

## **Innovation in Rural Marketing in Indian Corporate Sector**

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### **Abstract**

Before launching a product in the rural market, it is important to conduct a proper market research and analyze the same to ensure that the product, its features and design suits the rural community's requirements. Most Fast Moving Consumer Goods (FMCG) companies in India are introducing customized products especially for rural areas. Thus the sale of FMCG products in rural markets is growing at a fast pace, even faster than that in the urban markets. The introduction of currency, transport, and communication and developments in infrastructure has increased the scope of rural market. Seeing the vast potential of 75 per cent Indians living in rural areas and demand base offers great opportunities to marketers, they started focusing on these unexplored, high-potential areas. This paper discusses the present scenario of rural marketing especially rural produce, and its importance, current trends, and highlights certain problems related to rural marketing. Further it highlights the improvements that make the rural marketing system most effective.

**Keywords:** Rural Marketing, Rural household spending, Corporate Initiatives and Innovations for Rural Market, Challenges and Opportunities of Rural Marketing in India.

### **Introduction**

Marketing today has completely transformed the nature and dynamics of business. 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.

Customer today indeed is the "King". He can make or break the company. Most Fast Moving Consumer Goods (FMCG) companies in India are introducing customized products especially for rural areas. Thus the sale of FMCG products in rural markets is growing at a fast pace, even faster than that in the urban markets. The Indian rural market is influenced by various sociological and behavioural aspects. India's rural population accounts for around 70% of the total population.

**Rural Marketing in India** The definition of the word „rural“ in a market like India is very amorphous. There are multiple versions of the same idea, which are followed by different entities. Even in the rural marketing space, there is not one concrete definition. Different brands define „rural“ according to their product and service offerings.

According to various studies, around 12.2 per cent of the world's population lives in rural India, this also indicates that 29 per cent of the world's rural population lives here.

### **Characteristics of the Indian Rural Market**

\* **Large and Diverse Market** The Indian rural market is large and diverse. Therefore, the density of shops to market the products is less when compared to the total population.

\* **Agriculture is the Major Source of Income** The main source of income of the rural people is agriculture. If crops fail, then their income gets affected automatically and this reduces their purchasing power.

\* **Traditional Outlook** People in rural areas are traditional in their thinking; they are superstitious in their beliefs. This trend too is changing because of increasing literacy levels among the rural youth.

\* **Diverse Socioeconomic Background** Rural consumers are spread across different states in distant parts of India. Thus, their social norms and economic status differs widely from each other.

\* **Change in Standard of Living:** Rural population has in general a low literacy rate, low per capita income and thus low savings. Many of the rural people's standards of living are below the poverty line and they are also socially backward. There is, however, a change for the better on these fronts as a result of reduced tax structures, Government subsidies and favourable regulations on pricing of farmers produce. Thus, their disposable income is increasing slowly

#### **Recent Trends in Rural Marketing**

Project Shakti by Hindustan Lever-"The objectives of Project Shakti are to create income-generating capabilities for underprivileged rural women by providing a small-scale enterprise opportunity, and to improve rural living standards with greater awareness of health and hygiene," In addition to the distribution network, the Shakti project includes Shakti Vani (or voice), a social awareness program, and iShakti, a community portal.

#### **Rural Marketing: Challenges Ahead**

The rural markets are full of challenges because of following characteristics like illiteracy, distances, vast markets potential, communication, rail and road transportation, distribution of products and services, understanding consumer behaviour, socio- cultural factors, languages, lack of infrastructural facilities etc. Another major plague of rural marketing has been widespread availability of fakes. Shopkeeper plays a very important role here, as consumer asks for things, not brands like Laal wala sabun dena, Lal Dant Manjan Dena. To counter this nuisance agency would certify specific village Kirana Wala as Genuine Products Store. Failure to comply at surprise checks would result in immediate termination of contract. Some other important problems of rural

#### **Some Important Case Studies of Marketing Innovation in Rural Areas Are as Under:**

\* Maruti has been organizing road shows with film screenings. This is much like a travelling cinema that rural India is already quite familiar and fascinated with. The only difference being that the film is not set up in a tent, but inside a TATA truck fitted a Samsung LCD TV, an air conditioner and reclining seats. The film strikes a chord with the villagers because it tells a simple story of an average villager who buys a Wagon R after being persuaded by a friend who also bought a Wagon R.

\* "Gaon Chalo" by Tata Tea: "Gaon Chalo" is a distinctive rural marketing initiative started in the year 2006 in Uttar Pradesh by Tata Tea. For penetrating the rural market, the company partnered with NGOs with wide reach among Uttar Pradesh's rural masses. The "Gaon Chalo project has created employment opportunities to the youth of villages and small towns. It has brought steady income to those who are distributors of Tata Tea. Tata Tea's consolidated market shares from

rural areas rose from 18% to 26.6%.

\* **Nokia's Low-Cost Handsets** According to marketers, rural India has a huge progressive customer base for mobiles. As most rural consumers are price-sensitive, Nokia has launched seven handsets in the price range of Rs. 1500 to Rs. 5500 targeting rural customers. Further, Nokia is promoting a subscription-based service called "Life Tools" which provides information about agriculture and education that is helpful to rural people. It also provides entertainment services. The "life Tools" service is priced between Rs.30 to Rs. 60 per month, based on the package an individual opt for.

\* **Dabur- Indian Oil Partnership** In order to tap India's rural market, Dabur India Ltd. Has tied up with Indian Oil Corporation (IOC). According to the agreement between the two companies, IOC's retail outlets all over the country will stock and sell Dabur's products consisting of healthcare, oral care, personal wash, skin care and home care products. The Kisan Seva Kendra is a one-stop rural retail outlet of IOC, which offers fuel and non-fuel products like fertilizers, grocery, tools used for cultivation, seeds, personal care products, auto spares, etc. There are 1600 such IOC outlets across India.

\* **Airtel's Telecom Revolution in Rural India** Airtel's rural start up package offers its customers a Motorola handset for just Rs. 1599. Its recharge cards come in a minimum denomination of Rs.10, so that even daily wage earners can afford to use the service, Airtel is spreading awareness in villages by its roadside advertisements highlighting its red and white logo. It is also increasing its business network through commission-based retailers, who can be anyone who is selling cigarette, paan, textiles, etc. The company already has 55000 retailers in Bihar and Jharkhand, and is planning to expand the network by approaching 5000 more cigarette and paan sellers.

\* **Mahindra-Leading Brand in Rural India** After launching its Super Turbo 595 DI Tractor, Mahindra wanted to create awareness about its new technology and high efficiency to farmers and thereby sell the tractor. It, therefore, identified opinion leaders and progressive farmers and organized interactive discussions between the company (Mahindra) and its target audience (farmers and opinion leaders). It gave free test rides and thereby sold the tractor initially to opinion leaders. This marketing activity was carried out in Maharashtra, Haryana and Punjab. After using the tractor for a reasonable time period, the initial buyers were glad to have the product and expressed their positive word-of-mouth about the tractor to their friends, relatives and neighbors. This initiative has helped the company to a great extent

#### **Four P's of Rural Marketing**

1. Product- Product refers to anything that is capable of or can be offered to satisfy need or want. Product for rural market must be built or modified to suit the lifestyle and needs of the rural consumers.

#### **Product Strategy**

##### **1. Small Unit Packaging**

Small packs are preferred due to the following reasons:

1. Small packs help the rural consumer to pick the product at affordable price.
2. Individual use products like shampoo; toilet soaps, etc. are bought in smaller size.
3. Small packs are easy to display and they increase the visual appeal.

4. Small packs are convenient to retailer to do his business.

**Example**

1. Cavin Kare introduced shampoo in 4 ml sachets at 0.50 paise.
2. Rasna is now available in sachet at Re. 1
3. Ponds introduced 20 gm talcum powder
4. Tiger biscuit is available in four biscuits pack at Re. 1

**Price**

Price refers to the amount the customers has to pay in order to acquire a product or services. The villagers due to their limited resources are very price sensitive by nature.

**Pricing Strategies**

- Large Volume – low merging
- Overall Efficiency and passing on benefits to consumers.
- Low cost/ value for money product

**Examples of successful pricing strategy**

- Godrej introduced three brands of Cinthol , Fair Glow and Godrej in 50-gm packs, priced at Rs 4-5 meant specifically for Madhya Pradesh, Bihar and Uttar Pradesh — the so-called Bimaru' States.
- Hindustan Lever, among the first MNCs to realise the potential of India's rural market, has launched a variant of its largest selling soap brand, Lifebuoy at Rs 2 for 50 gm
- Coca-Cola has also introduced Sunfill, a powdered soft-drink concentrate. The instant and ready-to-mix Sunfill is available in a single-serve sachet of 25 gm priced at Rs 2 and mutiserve sachet of 200 gm priced at Rs 15.

3. Place – refers to point of sale. A village as a place for promotion, distribution, and consumption is very different from town or city

**Place Strategy**

- Segmentation
- Distribution up to feeder markets/ Mandi towns.
- Direct Contact with rural Retail

**Examples**

- To service remote village, stockists use autorickshaws, bullock-carts and even boats in the backwaters of Kerala. Coca-Cola, which considers rural India as a future growth driver, has evolved a hub and spoke distribution model to reach the villages

4. Promotion- This refers to all the activities undertaken to make the product or service known to and preferred amongst the user and trade. Promotion aspect always creates a challenge in rural backwaters of Kerala. Coca-Cola, which considers rural India as a future growth driver, has evolved a hub and spoke distribution model to reach the villages

**Promotion**

This refers to all the activities undertaken to make the product or service known to and preferred amongst the user and trade. Promotion aspect always creates a challenge in rural markets because of the fact that village have thin population density and are widely spread over large remote areas.

**NCAER** (National Council of Applied Economic Research) conducted survey to study the socio economic effects of advertising; the India Society of Advertisers sponsored this survey. It covered 3,836 household in 50 towns and 50 rural district in 10 states. It showed a clean rural –urban divide, 16% of rural and 25% of urban customers felt that advertising influenced them to frequently or always buy products they do not really need.

Media Vehicles used for promotion

- Television
- Radio
- Print media
- Cinema
- Hoarding/Wall Painting

### **Conclusion**

The companies entering rural market must do so for strategic reasons and not for tactical gains as rural consumer is still a closed book. It is only through unwavering commitment that the companies can make a dent in the market. At the end, it can be concluded that though there are number of road blocks in the path of proper distribution in rural markets, but by designing and adopting effective strategies and proper use of resources, marketers can overcome these barriers and explore the opportunities lying untapped in rural market to achieve organizational goal-profit maximization.

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