

## DISCOVERY OF THE INDIAN RURAL MARKET: A BOON TO THE MARKETERS

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### ABSTRACT

It's a well-known factor that India is one of the largest consumer market in the world. When it comes to analyzing Indian Market, it becomes a holistic process. The very diversity in this country has always given sleepless nights to the marketers. Urban-rural purchaser difference, geographical difference, food habits, inequality in income levels, educational backwardness, regional and religion diversity, socio cultural differences etc. are the major challenges companies face in the process of the branding and marketing. Therefore marketer are now trying to study the fundamental needs and causes of consumers as well as numerous factors which influences the needs and desires in consumers. It's quite evident that Indian market is no more limited to the urban life and life style, rather its expanding beyond the urban limits and geographical radius. The rural market has been emerging increasingly and has taken a shape of a potential and a strong market. About 70 per cent of India's population lives in villages and this is the untapped market which is the boon for the marketers of both national and International levels. According to the third annual edition of Accenture Research, "Masters of Rural Markets: From Touchpoints to Trustpoints - Winning over India's Aspiring Rural Consumers," rural consumers are particularly aspiring or striving to purchase branded, high quality products. Various capacity of information through media and telecommunication services has played a vital role in rural India for impelling their purchase decisions. With the immense exposure and important information with regard to the new products and services, new features, latest technology etc. the rural consumer has become smart enough to take wise decision of purchasing.

**KEYWORDS:** Brands, Marketing, Rural India, Rural Population, Rural Marketing

### INTRODUCTION

As India is emerging as a big potential Global Market, many National and International brands are taking up smart strategies to establish themselves well in the Indian Bazaar. The Brands are aiming at fruitful long term results and are designing their strategies in such a way that they can remain in the market steadily and strong against their counterparts. Few good examples can be McDonalds that was all about hamburgers and soon it had to realise it was more about clean, affordable fast food and not just the hamburgers. Similarly Starbucks is not just about coffee and Oreo was not just about being a distinctive cookie but Oreo had to go through a candid self-exploration. All these international brands had to understand the niche requirements of the Indian consumers and alter their offers accordingly, which they did successfully.

Just as these international brands are taking up alternative measures, almost all the other big and small brands have started taking the initiatives to do something innovative and suitable for the rural markets in India when it comes to branding their products or services in rural India. Indian marketers as well as multinationals, like Godrej, Colgate-Palmolive and Hindustan Lever etc. have put their focus on rural markets and are already the strong players in the BOP Sector.

Thus, looking at the wide scope, which rural markets offer to the marketers, it is clear that the future is very favorable for many leading brands. As a matter of fact the brands across country have realized the potential of Rural Market and the fact that their branding strategies cannot be same for urban and rural areas and that the need to suit their offers according to the rural mindset was the necessity of the hour.

With the increasing support of the Government of India by designing many benefitting schemes for rural population, their standard of living has improved admirably and this has resulted in many important sectors from urban market to deviate to rural market. The leading opportunity sectors are Automobiles, Fast Moving Consumer Goods (FMCG), Retail, Healthcare, Consumer Durables, BPO & IT Services, Internet & e-Commerce, Telecommunications, Electronics, Banking sector.

FMCG companies like Coca-cola, Cadbury or electronics companies selling low-end refrigerators or air-coolers can go into a partnership with renewable energy firms in such a project. It will be a two way benefit project where the FMCG and consumer goods companies can also find new market in rural India due to availability of electricity.

Some Indian Brands which have done a commendable job in establishing well in the rural markets are Hindustan Unilever Ltd's (HUL), Amul, Coca-Cola India Pvt. Ltd, LG Electronics India Pvt. Ltd, Mahindra and Mahindra Ltd, Britannia Industries Ltd's Tiger brand of biscuits, Godrej Consumer Products Ltd, Tata Steel Ltd, ICICI Bank Ltd etc. ITC's e - choupal is also one good example of coming up with a unique strategy. The e-choupal scheme has been designed in such a way that it easily caters to the basic to niche requirements of the farmers, like the market rate of the crops, seeds and other agro products. The details of the agricultural equipment, the most advanced machine etc. are available for the farmers for them to be abreast with the latest technology.

But the success to these brands has not come easy. These companies have been successful in designing specific ideas and strategies to appeal the rural customers. Rural customers and the rural market unlike urban is very rigid and therefore persuading this group becomes a challenge to the Marketers. How do you sell cooking gas to consumers who are convinced the gas will seep into the food and ultimately find its way into their stomachs? That is the kind of consumer mindset marketing professionals often have to overcome in rural areas. Yes this is the biggest challenge. The mindset of the rural consumers is a tough nut to crack. Economic, Social and cultural diversity, geographically discrete markets, poor infrastructure and unreachability to conventional media pose other challenges.

Few other difficulties are:

- Technological Backwardness
- Inadequate means of Media and Communication
- Too much diversity in terms of Languages and culture
- Low literacy rate and educational initiatives
- Unpredictable buying behavior

So keeping in mind that there are these barriers and also the fact that the rural customers are more inclined towards utility, convenience and value for money, Marketers are slowly able to establish an understanding that they should avoid reproducing the urban strategy of selling to consumers in rural areas. A good example here would be Mahindra and

Mahindra's fuel-efficient tractor. Keeping the utility factor in mind, the farm equipment division of Mahindra and Mahindra Ltd (M&M) has launched a fuel-efficient tractor, Shaan, complete with a trolley that helps both in farming and transportation.



Figure 1

As a different and special strategy for rural folks, Coca-Cola India Pvt. Ltd launched 200ml bottles priced at Rs5 for price-sensitive rural markets. They also worked on their creative aspects and came with an interesting tagline 'thandamatlabcocacola' to attract the rural crowd. As a result, the theme of the campaign was also adopted in Coca-Cola's advertising strategy for markets like rural China, Thailand and Vietnam. LG introduced low-priced television sets Sampoorna and CinePlus for rural markets.

HUL went a step ahead and designed an exclusive scheme called the Shakti Scheme. Shakti started with 17 women in the year 2000 and it is successful to spread over 100,000 villages and over three million households every month. Project Shakti is a rural distribution initiative under which HUL selects Shaktiammas and Shaktimans to go to different villages and sell the HUL products and generate income under this commission-based model.



Figure 2

The best Part is that this potential of theBOP is no more limited to FMCG sectors. Many Industries are taking keen interest in this new market and the Banking sector is one amongst the lot. The Banking group has understood that the customers at rural India are having a strong buying power, and all they need is the little awareness. With this understanding these banks have now come up with various strategies to appeal this market. The branding strategies are designed keeping in mind the special needs of rural market and hence the offers are strategically molded.

There are special Banking officers trained and employed so that they can establish clear communication with the rural people. HDFC Bank has taken an initiative of this kind. The grameen officers under this scheme make a total 40 visits a month to interact with the rural customers. The companies find an opinion leader, who is most likely a sarpanch or a youth leader, whom they communicate and establish the trust with. These leaders play a key role in convincing the community to give their acceptance for various upcoming projects planned by these companies.

Even in the International page Indian rural market has grabbed the attention. China-based mobile phone maker OPPO is looking to tap India's rural market with budget smartphones. The company is also trying to fit in its strategy with the government's 'Make in India' initiative and is looking forward to participate in this scheme.

The company is planning to come up with low-range and mid-segment smartphones which fits the budget and delivers the best-in-class experience.OPPO phones are already selling in more than 20 major cities through multi-brand retailers in India. It also sells via online marketplaces such as Amazon and Flipkart.The company has been successful in selling around 400,000 devices in India and its target is to sell 1.5 million units by the end of year 2015.

The leading opportunity sectors and growth indicators are Automobiles, Fast Moving Consumer Goods (FMCG), Retail, Healthcare, Consumer Durables, BPO & IT Services, Internet & e-Commerce, Telecommunications.ITC Limited has also pitched in to a scheme for rural folks to provide computers and Internet facilities in rural areas across several agricultural sections of the country. This interesting scheme e- choupal is the technically advanced project where in the company has trained some framers who are called the Sanchalaks. These Sanchalakshelp the other farmers to directly get online information on agricultural market prices, smart farming practices, place orders for agricultural inputs like seeds and fertilizers, agricultural equipmentsetc. through e- choupal online facility. This project has emerged as a very successful project.

#### **Some of the Major Upcoming Ventures in Rural India are:**

Bharti Airtel is applying for a payments bank licence involving Kotak Mahindra Bank as a prospective investor in the project. This scheme will offer limited but critical services such as money transfers, loans and deposit collection. With banks experience and telecom companies' network, this will make an ideal tie.

Tata Motors, plans to meticulouslydevelop its network. The company is targeting to triple its network to 1,500 over the next three years from 460 now. This will be the biggest such expansion by a passenger vehicle maker in the country so far.

Hyderabad-based infrastructure company IVRCL Ltd has announced the irrigation division that has got an order from the Karnataka government for the Tubachi-Babaleshwar life irrigation scheme which aims to provide water from river Krishna to the drought-prone areas of three talukas in the state. The project is expected to irrigate around 80,000 acres and is worth Rs 1,022.58 crore (US\$ 165.43 million).

The United Economic Forum (UEF), an organisation that works to improve socio-economic status of the minority community in India, has signed a Memorandum of Understanding (MoU) with Indian Overseas Bank (IOB) for financing entrepreneurs from backward communities to set up businesses in Tamil Nadu.

### **Government Edges**

The government plans to spend Rs 75,600 crore (US\$ 12.23 billion) to supply electricity through separate feeders for rural and agricultural domestic consumption - an initiative aimed at providing round-the-clock power to villages. The Government of India seeks to promote innovation and technology development in rural and tribal areas of the country. The programme, NavKalpanaKosh aims to improve rural areas at all levels - governance, agriculture and hygiene, among others.

Banks are working on establishing 'Rural ATMs' which will dispense currency notes of smaller denominations. With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organisations are joining in the effort to train, educate and produce skilled workers.

Both private and public sectors have really gone out a big way to explore the potential of the rural market and in return have given numerous facilities and amenities to the rural folks. Be it Banking, IT, FMCG, Automobile or any other sector, each new venture is clearly designed suiting to specific requirements of the rural India. The buying capacity of our rural customers also has come a long way and has proved that the rural customers are very prospective and a strong group of buyers.

### **CONCLUSIONS**

As the concept given by former president Dr. A.P.J. Abdul Kalam 'Provision of Urban Amenities to Rural Areas (PURA)' is in the pipeline for rural development in India, the rural development seems to be a dream come true. This project focuses on the energy self-sufficient talukas. Realizing the fact that unless the basic facilities are provided the rural development will remain a dream, PURA (Provision of Urban Amenities to Rural Areas) project recommends that Just as urban infrastructure and services are given importance these similar provision must be made in rural areas to create economic opportunities for the rural population in the vicinities and not outside of cities. Provision of good roads, electricity, and useful communication network, professional and technical institutions will have to be done so that the population in rural areas become self-reliant and independent.

The Indian central government has been running pilot PURA programs in several states since 2004. However with this project and many more similar initiatives one milestone can be achieved but the challenge is very big and there is need for many more such projects in near future. Prime Minister MrNarendraModi launched the Pradhan Mantri Jan DhanYojana, the National Mission for Financial Inclusion. This Project also promises a lot of financial upliftment of the rural folks by providing them employment and education opportunities.

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