the filters helped enhance performance (90% elimination of germs) while reducing cost. Not only does **Swach** provide convenient and safe access to drinking water, it saves time for rural households that otherwise would have to spend it in procuring drinking water from distant sources. Further, it enables girls to attend school who are otherwise drafted for this task.

4. **Brand strategy**: The challenges in the formation of brand recognition in rural markets involve the need to relate the brand with rural lifestyle and with rural environment. Tata steel branded its galvanized corrugated sheets **Tata Shaktee** to create a brand identity that conveys the qualities of strength, durability and toughness. Britannia Tiger biscuits created an identity of a smart, active and sharp child. Mahindra & Mahindra has maintained its authentic image in rural India. The **Bhoomiputra**(son of soil)series of tractors with their rugged features and **sarpanch**(village head) series have helped to improve sales. The sarpanch brand helped to draw close brand recognition between the product and the head of the village. Rural consumers brand association is mainly with colors, numbers and visuals and not necessarily with the name of the brand. Long names with technical sounding jargons should be avoided. Brands like **Rin Shakti, Nirma** have done well in rural India as such names are easy to memorize. The brand name should be such that the rural folks can easily pronounce it. Examples can be **Lux, Jai, and Navratna hair oil**.

5. **Choice of a brand ambassador**: rural consumer’s sensibilities and their attitude towards the product influence the brand name and the choice of brand ambassador. **Dabur’s** choice of the Bhojpuri film star **Ravi kishan** to endorse its **Chawanprash** brand exclusively for localized promotional activities through direct interaction with consumers, dealers and stockiest particularly in Bihar and Uttar Pradesh is an appropriate example of this.
6. **Packaging Color and Design:** Packaging becomes an important tool for rural markets as it helps the consumers in choosing the brand. Vivid colors, bold labeling and identifiable logo, particularly those that the consumers can easily identify are especially useful. The bright colors of Brooke Bond Red Label tea, Nyle Shampoo, Colgate's red & white recognizable tooth paste, Lifebuoy's familiar package and Britannia’s Tiger biscuit packs are the famous examples which created brand identification and recall. Similarly, portrayal of recognizable logos on the package assists in brand recognition and recall. These widely understood symbols help the rural customers in making brand associations and generating recall.

7. **Refill packs:** Refill packs of toothpowder, tea, talcum powder and other FMCG products can be promoted by the marketer. A product which is packed in jar of either plastic or glass can be reused with “refill packs” which comes in poly packets. The consumer gets benefited as the cost of refill packs are generally less as compared to the first time purchased jar. Such strategy works well in case of toothpaste powder, spices, health drinks etc.

**PRICING STRATEGIES**

One of the major facets of rural pricing is the distribution cost which adds to the overall cost of the product. It is always not be true that only the cheap products will sell in the rural markets. Promotional pricing in the rural markets may involve introductory price offers targeted at promoting trial, free samples or quantity discounts to ward off competition. Some of the pricing strategies useful in rural market are the following.

1. **Low unit packaging (LUPs):** The small packs have a better chance of gaining acceptance because of their affordability. Majority of the small and marginal farmers/daily wage laborers do not purchase consumables that would last for more than a week. Chik shampoo by Calvinkare was the trendsetter in the sachet market many years ago when it introduced shampoo sachets at INR 1 to penetrate the rural market. Godrej is selling its Expert hair color Nupur henna at INR 5 and INR 10 price points. HUL’s Pepsodent toothpaste is available in a sachet for INR 4. Pepsico’s snack food arm, Frito-Lay has launched its Kurkure brand in packs of INR 3 and INR 5. Uninor, Vodafone, Tata Docomo have hopped on to INR 5 bandwagon with recharge options at that price point. Small unit packs, being priced low induce high levels of trial purchase. Pepsi had launched chhota Pepsi at Rs.5/-, Coke had followed suit with its "Mini Coke" in the rural markets. Recently both the companies have reduced prices of their bottles from Rs. 10/- to Rs. 7/- to increase volume.

2. **Low cost packaging:** The cost of a product can be brought down by using low cost packaging materials that are robust and aesthetic. The packaging need not be very sophisticated as rural consumer may not be willing to pay higher prices for fancy external appearances. For instance Parle-G and Britannia’s tiger biscuit are doing good business in rural market because of its affordable packaging specially designed for rural consumers.

3. **Coinage pricing:** The coinage pricing strategy is mostly used in rural markets for FMCG brands. For the convenience of retailers and consumers companies use this kind of pricing in order to stay away from the problems caused by a shortage of change. Prices
are set at a coin value. Coinage price is directly proportional to the package size. These packs are small in size and are normally meant for one time consumption (shampoo sachet) or a day’s consumption (tea bag) or a week’s consumption (bathing or washing soap). Some of the brands that HUL sells for INR 5 are pepsodent, vaseline Pond’s Dreamflower, Pond’s cold cream, Rin, taaza, fair & lovely, clinic Plus and Lux.

4. **Psychological pricing:** in psychological pricing, marketer keeps the price of the product for Rs.99 or Rs.295 or Rs.899 and so on. This strategy serves mainly two purposes. Firstly, customer may consider the product affordable if he perceives that it priced within his budget. Product priced at Rs.999 may fall within budget but if priced at Rs. 1035 may be perceived as costly. Secondly, customers feel delighted if they get back some change.

**PHYSICAL DISTRIBUTION STRATEGY**

![Hierarchy of Markets for Rural consumers](image)

Figure 2: **Hierarchy of Markets for Rural consumers**

Generating awareness about products yields dividends only when steps are taken to ensure constant availability particularly in rural market where availability determines volume and market share because the consumer influenced largely by the retailer purchases what is available at the outlet. The physical distribution of products continues to pose an immense challenge to marketers because reaching millions of retail outlets spread across villages and feeding a retail network of village shops is the biggest challenge. With the rising aspirations and incomes of rural consumers marketer has to get the distribution in place to tap the deep rural markets.
In view of the physical distribution scenario and the type of indirect distribution possibilities available, the following strategies are useful for rural distribution.

1. **Selection of intermediaries:** Proper selection criteria for intermediaries should be developed so that the outlets with better image are selected and the company does not lose due to stocks being present in stores, which would not be patronized by the customers.

2. **The SHG Model:** The rapid growth of the SHG (self help group) movement in India has provided marketers with an opportunity to establish a path breaking distribution model through linking these groups with over seven million SHGs across India. These hold a great potential to develop a low cost distribution model to reach rural homes in the remotest parts of the country. The initiative taken by HUL in this direction has achieved phenomenal success. Project Shakti co-created by Unilever and MART, and the e-Choupal program of the business conglomerate ITC are pioneering examples of innovative delivery and procurement models. Project Shakti by Hindustan Unilever
limited (HUL), and the e-Choupal project of ITC is ground-breaking examples of innovative delivery and procurement models. In Project Shakti, to effectively increase the reach of fast-moving consumer goods in rural areas, women from existing microfinance groups were hired as the last-mile distributors for HUL’s household products and links were established for credit from banks via the microfinance machinery. HUL provided a guarantee against default, thus validating the viability of the business model. Project Shakti began with 50 Shakti Ammas (SAs, or rural female partners); it now has over 45,000 SAs across 12 states. The sale of HUL’s products by SAs represents 20% of the company’s total rural sales. ITC’s e-Choupal initiative is aimed at selling agricultural products as well as sourcing raw materials. The company established an information technology (IT) based exchange that provided information on agricultural prices, weather, and so on, gaining trust among farmers. Further, it persuaded the existing agricultural market agents to be e-Choupal (operators), thus maintaining and working with existing rural relationships.

3. New product Stocking: The low off-take, low stocks and lower stock turnover ratio reinforces the fact that the number of products and items stocked is low in the interior villages. This effectively locks up the retail shelf space by the existing products and brands leaving no room for new products and brands. This adds to the attitudinal barrier of the retailer for anything unknown, making it imperative to make special efforts to back up the launch of new product/brand offerings to rural markets.

4. Haats: Haats (periodic market) provide a very useful mechanism of reaching the interior rural markets. The importance of haats is greater in the interior, less prosperous villages. In the more fertile tracts, permanently located shops are more important as outlet of goods. Haats, Shandies are different names used to designate periodical markets held once a week. A periodic market is a public gathering of buyers and sellers meeting at a customary location at regular intervals. Most of the haats serve an area within a radius of 12-15 kilometers. Haats can cater to about 4000 people spread over 10-15 villages. The importance of the haat is based on the number of stalls selling urban products. They may vary in their intensity of transactions depending upon the season. Higher transactions take place after the harvest season.

5. The Public Distribution System (PDS): in the country is fairly well organized. The revamped PDS places more emphasis on reaching remote rural areas like hills and tribal’s. The purpose of the PDS is to make available essential commodities like food grains, sugar, edible oils, kerosene, and others to the consumers at a reasonable price. The shops which distribute these commodities are called Fair Price Shops. These Fair Price Shops are run by State Civil Supplies Corporations, Cooperatives as well as private entrepreneurs. Here again there is an arrangement for centralized procurement and distribution. Since the PDS outlets cover the entire country, both urban and rural areas, these can be utilized for marketing consumable items and low value durable items in rural areas. Effective utilization of the PDS system should be explored by the manufacturing and marketing men, since they already have a distribution set-up.

PROMOTION STRATEGY
For the rural marketer, communication with the rural consumers and channel members is necessary. It is important to communicate about the products and services that may help in the rural consumers' production activities like, agriculture, animal husbandry, or it may be of use in their everyday activity like durables and non-durables for improving their lifestyle. Promotion plays a major role in changing the behavior, attitudes and lifestyle of rural consumers. Though the task of communication is important there are number of factors which make it an arduous task. Universalized common message and media channels cannot be used due to extreme heterogeneity of rural markets. On the other hand various media channels also have limitations in terms of reach and comprehensibility. Number of other issues like wide spread illiteracy, socio-cultural values and others; impose challenges in developing common communication strategies for the rural markets. The promotion strategy specific to the rural market is discussed here.

1. Basic Message
The central product benefit should form the basic message of the advertisement aimed at the rural consumer. Clutter should be avoided to prevent bewilderment. If the product is engine oil, trouble free long life of engine should be the basic message. In an advertisement for the fertilizers, higher yield should be the key point.

2. Symbols and pictures
Usage of pictures and symbols can be a powerful way to communicate with the rural consumers. Especially where most of the rural consumers are less educated, use of language has considerable limitation. Pictures and symbols can overcome this barrier. Marketer should ask some of the relevant questions like, what kind of pictures can be used in communication. Which one would be more effective and so on before deciding the communication strategy? In any advertisement, targeting the rural consumer, the logo has to be highlighted as he remembers to refer to the product, by its logo, rather than the brand name

3. Use of Color
Colors can be used in conveying the messages, emotions and illustrate the themes powerfully. Color can invoke responses from subconscious mind. Villagers like bright colors like red, yellow, green etc. Hence the rural publicity media whether TV, wall paintings, posters, banners or handouts should be in bright colors. Before giving the advertisement message it is better to attract the probable consumers. Color is one such tool for attracting the rural consumers. Some of the advertisements like, Emami’s navratan oil, asian paints etc use the rural setting effectively. They use rural events, folk dancers with colorful costumes’ for getting attention and creating meaningful association which may eventually increase the brand retention and recall.

4. Use of music
Music is an integral part of rural life. The rural societies have songs for every occasion from birth of a baby, engagements, marriage, and even grief. Apart from this, each part of the country has its own folk music and dance. Use of familiar music creates a unique identification with the rural audience. If these could be incorporated in the rural ad campaign, it is sure to succeed. Most jingles are adapted from the traditional sources of music. Puppet Shows carrying an advertisement message interspersed with film music reaches villages where electronic channels are absent.
5. Use of Language
Advertisement campaigns for rural areas should necessarily be in the regional language and not English. In South India, even Hindi would not sell, as each state has its own language with further variations in different regions within the state. Now-a-days visuals are shot and later dubbed into several regional languages taking care that the lip movements match the words in the audio track. For most health drink advertisements and for other consumer goods this method is followed. Some advertisements may be exactly have the same theme and location but are developed separately for different languages. For instance *vasmol* hair dyer is advertised in Bhojpuri in Bihar.

6. Melas or fairs
*Melas* are a prominent feature of Indian rural life, held periodically or annually to commemorate important events or to honor a deity. *Melas* can be classified on the basis of their nature into commodity fairs, cattle fairs, combinations of the both, exhibition and religious fairs and on the basis of their periodicity into one day fairs, short (between 2 to 7 days) fairs, and long (over a week) fairs, or depending on region their importance, their area of influence stretches over a locality, a region or the entire country. *Melas* work best for fast moving consumer goods, as buyers are more favorably disposed towards new brands of non durables, especially since more women and children are present. These *melas* serve as major sources of information about new products to villagers, as marketers put up stalls. A list of *melas*, is made at the beginning of the year can be made and then the company can decide about participation. The mela selected depends on its location with respect to brand presence. The duration of the fairs, target audience for the product and number of expected visitors all play a vital role in selection. Care should be taken to avoid proximity to other stall selling similar products. An important aspect of a *mela* is that it gives the opportunity for the company to demonstrate its products which gives great confidence to villagers to buy the product. The stall should be bright and colorfully decorated with banners.

7. Haats
*Haats* are periodic markets and offer a major rural marketing infrastructure in India. In spite of the development of permanent shops, these temporary markets play a vital role in the rural economy. It is the oldest trading institution in existence. These markets provide an opportunity not only to sell consumer goods, but also to sell surplus agricultural and allied product. They play a vital role in the lives of villagers, as they provide a first contact point for villagers with market, a means for distributing local products and exchanging rural surplus, an opportunity for buying daily necessities, supplies and equipment and a place for socio-political-cultural contact. The *haat* is a better opportunity for promotion than for brand building. Visiting rural buyers are more likely to remember the products for the price off than for the image or positioning. Demonstrations are essential to convert consumers at haats since their attitudes are far more utilitarian than that of visitors to melas. *Haats* also offer opportunity for sampling, thus enabling the product to make inroads into a new buyer's home.

8. Wall Painting
Wall paintings, while limited to visual impact, present a viable reminder medium for rural coverage. Dabur India has exploited this medium resulting in high coverage through wall paintings. This along with strong distribution network has establishing its rural presence. As with cinema, monitoring is a problem here. Field sales force can be used to conduct checks, with
limitations. Wall paintings have a wide geographical spread. In case of consumer durables the size of the sales team limits monitoring even in small towns. Wall paintings are often used in smaller villages which are visited by the sales force once in a fortnight or month. Sometimes these villages are not visited at all. Unchecked messages are often over painted. This outdoor medium has to be used with care as even the field sales force report to the higher ups by sending different photos of the same wall taken from various angles, trying to impress that many walls have been used and maintained well. The person, who is benefited however, is the villager who owns the site, and gets his wall painted and an additional income.

CONCLUSION:

The growth in rural incomes and the higher purchasing power of the rural consumer has made rural market the new destination of marketers. The opportunity, however, is not free from several daunting challenges. It is well understood that as a relatively untapped territory, the markets would reward the early entrants, especially those who move in with some understanding of the rural consumer and markets. The Value for money is the most important concept that will differentiate the successful brand from the rest.

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