

“Study of the Problems and Prospects of Rural Marketing Strategies for Consumer Durables”

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Abstract

During the period of last 20 years of rapid economic and social development of the India the durable consumer products are getting more attraction and generating the rapid growth in demand in rural areas similarly as the urban part of the country. The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated from there. From the point of view of rural marketing, Ghaziabad district is an ideal district because it is very much near to the capital of the country. In the present paper Ghaziabad District's four segments have been selected, There certainly is a place for premium products, but consumers in rural market for those products are scattered and difficult to reach. Therefore, such products can be left to be bought from the nearest urban centre. The attraction of rural market is in their size as mass markets. Those who design products for such mass markets will prosper and grow rapidly.

Key Words: Rural Marketing, Durables, Consumers' attitude, Whole Sellers & Retailers,

INTRODUCTION

This Research entitled “Study of the Problems and Prospects of Rural Marketing Strategies for Consumer Durables” is mainly focused on the assumption that, there is a vast potential of marketing of durable goods in rural areas of the country which is increasing day by day. In India where about major part of the population resides in about 6 lakh villages in the rural areas and nearly half of the national income is generated by the rural population, hence it become necessary to understand the psyche of the rural population, their needs, aspirations and also their behaviour to be success in the marketing in rural areas.

The villagers have accepted the modern way of agriculture as a business but also have accepted modern living. Apart from the food items, they are interested in buying durable products.

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This change in the attitude of rural consumers is sweeping across the countryside. The expanding rural market is important to growth of economic development of India. Rural markets have proved to be very attractive for corporate and the size of market is increasing year by year. The increased income/purchasing power of the rural consumer and the improved income distribution have enhanced rural demand for several products. With a population already in excess of one billion people, India has caught the eye of multinational corporations across the globe as a place of opportunity for exploring new markets.

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated from here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for products like colour TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent. The rural market is zooming ahead at around 25 per cent annually. "The rural market is growing faster than urban India now," says VenugopalDhoot, chairman of the Rs 1900 -crore Videocon Appliances. "The urban market is a replacement and up gradation market today," adds Samsung's director,marketing, RavinderZutshi.

OBJECTIVES OF THE STUDY

The main objectives of the study are:

- (1) To understand the environment in which the rural market operates
- (2) To find out the inherent problems associated with rural market
- (3) The market strategies which can be successfully adopted to exploit properly to the potentialsof the rural market
- (4) To find out the opinion of the rural consumers about the consumer goods
- (5) To know the psyche of the rural consumers

R ESEARCH METHODOLOGY

Area of the Study

"Ghaziabad" district had been selected for the sample study because district has comparatively better infrastructure and a wide rural area, which is very essential for the development of rural market than another district of this region of Western Uttar Pradesh. There are four markets: (Hapur, Dadri, Loni and Murad Nagar) in all over the district. These markets are much near to the rural areas of the district and these markets are main

place from where rural consumers use to buy the Durable Products. The people of these areas have greater opportunities of employment and have more disposable income than other remote rural areas; hence, there is a lot of potential of rural marketing for Consumable and Durable products. From the point of view of rural marketing, Ghaziabad district is an ideal district because it is very much near to the capital of the country. Thus, it has a better infrastructure and communication facilities which are also available in rural areas of the district.

The selection of sample villages has done by stratified sampling methods, although, selection is random. Out of the 50 villages 40 villages have been selected which are well distributed in four sectors of Ghaziabad district and each sector consist 10 villages of the different size of population.

Sampling Technique :

Universe: Consumer respondents in the rural areas.

Sampling Unit: Sampling unit is limited to the Ghaziabad district of U.P.

Sample Size: 120 consumer respondents from the rural areas

Sampling Design: Simple random sampling is adopted on the ground of availability, convenience to access and level of participation. Almost equal no. of respondents have been taken in the age group of 15-25, 25-35, 35-45 and above 45 years across the different income levels and education. The respondents selected were media literate people who had an exposure to the television.

Data Collection

Since the primary objective of this study is to know the potentials of marketing of durable products in rural areas. The present study is mainly based on the primary data collected with the help of structured questionnaire and interview. The necessary data for this study had been collected through an interview schedule by directly approaching the respondents and other relevant data from some secondary sources also. All the data for the purpose of the study and deep analysis had been collected during the field work. Preliminary data had been collected for 40 villages. During the survey in rural areas, the researcher has taken interviews on the basis of prepared standard questionnaire of about 5-6 persons in every village.

Research Tools for Data Collection and their Analysis

Primary Data: The structured questionnaire was used to collect the primary data. The questionnaire has both open-end and closed-end questions.

Secondary Data: Books, Journals, Magazines, NewsPapers and Online Information.

Findings and Inferences

Rural Consumers' Perception:

Rural consumers play a significant role in this research work. We have incorporated all the information received during the field work and personal interviews taken on the basis of already prepared questionnaire in this research work. We have taken interviews of about rural consumers with the help of questionnaire for Durable products respectively, and the information received is presented here.

According to rural consumers the demand of these products is growing day by day continuously. But the demand for other products similar to these standard branded products is also very high because the prices of these products are very low in the comparison of standard branded products. That is why the customers are more inclined towards these products because the difference of the cost between these products sometime is 20% to 30%, meaning thereby these products are much cheaper than the original branded products.

These products do thrive in the rural market and it can ordinarily be found in village shops. Imitation products apart, these are also locally manufactured branded and unbranded products which are quite popular. These products also have sufficient demand in rural areas to sustain such manufacturers. These products are not only similar in their names, but in features and functions also, and so similar that it is very difficult to recognize it. Most of the rural consumers are of the view that if the supply of original products can be made proper and the prices and quality of these products can be made in accordance with the rural consumers then the demand of these products can be enhanced. The reason behind such a wide range of products sold in rural areas seems to be the heterogeneous nature of the rural market. The wide disparities in income level and the consequent life styles warrant such variety. Hence, there is reason enough for the manufacturers and marketing men to think in terms of products specifically designed or modified for the rural segment.

ATTITUDE OF RETAIL SHOP KEEPERS TOWARDS RURAL CONSUMERS

By retailers, we mean which work like a centre for all the villagers of that particular area and from where a large number of rural consumers buy durable products. In this research, we have chosen these kinds of shopkeepers and all the information's furnished by them have been given here.

The first and foremost motive of the retailers is to earn higher profits. Therefore, they sell

only those products which yield the maximum profit to them. For this they sell the products of those brands on which the percentage of profit is more. They do not give much attention on the quality of the product. That is why they are least interested in selling the product of those companies where the rate of profit is low.

In villages beyond the reach of distribution system the shop-keeper make their own arrangement for procurement. The retail shop-keepers have to purchase their stock from wholesalers or authorized dealers who generally are in the nearby cities or towns. Thus, the cost for these retailers goes up by 5% to 15% of the actual cost of products because they have to spend some amount on transportation etc. Because of the transportation and other expenses their profits automatically go down equivalent to the cost incurred on the transportation etc. Therefore, these retailers are more interested in selling the products of local brands, rather than the products of standard brand. According to these retailers, the rural consumers are also more interested in buying and consuming the products of local brands, because they have to spend fewer amounts to fulfil their needs and requirements. Even rural consumers do not show great enthusiasm in the product of standard brands, as they do not have much information about these product and they are solely dependent on the retailers.

It is thus, revealed in the study that retailers are the main link between the producer and consumer as far as the rural market is concerned. Normally, they buy products from the nearby towns; deal in wide variety of products, purchasing the products from suppliers mostly based on customer requirement. The retailers in the rural market buy mostly from wholesalers and, in some cases, from the manufacturers. The credit facility enjoyed by them from wholesalers makes them dependent on the wholesalers and big retailers. The mode of transportation adopted by them in most cases is by bus. A majority of them buy on a weekly basis. As they get credit facility, they also extend the same benefit to their customers in the villages. It may, thus, be concluded that the effectiveness of rural marketing by marketers heavily depends on the understanding of behaviour, attitudes and functioning of retailers.

ATTITUDE OF THE WHOLESALERS AND DEALERS TOWARDS RURAL CONSUMERS

Researcher have tried to know the opinion of the wholesalers in reference to rural consumers and markets on the basis of interview of the wholesalers and authorized dealers during the field work. We have incorporated all these information in this research paper. It

is very difficult for them to provide or make available their product directly in rural areas. The main reason for this is the vastness and uneven spread of rural population. In rural areas people live in very small villages and at a great distance and even in these villages demand for these products are minimal but the cost incurred on to satisfy these demands are much higher than the profit. Therefore, the wholesalers suffer losses instead of profit.

Firstly, the demand of Durable product is very low in rural areas and it is seasonal also which are generally demanded on some special occasions or festivals or marriages. So the demand comes down automatically once these occasions are over. That is why to meet the demand of these rural areas the wholesalers do not want to make a permanent distribution system because the cost incurred on these system are much higher. In spite of distribution system they give some incentives or discount to the retailers to encourage them to sell their products in rural areas. Thus, they get their product reached or accessed to the rural people according to their demand without higher distribution costs and wholesalers have not to do many efforts for this.

BUYING MOTIVES

Marketers have been using buying motives to handle the consumers. 'Buying Motive' provides the psychological justification for the acceptance of a product. This tool has proved a success with urban consumers. It is necessary for the marketer first to identify the psychological characteristics, which can act as the 'Buying Motives'. Though the sources of information are many, it is likely that the consumers use the information from only one or two source for decision-making. Rural consumers are influenced by information received and opinions formed from various sources in making their buying decisions. The other sources in order of importance are -- opinions of family members, advice of friends and neighbours, and shopkeepers' advice.

It may be noted that advertisements have been considered as major influences in purchase decisions. In case of consumer durables, advice of friends and neighbors is found to be a major source, while family members, opinion leaders and shopkeepers are other important source influencing the buying decisions. Self experience is not a major influence, because consumer durables are not purchased repeatedly. Even in this case advertisements were an important influencing source.

Strategiesfor Rural Marketing

Consumer durables face many marketing problems and are not able to penetrate the rural market like non-durables. Several roadblocks make it difficult to progress in the rural

market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. Where the 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 attendant problems. Rural marketing is, thus, a time consuming affair and requires considerable investment in term of evolving appropriate strategies with a view to tackle the problems. The major problems faced by manufacturing and marketing men in rural areas are described below:

1. Breaking of bulk into small volume not possible;
2. Requires more investment by consumer during purchase;
3. Requires installation/after sales service;
4. Higher repurchase cycle;
5. Difficult to do cross promotions;
6. Requires separate retailer for the products;
7. Transportation problems due to bulkiness of products;
8. Dependent on other factors like Electricity, Fuel etc;
9. Banking and Credit problems: Inadequate banking and credit facilities;
10. Problems regarding Handling, Storage and Transportation;
11. Seasonal demand;
12. Stress on unbranded and cheap items;
13. Problems regarding Marketing research and development:
 - (A) Unpopularity of marketing research in India and
 - (B) Lack of research data.

Durables are sold to rural areas by the retailers operating from nearby towns. Very less effort are done to promote the products in rural areas except some road shows and advertising in cinemahalls . Few companies have made efforts to promote the products in rural gatherings like Shandies and haats. Hence, rural marketing requires separate marketing strategies for the marketing mix elements *viz*, Product, Price, Place and Promotions, which could be formulated after studying the market carefully.

Multi—Branding: A company may introduce several brands in a product—line with different features to appeal to different categories in the same customer group. Many

FMCG companies follow this strategy.

Co—Branding: Today, we find offers with two or more brands of the same company or different companies. When a marketer offers one brand with another brand of the same company or another company it is called co-branding. Such offers may take two different forms:

(i) Ingredient co-branding

(ii) Product co-branding

Affordability: The income of rural consumers is unsteady. The sources of income as well as the size of income earned per day vary. They cannot hence make planned purchases and large purchases. Small pack sizes help the rural consumer pick the product at a price that he can afford.

Combo-packs: Another packaging innovation is ‘combo-packs’. When related products are packed together and sold at economy prices, the consumer finds it a better option to buy. The Combo-Pack may become an ‘assortment’ when more than two products are packed together.

Marketing Strategy is affected by various factors like Type of product (Durable or non-durable), profile of target market, internal strengths’ of company, competitor’s strategies, stage of product in its life cycle, facilities available for using marketing mix etc. Moreover, strategy can be formulated at various levels; generic strategy for all firms, Corporate Strategy at corporate level of a firm, Business Strategy for a particular Strategic Business Unit of the Company, marketing mix strategy at marketing Department of a particular Strategic Business Unit etc. This research is focused on generic marketing mix strategies for various types of products in the rural gatherings.

CONCLUSION

The present discussion on some aspect of rural marketing should not give the impression that rural markets have not been exploited at all. Its purpose is only to highlight the growing importance of rural markets in the fast changing economic situation. Already, substantial penetration has been made by the producers of most consumer goods. Though the cost of distribution and promotion is bound to be high and producers even may sustain losses in the initial stages, this should not deter them from entering the market the potentialities of the rural market are great indeed. With the changing economic conditions in the country, and with better purchasing power, among the rural population, the newly emerging rural markets are bound to yield rich dividends.

In rural marketing, the vast spectrum of courses to be followed require special care and attention with respect to the product, its quality, packaging, brand, pricing, advertisement, personal selling and channel of distribution. The strategy of rural marketing has to be appropriate appreciating fully the scattered character of rural markets, and the need for a different communication mix on account of the lower level of education and environmental differences. All this calls for concerted and co-coordinated action on the part of both the government and the industry. The government role lies primarily in developing the infrastructure, *e.g.* A good network of roads in the interiors of rural India, speedy arrangement for better light, water and irrigation facilities, financial and technical assistance in setting up the industries in villages, and distribution of their products. The government's role will be equally important in conducting rural market surveys and compilation of vital statistics and their publication for the benefit of business and industry.

There certainly is a place for premium products, but consumers in rural market for those products are scattered and difficult to reach. Therefore, such products can be left to be bought from the nearest urban centre. The attraction of rural market is in their size as mass markets. Those who design products for such mass markets will prosper and grow rapidly.

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