

RURAL INDIA: INNOVATIVE MARKETING STRATEGIES

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ABSTRACT

Today, in India the image of rural markets is changing very rapidly. The rural markets provide an opportunity and a ray of hope for existing and new marketers. The rural market is considered as the most creative segment in the field of marketing. Rural markets are characterized with huge potential for marketers but at the same time pose several challenges to serve them with similar set of marketing strategies used in urban areas. Now these days' companies try to move forward towards global markets but on another side they ignore the extremely large opportunities of enlargement in rural market. Almost all the companies in India are moving towards the rural market in order to grab the opportunities offered by this market. Basically this paper explores the challenges faced by marketers in rural markets and also covers the innovative marketing strategies adopted by marketers in order to enhance their brand visibility, goodwill and sales in the rural markets of India.

Key Words: Rural Market, Strategies, Innovative.

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Introduction

The large number of population is still residing in the rural areas. The expectations of rural customers are also increases with the span of time. Their liking and dis-liking are changing according to time and also influenced by urban population. There is also a big role of media especially electronic media in influencing the choice of rural customers. Now, these days rural customers are also aware with the availability of different brands in different products. They want to shift their choice from non-branded products to branded products. The companies have a big scope in rural areas to expand their hands towards rural market.

There is also big need of Innovative marketing strategies especially for rural customers, as the rural customers are very religious and cultural people. They do not want to shift or change, from their culture or traditions. As the competition increases in the rural market there might be the need for competitively priced products that are developed as per the needs of the rural consumers. Because non-consumers of yesterdays are entering into the rural market as first time buyers for a large number of products in a large numbers. This calls for shift in management thinking from gross margin to higher profit from high value unit sales to game of high volumes, capital efficiency and from one solution fits all thinking to market innovation. So, companies should need to make some innovative strategies for capturing the rural market.

Review of Literature

Vaswani (2005) attempted to bring to focus the role of rural marketing in bridging the widening disparity between rural and urban economies in India. Dixit (2011) explored the competitive and innovative marketing strategies for tapping the rural consumers in India. Joshi and Srivastava (2011) suggested the various marketing mix strategies for capturing the rural market. Kavitha (2012) explored the comparative study of growth, challenges and opportunities in FMCG of Rural market. Tripathi (2012) explained the challenges, opportunities and strategies in the rural areas. Upadhyaya (2012) explained the new ways of selling the products in the rural areas in India. Aggarwal and Verma (2013) suggested the various innovations in rural retailing and in IT sector in rural areas. Ahmed (2013) explained the rural marketing strategies for selling the goods and services in the rural areas. Desai (2013) explained the principles of innovations in the rural

market and suggested the various innovations in the rural market. Kumar and Swamy (2013) explored the opportunities and challenges faced by the marketers in the rural areas. They also suggested the ways to in order to gain more customers in the rural areas. Rathee and Kumar (2013) explained the environment in the rural market areas in which the people thought different according to that.

Challenges in Rural Marketing

Rural marketing is a time consuming affair and requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. Rural market does offer a vast untapped potential, it should also be recognized that it is not that easy to operate in rural market because of several problems. There are various challenges which faced by corporate houses in developing rural market.

- **Low literacy Rate:** There are not enough opportunities of education in rural areas. The low literacy rate has encouraged the marketers to shift to the low quality products. They don't have enough knowledge about the products.
- **Transportation Problems:** Lack of transportation is another problem in rural areas, there are very less number of villages in the country which connected by well constructed roads.
- **Warehousing Problems:** There are no public as well as private warehousing facilities in the rural areas. The marketers face lots of problem regarding storage of the goods.
- **Media Problems:** The television is the best source to communicate with the rural people. But due to the non availability of television and power, the people in rural areas don't take benefit of these media.

- **Lack of Infrastructure:** Due to the lack of infrastructure, the marketers have to face lots of problems in selling their products in the rural areas. The retailers don't prefer to open the retail outlet in the rural areas.
- **Traditional Lifestyle:** The life in rural areas is still governed by customs and traditions. The people do not want to adapt the new practices easily.
- **Seasonal Demand:** The demand for goods in rural markets depends upon agricultural. As the agriculture is the main source of income. The agriculture to a large extent depends upon monsoon therefore, the demand is not stable or regular.
- **Buying Decisions:** The rural consumers are very cautious in buying, so their decisions are slow and delayed. The buying decision of the rural customer is greatly influenced by the buying capacity of the customers.
- **Career in Rural Market:** No doubt, the rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent to deal with that rural consumers. So, the rural people have less qualification according to the need of corporate.
- **Packaging:** It is the first important step of product processing. If the packaging cost is high, it will increase the total cost of products. So, it is suggested that the marketers should use cheaper materials in packaging for the rural markets.

Innovative Marketing Strategies

Besides of the above challenges, the marketers adopt the various innovative marketing strategies in order to enhance their brand visibility, goodwill and sales in the rural markets of India. We study the innovative marketing strategies with the help of 4 P's of Marketing.

Product

Product is the most important element in the marketing-mix planning which begins with formulating an offering to satisfy the demand of the target consumer. A fair amount of research is required to understand the needs and desires of rural customers and provide suitable products. The companies must take the decision regarding the product and services to be offered in the rural areas, whether to sell the same product which is offered in the urban areas or to modify the existing product according to the requirement of the rural consumer or to design a totally new product for the rural consumers. The rural requirements may be quite different from the urban ones as Godrej hair dye which grooms hair of urban people is used by rural consumers to color their buffaloes deep black, Horlicks –a vitamin, calcium fortified health drink for the urban consumer is used in Bihar villages as a health beverage for cattles and many more. Rural consumers are cost-conscious hence, the products have to be designed in a way to appeal to their mind, heart and pocket. An in-depth study of rural markets is the prerequisite to understand the needs, wants and aspirations of rural consumers followed by creating or reengineering a product specifically for them.

- **Small packing of products**

The rural consumers save a lot so keeping this in mind the companies started offering small packing of the products. This will help the rural consumers to try for the new products. It will help the companies to offer new products in the rural markets. HUL have started making their products like toothpaste, shampoo, creams and many more in the small packets for rural customers. The rasna is also available in small sachet pack.

- **Sturdy products**

The most of the rural consumers believe that the heavier the product, the longer is its durability. So they prefer for the long and the lasting products. For example, the Royal Enfield and bullet motorcycle is very popular among rural consumers.

- **Specially designed products**

The most of the companies have done the indepth study of the rural areas and developed the products specially for the rural consumers. Nokia company has developed the Nokia's basic model specially for rural consumers which have torch and dust resistant. Philips company has developed the smokeless chulhas specially for rural consumers. PVC shoes and chappals are designed for the rural consumers specially.

- **Utility products**

The rural consumers adopt those products which create utility for them. The most of the companies have developed their products which create maximum utility for the rural consumers. For example, the Philips company has developed free power radio that requires no external battery and electricity for its operation. Some of the television companies has developed their products which can work only with the batteries.

Rural consumers prefer brands for need based consumption preferably having a refill option. The products must also be useful and customer-friendly. It must also be rugged and durable. Therefore, while designing a product, the organization needs to consider that the product suits the rural culture, solves their problems, fits their pocket and comes with a recycle, reusable and recycling options. Value consciousness is a big driver for the rural market and consumers are well aware of the equation of price, quality and brand image.

Price

Pricing strategy in case of rural consumer should be done keeping in mind the source of income as the consumers are daily wage earners or farmers who get major income during harvest season. The Rural population has limited access to institutional finance so solution lies in low unit packs at low price points or equated monthly instalments offered by market. Chennai-based personal care products manufacturer, Cavin Kare Pvt. Ltd., succeeded in popularizing its regional shampoo brand "Chik" in South India in the 1980s by offering it in small sachets which was lowest in the market compared to other leading shampoo brands. As a result of this pricing strategy "Chik" emerged the largest player in the shampoo category in the rural market. This

affordable price also helped in converting the shampoo non-users who were otherwise, using bath soaps to wash their hair into users.

- **Affordable products**

The most of the rural consumers fall under the lower income category so the marketers should make the products which is easily affordable by the rural consumers. Salora company and jolly tv company offers television for the rural consumers at very low cost. Bharti Airtel, Tata Docomo and other telecom industry offers cheaper and affordable services to the rural consumers.

- **Value engineering**

This concept is used by most of the rural marketers especially in food industry where milk proteins are converted into soya proteins which are cheaper comparing to their actual cost.

- **Low unit packaging**

The rural consumers are price conscious. The most of the companies offered low packing products due to the low income of the consumers. Soaps, tea and many other products are available in small packs.

- **Refill and reusable packaging**

The companies use refill and reusable packaging of the products in order to satisfy the rural consumers.

Place (Physical Distribution)

The vast number of villages are scattered over the different areas in India. Due to the lack of infrastructure, transportation facilities and many others the marketers face a lot of problem. So, the physical distribution must be handled with care in these areas.

- **Hired Vans**

Some of the companies use hired vans to supply the goods to the rural areas. For example, the hill distribution use hired vans to reach the rural retailers.

- **Bullock Carts**

The bullock carts are used in those areas where there was still no road, by the marketers.

- **Company Delivery Vans**

These are used to deliver the products in the rural areas directly to the consumers. For example: they fill LPG cylinder directly on the spot to the rural consumers.

Proper distribution channels are recognized by companies. The distribution channel could be big scale Super markets; they thought that a similar system can be grown in India. However, they were wrong; soon they realized that to succeed in India they have to reach the nook and the corner of the country. They have to reach the "local Paanwala, Local Baniya or Kirana Shop Owners" only they can succeed. Big Multinational companies in India capture the rural market share in India if they have to go the local market shoe sellers and with the low priced products.

Promotion

Promotion is to create brand awareness through suitable media to gain acceptability among the target audience. To achieve success brands will have to build an association with the rural people which is possible by utilizing the various rural folk media to reach them in their own language and in large numbers.

- **Formal Organised Media**

These include the newspapers, television, cinema, radio, hoardings, wall paintings and many more are used by the marketers in the rural areas.

- **Rural specific media**

These include music records, puppet shows, stalls in fairs, house to house campaigns, group meetings and many more are used by the marketers in the rural areas.

In rural areas, HUL promoted its products through demonstration Vehicles, rural fairs and festivals. Haats, melas and mandis can also be used to communicate the message to vast multitude of rural population. Colgate- Palmolive distributed free tubes of its herbal toothpaste in the Kumbh Mela festival, where millions of people assemble for over a one month span. Wall Paintings are quite effective in catching attention of rural consumers. The concept of colorful wall paintings highlighting the brand has been successfully utilized by Pepsi and Coca- cola to promote its soft drinks through strong visual appeal.

Innovations in Rural Retailing

- **Godrej's Aadhaar and Manthan**

Manthan of Godrej focus on supplying animal feeds for dairy and poultry whereas Aadhar is a supermarket which retails agricultural inputs such as fertilizers, animal feeds and small implements along with FMCGs and services like valuable technical guidance, soil & water testing services.

- **HUL Project Shakti**

HUL engaged in rural development since 1976. The principal issue in rural development is to create income- generating opportunities for the rural population. HUL launched Project Shakti in 2001 keeping with the purpose of integrating business interests with national interests there are more than 40,000 Shakti Entrepreneurs across India.

- **HUL: Shaktimaans-To-Power-Rural-Reach**

The company is utilising the skills of Sudharkar to distribute its products in remote villages which have a demand for such products but don't have a distribution network. Every day, Sudharkar sets out on a bicycle which has been provided by HUL for him to commute to villages to distribute products and sachets of popular brands like Wheel, Lifebuoy, Pond's, Brooke Bond, among others, to aspiring consumers. Earlier, these

consumers had to satisfy their needs by purchasing products from nearby villages where the company has direct distribution. Now, their needs will be met in their own villages by the visiting shaktimaans. HUL will soon figured out that the men folk from shakti households, who would by now be familiar with the operations and product range of the company, could be used for the next leap — to reach villages with a population of less than 2,000. They have been christened shaktimaans.

- **DSCL HARYALI Stores**

DCM Shriram Consolidated Ltd. (DSCL), capitalizing its over 35 years of experience in the agri-input markets & first hand knowledge of Indian farmers set up a chain of centers aimed at providing end-to-end ground level support to the Indian farmer & thereby improving his profitability and productivity. Hariyali Kisaan Bazaar is a pioneering micro level effort, which is creating a far-reaching positive impact in bringing a qualitative change and revolutionizing the farming sector in India. It is also an example of how well meaning corporate can contribute to development of agriculture by building sustainable business models. It seeks to empower the farmer by setting up centers, which provide all encompassing solutions to the farmers under one roof. Each Hariyali Kisaan Bazaar centre operates in a catchment of about 20 kms. A typical centre caters to agricultural land of about 50000-70000 acres and impacts the life of approx. 15000 farmers

- **ITC E-Choupal**

ITC's, E- Choupal initiative, the single-largest information technology-based intervention by a corporate entity in rural India which enrich the farmer with knowledge; elevating him to a new order of empowerment. E- Choupal delivers real-time information and customize knowledge to improve the farmer's decision-making ability, securing better quality, productivity and improved price discovery. The e-Choupal initiative also creates a direct marketing channel which eliminates wasteful intermediation and multiple handling thus reducing transaction costs and making logistics efficient. The e-Choupal project benefits over 3.5 million farmers. The e- Choupal network will cover over 100,000 villages.

- **M & M Shubh Labh Stores**

It will leverage on Mahindra's agri business division, which is involved in contract farming, contract services, exports and agri retailing. MSSL is involved in contract farming across 100000 acres in eight states which cover 30,000 farmers. The company had set up agri centers in various districts of the country. These centers are one-stop shop for agro service, retailing of agro inputs and procurement of produce.

- **Bharat Petroleum**

Bharat Petroleum is planning to target small villages with a population of about 200 to 250 households. It is planning to set up the small pumps for these small villages and low priced units in terms of the cost of the infrastructure to establish these outlets. These retail outlets will serve seven to eight such villages.

- **Reliance Rural Hub**

It introduces a rural-business-hub model in a Gujarat village. It would offer farm input, food, grocery, consumer durables, and financial and health services. It will also provide farmers a platform to sell their products.

- **Warna Bazaar**

Warna Bazaar is the superstores in Kolhapur and Sangli in Maharashtra which are set up in the area of 10,000 sq. ft. Along with that they have 30 stores of 500- 1,000 sq. ft at the village level. These stores retail products like apparel, food, grocery, agri-inputs, vehicles, consumer durables and hardware.

Some of the programs which are run by the government. E-Mitra service is launched by the Rajasthan Government for the first time for its rural citizens, so that they can deploy the I.T. enabled benefits to its fullest. Community Information Centres: The program is designed especially for providing the internet access and I.T. Enabled services to the citizens through which the interface between the Government and the Citizens can be setup. TARahaat was developed by an NGO (non-government organization); with the vision to bring internet facility to the rural India. Drishtee is present in 5 States and is currently available in six districts. It is a private company, which was previously named as Cyber Edge, which has the main work of

developing the modules. The Karnataka Government for maintaining the records related to the land introduced the Bhoomi program. With the introduction of the program, the farmers are free from giving the bribe and are protected from the harassment. Rural e-seva was initiated by ANDRA PRADESH Government. It was initially implemented in West Godavari District to deliver e-governance facility. The centers are designed with the view to provide better governance facilities to the people of the Rural India. Gyandoot was established in January in year 2000. It is an e-governance based module designed for the rural citizens. The project was initially initiated by the Government of MADHYA PRADESH. Gyandoot caters the need of the villagers by providing the information related to the prevailing rates of the agro-based commodities and the rate of land.

Conclusion

We already study the scope of rural marketing in the field of new market. The companies always try to increase their profits and increase their area in the market. So, rural marketing is very emerging market in the growth of global economy as well as Indian economy. The companies should use the new marketing strategies for the growth in the rural market. Thus, the successful company will be one which meets the consumer expectations through products offered at affordable cost and still is in position to earn a decent return on investment because of its strong, efficient and intelligent distribution channel.

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