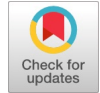


Marketing Strategies in the Rural Areas of India

Thimmaiah Bayavanda Chinnappa, N. Karunakaran



Abstract: Rural Markets are characterized by the presence of very high store loyal and person, individual loyal, consumer prospect base. More pertinent between the two loyalty basis are store-loyalty based consumer prospect. The stores offer everything from a pen to a piano commonly referred to as the “High-End” stores in the urban markets. By contrast, these stores have no great ambience to offer nor have any shelf space. But tucked among in every nook and corner, are reputed and power brands such as the “Lux International”, the “Sunsilk Shampoo”, “Nescafe”, and a whole host of sanitary towels. There is no question of any marketers fighting for neither shelf space nor visibility but a very important aspect is that the marketers ensure availability of all brands, all products, all sizes and all variants at all times. This paper attempts to analyze the plausible strategies that are successful in the rural markets.

Key words: Marketing; rural; strategy; India.

I. INTRODUCTION

ITC's (India Tobacco Company) agro business segment created its e-Chaupal network in early 2000, basically to integrate its rural suppliers for the agricultural raw material for its domestic Fast Moving Consumer Goods (FMCG) business. Approximately 5950 e-Chaupals in 8 Indian States, serving more than 34,000 villages and 3.5 million farmers, has demonstrated a sustained business model, as envisaged in government- planned Common Services Centres, can have both value creation for the stakeholders and also can yield substantial societal return [1]. The initiative of e-Chaupal recognized the fact that in spite of the excellent resources of Indian Agriculture sector and Indian farmers' legendary resourcefulness, they remain poor for various reasons – small land holding, lack of real time information, variance in agro-ecological conditions, weak infrastructure and very limited access to markets. Middleman spins an exploitative cycle of dependency by making most of the profit: but unfortunately he is an indispensable link in the value chain [2]. The business model of e-Chaupal therefore seeks to provide an end-to-end solution to this situation, by providing real time and customized market information, other agro-information (weather, soil nutrition, pesticide, etc.), broadband connectivity, direct supply and marketing channel for both farm inputs and farm produce, thus empowering the

farmer to take appropriate decisions. Such a robust business model of e-Chaupal is significantly useful for ITC also because it provides a better supply chain for ITC's food and agri-business, access to under-served rural markets and new IT-enabled services business opportunities in health, education, entertainment and e-governance [3]. e-Chaupal empowers the community through real-time information and customized knowledge; its innovative value capture system increases farmers' risk-taking and competitive attitude and provides the community the freedom of choice and local management [4]. In the marketing mix, product, price, promotion, place and packaging constitute different elements in the product mix across companies and markets.

II. PRODUCT RELATED STRATEGIES

Organizations are offering different products in the rural markets and are specific products only for rural markets. Many companies have similar products offering with certain brands within the company that are popular in the rural markets. For example Britannia Tiger Glucose Biscuits, Lifebuoy Carbolic, the ayurvedic toilet soap Chandrika; are all most popular in the rural markets. Generation after generation continues to patronize these products. No innovative strategy except that the legacy has been passed down the ages. There is a strong bondage between the brand and the users and any amount of wooing from the competition to switch over is futile [5].

Rural India has morphed to the needs, wants, desires and aspirations of urban India. Thanks to the television and the vernacular print medium, the rural folks are abreast of the development and are aware of the latest trends thereby creating a latent desire to consume and own 'Brands'. Marketers have designed and developed 'Rural Brands'. They have the urban brands tweaked the product a little bit to make it look rugged, rustic and wherever necessary of lower quality. 'Lipton's Tiger Tea' and 'Taaza Tea' are relevant examples in this context. Yet another product which has undergone modifications to suit rural needs is the Royal Enfield Motorbike. Known popularly as 'Suraj' in the rural markets, this motorbike is driven by diesel.

III. PRICE-RELATED STRATEGIES

Regarding the prices it may be of important to note that there is no dual pricing or discriminatory pricing. However there are special packaging product offerings available at commensurate prices. An example of this could be the low price pack, low content Taaza Tea or the Lipton Tiger Tea. Sachets of shampoos (a variation in packaging) at lower price offerings (low because of the low content) are rural markets specific. Price discrimination, per se, in its true sense is not visibly adopted nor practiced.

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However, by design or default distinct packaging automatically calls for appropriate prices. The rural market is a price sensitive market however with high levels of disposable income. Offerings of LUP-Lower Unit Packs (will be cheaper in price and may be inferior in quality) are the order of the day specific to rural markets. Under the price related strategy, it should be noted that there are no specific rural market strategies; however this is possible through lower unit price, lower unit packs. Edible oil is sold in loose in rural markets as compared to packed units in urban markets and consequent lower price is another strategy [6].

IV. PROMOTION-RELATED STRATEGIES

The promotion mix is very unique and distinctively different. Rural market specific (area specific) print media insertions are prominent. Hand bills, Posters and vernacular mailers are the order of the day across product categories. Live demonstrations and theme based road shows are actively indulged in. Price-offs and freebies are also indulged in. A case of interest to note is that some of the villages are being adopted by corporate. BHEL had adopted a village for developmental activities near Bidadi on Mysore Road. Certain traffic islands also adopted by corporate that are designed, developed and maintained by the corporate houses. The promotional strategy is rural specific. Cinema halls and touring talkies are used widely. FMCGs majors like, Unilever India, Inc and Procter and Gamble sponsor local fairs and temple festival alike. Advertisements are literally dubbed. The English version of the advertisements is taken from the urban story board and made in Hindi or even the local language.

V. DISTRIBUTION-RELATED STRATEGIES

The distribution network and channel partners do not differ greatly between urban and rural markets. However the channel partner in the rural markets is identified and reference checked with the help of the village Head man or Tahasildar. Evaluating, motivating and controlling the channel partner in the rural market are a challenging task. Monetary benefits do not actually stimulate the interest of the channel member, instead, rewards in kind such as an overseas trip with family or to any domestic destination is an acceptable motivating factor [7]. Extended credit period and higher volume discounts do not really mean anything to the village dealer and shop owner. The concept of turnover discount is also a bygone concept since the channel member is expected to have all products of all makes and choices [8].

VI. PACKAGING-RELATED STRATEGIES

Packaging has assumed significant importance with emergence of rural market as the potential market with a growth engine. It is because of the rural market that the companies have strategized for the packaging efforts and offerings specific to the requirements. Conventional package and size do not find favour instead low volume, consequently low price find immense patronage. The Shampoo Industry was the pioneers in innovating and introducing the sachets (In fact 'Velvette shampoo' was the first one). Subsequently all

the other players in the Industry followed suit followed by all other Industries.

VII. CONCLUSION

It is to be noted that the rural market of India with a diverse set of wants and needs have to be addressed specifically. Brand Eveready is a case in point. The product offerings of M/s Union Carbide the makers of Eveready brand are available at all the outlets in the rural markets. It may be the khirana stores, the pan-Beda shop or even a textile and ready-made garments outlet. In fact Eveready logs the highest contribution of sales from the rural markets. The promotional strategy adopted by Union Carbide includes active participation in Shandies and Haats. This is complimented with very high visibility programme such as street plays on contemporary topics (it could be a problem dogging the rural area) and sponsoring local festivities. ITC's e-chaupal is another initiative and successful strategy doing wonders. In this activity the role of middle men in the procurement of farm produce has been redefined, ensuring fair transactions for all parties concerned.

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