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Promotion of Brand in Rural Market

ABSTRACT

Promotion of brands in rural markets requires the special measures. Due to the social and backward condition the personal selling efforts have a challenging role to play in this regard. The Indian established Industries have the advantages, which MNC don't enjoy in this regard. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. The rural market has a grip of strong country shops, which affect the sale of various products in rural market. The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income. The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area. This paper is therefore an attempt to promote the brand image in the rural market.

1. INTRODUCTION

In recent years, rural markets of India have acquired significance, as the overall growth of the Indian economy has resulted into substantial increase in the purchasing power of the rural communities. As it is evident from various facts that India is a country of villages. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products.

In this context, a special marketing strategy, namely, **rural marketing** has emerged. But often, *rural marketing* is confused with *agricultural marketing* - the latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers.

To launch a product especially in the FMCG sector a thorough market analysis has to be done as psyche of rural consumers is totally different from the urban consumers in the Indian subcontinent.

2. WHAT MAKES RURAL MARKETS OF INDIA ATTRACTIVE?

- i) It is an upcoming market and the following facts substantiate this.
 - 800 million people
- ii) Estimated annual size of the rural market
 - FMCG Rs 65,000 Crore
 - Durables Rs 5,000 Crore
 - Agri-inputs (incl. tractors) Rs 45,000 Crore
 - 2 / 4 wheeler vehicles Rs 8,000 Crore
- iii) In 2001-02, LIC sold 55 % of its policies in rural India.
- iv) Of two million BSNL mobile connections, 50% are in small towns/villages.
- v) Of the six lakh villages, 5.22 lakh have a Village Public Telephone (VPT)
- vi) 41 million Kisan Credit Cards issued (against 22 million credit-plus-debit cards in urban) with cumulative credit of Rs 977 billion resulting in tremendous liquidity.
- (vii) 42 million rural households are availing banking services in comparison

- to 27 million urban households.
- viii) Investment in formal savings instruments: 6.6 million households in rural and 6.7 million in urban India.
- ix) Nano-Marketing or sachets worked well in rural India and there is ample scope for the products to be accepted by consumers if the price is competitive. ?
- x) The rural market is highly fragmented and the supply chain for the FMCG goods has to be strong.

Indian Marketers on rural marketing have two understandings -

- a) The urban metro products and marketing products can be implemented in rural markets with some or no change.
- b) The rural marketing required the separate skills and techniques from its urban counterpart. The Marketers have following facilities to make them believe in accepting the truth that rural markets are different in so many terms.
 - i) The rural market has the opportunity for.
 - ii) Low priced products can be more successful in rural markets because the low purchasing powers in rural markets
 - iii) Rural consumers have mostly homogeneous group with similar needs, economic conditions and problems.
 - iv) The rural markets can be worked with the different media environment as opposed to press, film, radio and other urban centric media exposure.

How does reality affect the planning of marketers? Do villagers have same attitude like urban consumers? The question arises for the management of rural marketing effects in a significant manner so that companies can enter in the rural market with the definite goals and targets but not for a short term period but for longer duration.

The Research paper will discuss the role of regard. The strategy, which will be

presented in the paper, can be either specific or universally applicable.

3. MARKET ANALYSIS

The process is comprised of analyzing the existing or potential market of FMCG for the launch of the product's output and then developing a marketing strategy and a marketing program.

a) Defining objectives and scope of the market analysis: The primary objective is to launch products in the rural market and flood it in the **kirana** (mom & pop stores) shops, so that people also get into the habit of buying these products .

b) Defining data requirements: The sample of people was carefully chosen so that the analysis helps us to generalize it and extend it to the whole of the rural market in India. The local taxi-drivers and shopkeepers are of great help as they provide an insight into the buying and bargaining habits of rural people.

c) Collecting data: Once the data requirements were clear, collecting and jotting down the necessary information i.e what kind of products generally people prefer, the reason why they buy those FMCGs, whether they are delighted for the launch of new products, what do they think about these promotions, their inhibitions and their likings & tastes?. Primary data is first hand information gathered directly from prospective/existing customers, competitors and trade channels in the form of surveys, test marketing (for new or innovative products) and experimentation.

d) Processing and analyzing data: Collating the data with statistical help to know what percentage of people are ready to accept the new products if these products are suddenly launched in the market and flooded everywhere. It gives a rough estimate of the willingness of people to buy

such a product. Spurious data is expurgated, but not discarded in the event that further analysis reveals its relevance.

e) Development/selection of forecasting model: Through either quantitative or qualitative methods a forecast of demand is required. Judgmental methods employ the knowledge and assessments of experts. Quantitative methods are based primarily on statistical tools. Complimentary models quantify links between the proposed and related activities (e.g. end use or consumption coefficients). A forecasting model is prepared for the sales of these new-entrant products and its profit.

f) Forecast Demand: Once the need is taken care of by the marketers, obviously the demand for the new-products will rise and will be adequately handled by the suppliers then. This is just a forecast demand on the basis of which marketers sell their products in the rural market of India.

g) Development of marketing strategy: Analysis of information pertaining to customer needs, competitors and the market environment leads to a set of market related decisions covering the product features, packaging, branding, product mix, pricing policies, distribution channels and the like - the marketing strategy to be employed in securing customers and delivering the product. Mass marketing for the entrant-products is profitable because it caters to people at the bottom of pyramid with lesser buying power.

h) Determine Market Share: Market share is estimated on the basis of the demand forecast and marketing strategy adopted. For new-products, the rate at which market share can be realized will depend upon the strength and astuteness of competitors. It is generally prudent to assume a gradual build-up of market share.

i) Design marketing program: The

marketing organization is designed to execute the marketing strategy. The means of establishing the selected channels of distribution and access to promotional media are defined. Marketing costs are then determined.

j) Production program: Product mix, schedule and volume of production of FMCGs in rural India are predicated on the sales program. The main problems in rural marketing in India are:

- Understanding the rural consumer
- Poor infrastructure
- Physical Distribution
- Channel Management
- Promotion and Marketing

Communication Dynamics of rural markets differ from other market types, and similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban or industrial consumer.

4. REALITIES BEFORE THE MARKETERS

70% of India's population lives in 627000 villages in rural areas. 90% of the rural population is concentrated in villages with a population of less than 2000, with agriculture being the main business. This simply shows the great potentiality rural India has to bring the much-needed volume-driven growth. This brings a boon in disguise for the FMCG Company who has already reached the plateau of their business urban India.

As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are

2.3 million urban households as against 1.6 million households in rural areas. According to the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size India is expected to be doubles that of urban India.

HLL chairman MS Banga Says, “This exercise may not pay in the immediate future, but will definitely give long-term dividends. Incidentally, over 50 percent of the sales of HLL’s fabric wash, personal wash and beverages are in rural areas. And we see a future in going rural in a major way”.

The improved agricultural growth is expected to boost rural demand, through not at too sizzling a rate. Moreover, the price drop in personal products, after the recent excise duty reductions, in also expected to drive consumption. “Better agricultural yields will give farmers more spending power, making the rural markets bullish,” says an analyst.

As a result, HLL has planned a rural marketing program that is expected to result in a marked growth in the consumption of the company’s products in the rural market. HLL will adopt three-pronged marketing strategy- new price points, sizes and awareness campaigns for its detergents and soaps segment to augment rural growth.

The Indian established Industries have the advantages, which MNC don’t enjoy in this regard. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. The rural market has a grip of strong country shops, which affect the sale of various products in rural market.

The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income. The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area. The small sachet packs are the examples of price sensitivity. Colgate has done this experiment with launching of sachet packs for rural markets.

5. RESULTS AND DISCUSSIONS

The field exercise has given the various inputs about the rural consumers. This experience was unique from a marketer’s point of view that the companies must have a proper understanding of rural marketing environment at a region wise basis.

The data has tabulated in following manner. Advertisement of Coca-Cola (Acceptability pattern)

Table - 1

Analysis of Advertisement of Coca-Cola

| Sl. No. | Contents | Favour | Non-Favour | No Comment |
|---------|--|--------|------------|------------|
| 1. | Language and content of Ad. | 72% | 20% | 8% |
| 2. | Back ground effect of Ad. | 50% | 20% | 30% |
| 3. | Expressions & communication styles of Aamir Khan | 85% | 15% | - |

The Ad plays an important role for giving boost to rural consumers feeling. The feeling plays very important role. The

Language and content (72%) and expression style of Aamir Khan (85%) play significant role.

6. SUGGESTIONS

1. Rural consumer environment must be understood before the creation of ad.
2. Rural mindset accepts the brands easily, which are close to their culture. This point must be reflected in ad for rural markets.
3. Sponsorships to the Melas and Hats must be considered in a significant manner.
4. Selection of brand ambassadors, lyrics must not be ignored in this regard. They have a special liking for folk culture so this can be taken in an effective utilization of brand promotions.

7. CONCLUSIONS

The following conclusions could be drawn:

1. The Language and content must be according to the suitability of rural environment.
2. Background figures are also a deterministic factor.
3. Admissibility of brand ambassadors plays an important role in this regard.
4. Special promotion measures are the strong applicable factors in this regard.

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