INTRODUCTION
CHAPTER 1
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1.1 BRANDS AND BRANDING – BASICS INTRODUCED

In today’s business world, Brand is reckoned as one of the most valuable business assets. However, this concept has gone through significant evolution, even though Brands had been around for many decades – even centuries.

Brand is described and defined by The American Marketing Association; as “A design, a name, a sign, a term or a symbol or any combination of these, which is proposed to provide an identity to the products or services of a producer or marketer or set of marketers or sellers and to distinguish them from their respective competitors.”

The origin of word ‘brand’ can be traced to the Norwegian word ‘brandr’ - which means to burn. During those times, cowboys used to put some identification mark on the body of their livestock to distinguish.

Brands for long had been perceived as a marketable name or design for pre-manufactured products or pre-existing services. Such existing products were later introduced to markets and consumers through branding process. Thus primarily branding process used to be a post-production exercise, mainly by assigning a catchy name, attractive packaging coupled with advertising. The major efforts of an organization were towards production and creation of tangible products. In the initial stages brands and branding got only little significance. The result was many of the products were not able to succeed in the market place and had to be withdrawn and posed high financial implications for the organization.

During last three decades, there is new awakening and brands and branding has come out of the passive phase. Brands now occupy the pivotal position in the marketing process. Now market valuation and image of an organization is determined, not by its products and assets alone, brands play most crucial role. We all are very well aware about the most popular and user-friendly digital app known as – ‘WhatsApp’. It was developed by a small organization and what an astronomical valuation it achieved. Facebook acquired the brand at close to $ 19 Billion. That tells us about the potent might of a highly rated
established existing brand. In today’s business world, new order has been created, where many good products may fail to gain entry in the marketplace, without an acceptable brand and skillful branding process. Thus marketer’s job has become more challenging. Branding can be envisaged as creative art, science and psychological study to learn consumers’ aspiration, needs. Through these processes marketers attempt to create a long-term association with the consumers for introducing their respective products or services to fulfil their larger aspiration, needs and more than that the future aspiration on perpetual basis. “WhatsApp’ is a perfect example of the service fulfilling the aspirations of consumers in a highly user-friendly way. Further the managers are also ensuring its perpetual usefulness by improving the services as per growing aspirations of highly demanding consumer segment. Thus branding can be envisaged as an effective tool which besides fulfilling consumers’ aspirations, establishes the product or service as the distinctive product of appreciable image, consistent quality capturing their preference over arena of products in that category. The branding process successfully establishes the differentiation and creates a long-term perpetual relationship with the consumers. This is only possible if the managers through branding process are able to retain loyalty of consumers. This in turn make consumers assured that the strong brand, besides its image, quality, design and stability is also backed by latest and emerging technology support for meeting their long-term growing and dynamic needs.

1.2 BRIEF HISTORY OF BRANDING

Branding can be traced to ancient civilizations and this commercial activity began many centuries back. During those ancient times, producer’s name became the identity of the product and there could be many different products of those producers. The name producer itself created the early brand concept. The early Greeks and Romans were first to employ such tactics, which could differentiate the category of products of specific persons or group of persons. Such products could be wines, pots, medicines, ornaments, various metals etc. They were even using public address systems announcing for different products of specific producers. They even announced arrival of ships from far off places with specialized products.
During sixteenth century new concept of curving or burning the name producer or brewery on containers containing wines and liquor started. That was a first structured initiative for a distinctive branding. This initiative in due course laid foundation for modern time branding.

Branding as a specialized process, got major thrust in the middle of 20th century. That was the era of industrialization. Mass productions started by many organizations and many homogenous products stormed the markets. Those were mass consumption products like biscuits, soaps, tea, candies, clothes etc. This led to the unavoidable compulsion to bring out differentiating features of the product of one producer from host of other producers. Different organization initiated processes to identify their products, services and designs to penetrate markets and make a distinctive place in the hearts and minds of consumers.

1.3 BRANDS VS PRODUCTS

Distinction between Brands and Products is important, which is generally confused. We quote below observations of some researchers and authors:

“Often, confusion exists around the concept of product and brand. A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need” (Kotler 2003).

“The concept of product is broad. What underlies this broad concept of product is that it should not be viewed narrowly to include physical goods only. Marketers need to and are looking for ways to make their offers different from the others. This is where brands help them. Brands help in both identification and differentiation of products. But, mere differentiation may not be enough. Brands must add value to products to transform them into value added propositions. The value dimension is key to any kind of brand to be there in the marketplace” (Koushik Mukerjee 2009).

“A brand is therefore a product that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. In short, brands are products with added values, the values being functional or expressive. Brands can reduce risk in product decisions” (Roselius 1971)
For proper appreciation of branding process, let us evaluate distinction between Brands and Products:

**What is a Product?**

- It can be any product, designs, offers or service used for satisfaction of human needs.
- Satisfaction of needs can be through consumption, acquisition, experience etc.
- There may be specific categories of such products or services.
- Products need not be only physical goods. These can be intangible products like – digital offers.

**What differentiates Brands from Products?**

- Brands distinguish specific products or services from products of same class or categories.
- Brands help in identification of specific products or services from products of same class or categories.
- Through value addition, brands transform specific products or services from products of same class or categories.
- It is not only value creation, but the marketplace must appreciate and recognise that distinctive value addition by a specific brand.
- Brands help consumers in decision making over products of same class or categories.
- Helps consumers in risk mitigation through continued trust by selecting established branded products. Such risks from customers’ angle can be - physical risk, financial risk, social risk, psychological risk.

**1.4 FAST MOVING CONSUMER GOODS (FMCG)**

Fast-Moving Consumer Goods (FMCG) are products that are sold quite faster pace and are of relatively priced at a lower price. Most of consumable products of our daily use fall under this category. Many products fall under this category like - toiletries, grocery items, soft drinks, detergents, dairy products, meats etc. These products are basic necessities of households, their sales are largely not affected by political and macro level conditions of the economy. Consumption is these products are not limited to metros only, but extensively consumed in small towns and villages too.
These products are high volume and low profit products. These products are consumed in short periods of week or months and have to be essentially replaced again and again. FMCG are different from durable consumer goods like – fridge, washing machines, ACs, vehicles etc. These are high value goods and are not replaced over short periods. Their replacement period may be years or even more than a decade.

The shelf life of such FMCG products is very short. This may be few months, weeks, days, day or even hours. Therefore, such products must be sold and consumed within its shelf life. Some examples are – dairy products, meat which is perishable and shelf few days only. Another example is newspaper, which has no value the next day. Therefore, such products must be replaced very fast in a day only.

Some of the major players in FMCG sector include Hindustan Unilever, Procter and Gamble, Colgate Palmolive, ITC, Britannia Industries, Marico, Nestle, Pepsi, Coca-Cola and the new entrant Patanjali of Baba Ramdev.

The following are the main characteristics of FMCGs:

**Consumers’ point of view:**
- Fast purchase within months/ week/ days
- Low efforts in choosing
- Low financial cost

**Marketers’ perspective:**
- High product volume
- Low margin
- Deeper & Robust Distribution network
- Greater turnover of stock & revenue.

The changing dynamics of the Indian economy has transformed FMCG market into a major sector of economy. Rising strength and aspirations of middle class consumers along with growing income levels have given major boost. Increasing life standards and income levels in small towns and villages have also contributed significantly to this sector. FMCG companies have also dynamically reframed their strategies. Though there are low financial cost implications from consumers’ point of view, but total market value is very large
and vast and over all there are various factors that influence consumers’ preferences towards FMCG. Brand extension is one such popular strategy adopted by FMCG companies and fast gaining acceptance from marketers’ point of view. Through this strategy parent brand is able to exercise leverage leading to faster adoption and contribution to higher marketing efficiencies.

1.5 CHALLENGES AND OPPORTUNITIES IN BRANDING

Over time brands have garnered strength through its established assurance of superior product and services experience. Consumers remain loyal to strong brands which satisfy their needs as per their expectations and brands also live up to their promises for superior performance vis-à-vis other producers or suppliers of products or services in that category. Consumer will always value a specific brand based on its differentiation offered by that brand. Changing dynamics of Indian economy also offer ever increasing opportunities for brands to establish and expand. Therefore branding initiatives with well-planned strategies have vast potentials. Now consumers are limited to Metros and big cities, but small towns and rural economy also offer vast scope.

Branding is not be viewed as a short-term activity and has to be a well-planned campaign as long-term image of brands with perpetual loyalty of consumers has to be achieved. Sometimes due to various constraints of profitability, budgets etc managers may shift from strategy to short-term tactics. Many a times this may be due to eye on short-term goals with temptation to cut back on advertising and promotion for quick results. Only well planned strategy after due research only can assure successful strong brands.

During last five years online shopping is also fast gaining prominence and this segment has grown much faster during 2016 and 2017. This emerging phenomenon poses threat to brands and more than that to retail outlets. Technology is not to be seen by brand managers as threat. In fact technology has to be treated as a crucial tool in managing and promoting brands. An effective supply chain management can go a long way in facilitating brand managers for serving consumers much more effectively. This is all the more
important as now brand managers have to deal with more information technology savvy consumers. Advertising and publicity cost for individual branding may turn out prohibitive and there may be budget and profitability constraints. Now organizations are deploying corporate branding and through corporate identity program total portfolio of organization’s individual brands can be effectively serviced.

1.6 BRAND EXTENSIONS

Organization may have to launch new products as a corporate strategy and as per market needs. However, such an initiative is coupled with high cost of promotion and risk of failure of product in the market. These risks associated with new launch can be mitigated to a large extent by leveraging an already established strong brand name for the new product. This strategy can very well reduce the cost of introduction and more than that the established brand name will also ensure for the success of new product in the marketplace. This strategy is termed as ‘Brand Extension’.

Brand Extension process envisages a well established strong brand, which is termed as a Parent Brand. When Original Brand is associated or attached with a new product, which may be a variant of parent brand. This new brand is termed as a sub brand. In many cases the parent brand may be associated with multiple brands through the process of brand extension. In such cases the total portfolio of associated brands is called family brand.

Extensions of new products to an established brand can be of two types:

a) **Product Line Extension:** Here the established parent brand is deployed and placed to associate with new range of services and products of the same line or the product category already served by the parent brand through some variant. This can be explained with some prominent example. Kissan is an established brand in India for Ketchups and Kissan Fresh Tomato Ketchup is the parent brand. Company is also marketing successfully many variants of ketchups and sauces like –

- Kissan Twist Chilli Tomato Sauce,
- Kissan Twist Sweet and Spice Sauce,
Kissan No Onion No Garlic Sauce.

Similarly COCA COLA has different products in the same line such as:

- COCA COLA
- COCA COLA Life
- COCA COLA Zero
- Diet COCA COLA
- COCA COLA Light

Picture 1.1- Line Extension of Coca Cola (Can)

![Line Extension of Coca Cola (Can)](image1)

Picture 1.2- Line Extension of Coca Cola (Bottle)

![Line Extension of Coca Cola (Bottle)](image2)
Patanjali also has created big Product line extensions. Like in Baby care, Foods Personal care & Home Hygiene etc.

- Patanjali Shishu care- Baby care Products

**Picture1.3- Line Extension of Patanjali (Shishu Care)**

**Picture1.4- Line Extension of Patanjali Saundarya**
b) **Brand Extension or Category Extension:** Here the original brand is utilized to launch a new product in a different class, category or segment of product. Examples are: Off late Patanjali has emerged as a strong brand in a very short span of time. The parent Patanjali umbrella brand is used for products in different categories. Some names are:

- Patanjali Kesh Kanti,
- Patanjali Aloevera Kanti- Body Cleanser,
- Patanjali Dant Kanti-Toothpaste
- Patanjali Pure Honey.
- Patanjali Atta
- Patanjali Noodles
- Patanjali Shishu care- Baby care Products

**Picture1.5- Brand Extension of Patanjali Dant Kanti**
Picture 1.6 - Brand Extension of Patanjali (Home Care-Hygiene)

Picture 1.7 - Brand Extension of Patanjali (Herbal Mehandi)
Picture 1.8- Brand Extension of Patanjali (Oats)

Picture 1.9 Brand Extension of Patanjali (Juice)
c) Companion Products Extensions-

- Fuji Films & Fuji Cameras
- Colgate Toothpaste & Colgate Toothbrush

d) Vertical Extension

When brands add value in the same product with some more ingredients and create an extension like Cadbury Chocolates

Brand Extensions can take many forms, but the broader concept of associating with the strong established parent product always remains.

1.7 NEED FOR BRAND EXTENSIONS AND ITS MERITS AND DEMERITS

NEED FOR BRAND EXTENSION IN COMPETITIVE BUSINESS WORLD:

There is exorbitant cost to introduce a new item or product at the market and unsuccessful rate of new product is extremely high as well. Therefore, the strategy of brand extension becomes very attractive. In case of strong established parent brand consumers’ trust and satisfaction makes them quite comfortable with the brand. Therefore, probability of acceptance of an associated new sub-brand becomes higher. Because of the established trust and loyalty towards the parent brand, new product can be launched with minimum advertising and marketing efforts. Another important aspect is that any parent brand, though well established for a long time, may reach its
saturation point. Therefore, another associated sub-brand can be prepared to take position of the parent brand in due course.

The concept of brand extension has already travelled a long way in the business world and the principle has well settled in the marketing strategy arena. The practice is in wide use by the organizations. We are well aware of several successful instances and the beneficial business leverage attained through brand extension. It is also a fact that in many cases such brand extension do not succeed too. Some authors are also critical of this strategy. Such authors strongly believe that a brand name should associate with only one product. However, still there are no two opinions that brand extensions have become very popular in the marketing world.

From an organization’s angle, maintenance of only few brands and extensions gets supported by existing technology and even economies of scale can also be reaped. This has a huge financial implication on an organization’s profitability. Further many a times the associated sub brands may even rejuvenate the parent brand or even supplement it. An apt example of branding of soda with the same brand name of the parent liquor brand supplements the parent brand, as per legal provisions advertising of the parent liquor brand is prohibited.

According to (Keller 2003) the following are the merits and demerits of brand extensions strategy:

**Merits of Brand Extensions:**

**A. Facilitating New Product Acceptance**
1. Improves brand image of well-known and well liked brands.
2. Reduces risk of consumers.
3. Increases the possibility of distribution augmentation and adoption.
4. Increases the effective utilization of marketing communication budgets.
5. Reduces cost of marketing programmes.
6. Avoids the cost of creating a new brand.
7. Allows for efficient product package and labelling.
8. Permits various aspirations of consumers.

**B. Regarding feedback benefit to the parent brand and company**
1. Clarity in brand denotation.
2. Enhance Original brand’s image.
3. Opens new segments of consumers into brand’s fold and it enhances penetration.
4. Revitalise the original brand.
5. Permits successive brand extensions.

**Demerits of Brand Extensions:**
1. Confuse or frustrate customers.
2. Possibility of trade avoidance or de-selling.
3. Shortfalls and extension failure can impact parent brands’ image.
4. Can eat into parent brand’s market share.
5. Parent brand image can be impacted by successful brand extension.
6. Meaning of the brand can be diluted.

Extensions have their pitfalls too, they are
1. Extensions when done downwards may destroy the brand capital.
2. Extensions do not really expand category demand.
3. Gaining retail shelf space for variants is not very easy.
4. Extensions have rarely become market leaders.
5. Extension failures may affect parent brand sales.

The success of brand extension will depend to a great extent on how consumers evaluate the extensions.

**1.8 FACTORS INFLUENCING CONSUMER PREFERENCES IN BRAND EXTENSIONS**

Many empirical studies have analysed the impact of certain factors on customer evaluation of brand extension. This study considers the following factors which influence brand extension evaluation and preference.

**COGNITIVE MECHANISM**

The Cambridge English Dictionary defines cognitive as the activities connected with thinking or conscious mental processes including thinking and reasoning. As per Peter and Olson (1996) this also includes knowledge structures involved in peoples’ responses to the environment.

Cognition includes various types of knowledge which remains stored in memory based on our experiences throughout over life. This is not only limited to knowledge gained from experience, but also includes assimilation of knowledge as a result of our environment and surroundings. The activities forming part of cognition are in many cases conscious and further lot of
activities as a result of our sub-conscious, without much awareness. The human cognition mechanism has limited capacity, therefore human mind can absorb only small amount of knowledge. Consumers also learn about various products and brands from different sources and through the cognition process evaluate products meeting their needs.

Skill of the marketers lies in identifying and understanding, how consumers are going to use information for making decisions. This decision making process by consumers is also affected as to how consumers perceive symbolic meaning, functional utility and environmental factors. Therefore, cognitive mechanism, brand attributes and their evaluation play important role for the brand image.

Brand equity has different meaning for marketers and consumer. For a marketer it is value of the product from organization’s point of view. On the other hand for consumers it is strong positive brand attitude based on favourable evaluation of the brand. The brand equity which is valued by the organization and well perceived by consumer can be well utilised in extending the positive brand image and name for other products, of same line or of different categories. Substantial research has been carried, which shows that the process of brand extension is largely dependent on the key meaning consumers attribute with a brand name and to what extent such meanings can be associated to other products. These potent key meanings are as a result of human cognitive system and how these will impact their response to brands and brand extensions. Therefore, success is largely dependant on the cognition consumers undergo. Thus cognitive mechanism is a crucial factor in determining consumer preference towards brand extensions.

**QUALITY OF THE PARENT BRAND**

Dictionary meaning of ‘quality’ means an essential or distinctive characteristic, property or attribute, which makes it superior when measured against other similar things. Various studies clearly show that high quality brands are perceived by consumers as trustworthy, credible and preferred. In such cases, when brand extensions are introduced, consumers even though not knowing much about the new extended product, give it a benefit of doubt. Thus probability of success in brand extension for such goes up, due to positive and favourable attitude of customers. High quality brands have higher
potentials for successful brand extensions than the brands with average quality, apparently both kinds of brands have their limitations.

Quality of parent brands play major role in achieving consumer preferences for brand extensions. Therefore, another important aspect is – the perceived quality, which is defined as the overall quality of the product or services generally perceived by the customers over various alternatives available under similar category or based on their specific needs. Thus this perceived quality is a dynamic process of customers’ psychology based on overall assessment of as per customers’ perception as to what establishes any brand as a quality product and how far the given brand fares on those parameters. In the recent past this process is getting more complex being a dynamic one, as customers’ expectations and new advancements in products features and technology. We have noticed these phenomena very clearly in case of smart phones, where technology and feature advancements are very fast and quicks – mater of couple of months only.

Lot of research has gone into this phenomena of perceived quality of brands and further extensive research are continuing. Findings on the subject cannot be generalised and would depend upon category to category of brands. As per existing research on the subject following key dimensions emerge towards perceived quality phenomena, which universally apply to almost all quality brands:

1. **Performance factor:** Primary key performance indicators (KPI) of the products. It’s a scale.
2. **Durability factor:** It refers to the expected economic life of the product (Keller 2003).
3. **Reliability factor:** This factor that a product is reliable and would perform accordingly for a given time.

**FIT BETWEEN PARENT BRAND AND EXTENDED BRAND**

For success of brand extensions one of the crucial and fundamental factors is the fit between parent brand and extensions. There is lot of research and writings on this factor and some of the leading dimensions towards successful brand extensions are:

(1) Extent of complementarities of parent brand and extension brand categories – like hair shampoos and hair conditioners.
(2) Extent of substitutability of parent brand and extension categories
(3) Transferability of manufacturing expertise from parent brand to extension categories. This factor plays a major role in defining the cost and profitability of the organization.

As per categorisation view, consumer evaluation and consumer reaction towards a brand extension is a two-step process:

1. Firstly, the consumer evaluates whether there is a match between the parent brand and the introduced brand extension.
2. Secondly, if consumer perceives that there is a good match between the parent brand and extended sub-brand, there is transfer of existing parent brand positive attitudes and bias. If as per perception, it is not so, then there is no immediate transfer of positive attitudes and consumer evaluated the sub-brand in a piece-meal fashion.

Let us examine findings of some key studies on this subject which provide useful insight on these crucial phenomena:
Aaker and Keller (1990) carried out studies on this phenomena and collected many consumer reactions.
As per Bottomley and Holden (2001) study, which investigated the generalisability of these findings to markets outside the U.S. have shown that this model could be clearly generalised.

DIFFICULTY OF THE EXTENSION
There is mixed evidence as regards extension’s perceived difficulty influencing consumers’ attitude toward that extension. Observations of some researchers are as below:
Babu John Mariadoss et al (2010) observed that brand extension difficulty is the perceived difficulty of manufacturing the product in the extension category.
Aaker and Keller observed that even consumers with no special knowledge about manufacturing have beliefs about the difficulty of manufacturing a product. They found that consumers penalize manufacturers that extend their brands to products that are perceived to be easy to manufacture.
However, Bottomley and Holden (2001) evaluated that perceived difficulty of manufacturing the extension is associated with positive evaluations in some studies and with negative evaluations in other studies, and sometimes it has no significant relationship with extension evaluations.
FAMILIARITY OF THE PARENT BRAND
Familiarity of parent brand is associated to the fact that the brand is well known and established. As per Claycamp and Liddy (1969) the factor affecting new product acceptance and for predicting initial trial of a new product is the extent to which a known brand is involved. Aaker and Carmon (1992) had observed that it is easier to add a link from a brand already existing in the memory of consumers. Brand extension of established corporate bonds is more likely to be successful. This is because of the fact that brands of such organizations reflect longevity and sustainability. Reputation of well known corporate brands and their perceived quality is an important factor and reduces the risk perceived by consumers. For such organizations it is much easier to convince the retailers for supporting and promoting extension of a familiar brand. Thus chances of smooth sailing of such new extended brands enhance. From marketer’s angle also much efforts are not needed to create awareness about the brand, thus enabling focussed attention on the extended product alone. Most researchers agree that a positive attitude towards the parent brand enables positive acceptance of the extended brand too by the consumers. Still some evidences reveal that in case of highly familiar brands with low liking may have negative impact on acceptance of extended brands. Lane and Jacobson (1995) observed that stock market return was lower for extensions of high familiarity brands that are not well-liked and for well-liked brands that were low in familiarity as opposed to those brands that were either high in familiarity and liking or low in familiarity and liking.

INNOVATIVENESS OF THE EXTENSION
Business economy of today is very dynamic. Technology is changing very fast, improvements are equally fast and on the top of all there are never-ending consumer’s needs. Therefore, it is not merely adherence to quality, but successful and long-lasting brands have to keep pace with the dynamic needs. It is crucial that the innovation must be delivered in an effective way.

IMPACT OF ADVERTISEMENT
Advertisement is a major component of promotion of brands. It is an established fact that advertisement is a major process of brand building and more particularly for promotion of new brands. It not only keeps
consumers well informed about the brand, new brand and new brand features, but acts as a powerful medium for soliciting positive, and favourable brand association and enables consumers to make informed judgment. There are some reservations also as to the role of advertisement and it may not be easy quantify and forecast the impacts of advertisement.

It is generally believed that brand extensions improve advertising efficiency. Further advertisement impacts brand extensions also. Brand extensions are able to reap benefit from the spill-over effects of advertising campaigns for other products associated to the same brand. This happens due to indirect stimulating effect on the extended brand as a consequence of advertisement for the products associated with the brand. It is an established fact consumers’ knowledge of other products associated to a brand acts as a surrogate for keeping consumers informed and educated about the extension, it also reduces uncertainty for the consumers.

An effective advertising strategy should not remind about the parent brand, rather it should give emphasises towards information about the extension itself.

**PARENT BRAND ASSOCIATION**

Loken and Roedder John (1993) observed that consumers see brand as categories that over time have become to be associated with a number of specific attributes based on the attributes associated with the different products under the same brand.

Success of brand extension is impacted by an effective and perceivable association of the extension with the parent brand. There has to be a clear linking and association, which consumers can understand. For emerging brands consumers might not have formed any effective associations. For mature and established brands consumers generally form multitudes of association. Strong brands are built by identifying the target consumers and imparting right brand knowledge and structures. Therefore, marketing managers will have to carefully analyse and identify as to which out of multitude associations will have to be used for the new extended brand. They will have link many associations with the brand, such as thoughts, feelings, perceptions, attitudes. Success of the brand extension will depend upon a right mix of various brand association.
BRAND CONCEPT CONSISTENCY
Various past researches point out that different types of brand concepts from the original product category may have varying degree of acceptance level by consumers regarding extension into the same category.
It is important that extension product is seen as consistent with the brand concept. This will depend upon how effectively it can accommodate the specific brand name concept. It is important that consumers should perceive the brand concept association as potentially relevant and acceptable. Therefore, the degree of perceived fit between the extended brand and main brand will dictate the effectiveness of extension.

PRICE OF THE EXTENSION
Price is one of most powerful element for a brand acceptance by consumers and also from the point of view of the organisation and marketers too, as its sales and profitability are dependent on the price. In today’s business economy, there may be non-price important element also, still price remains as most potent one.
Some economists have expressed that consumers are price takers and accept the given price on its face value. However, marketers have to consider other important factors too. Consumers analyse the price from different angles like their past purchase experience, competitors, prices and in the present times prices through online resources.
Taylor and Bearden (2002) evaluated if the price of an extension affected judgement of quality of it by consumers, perceived value and purchase intentions. They examined its impact when the category of parent and extension were similar Vis-a-vis dissimilar. Other researchers have examined the impact of price of the parent brand on consumers’ evaluation of the extended brands.
Breisch et al (1997) observed that consumers develop reference price or expected price for a product and then use this price to evaluate such products at a later date or another product on the same date. It was observed that the parent brand price also impacts consumer’s price expectations for the extension categories. Consumers’ perceived expectations form the basis for the reference prices. Consumers use this reference price as a standard of
comparison in estimating the price of the product. Thus the price of the extended brand is an important factor evaluating the extensions.

1.9 FACTORS INFLUENCING CONSUMER PREFERENCES IN BRAND EXTENSIONS- FOR TELECOM PRODUCTS IN RURAL MARKETS

1. Network- Telecommunication network, which is the carrier of all the telecommunication services
2. Tariff- Price or rate per unit for telecommunication services, like Voice Call Charges at Rs. 0.25/min or Data Charges at 10p/10kb etc.
3. Fair Deductions- Deduction of mobile balance as per the tariff plan chosen by the customer. No deductions without customer’s knowledge.
4. Customer Service- Customer care services are to provided information to the customers; regarding services and plans of a telecom operator, resolve complaints and issues of customer, take and implement service request of the customer like SIM change, recharge reversal, Network latching etc.
5. Brand Image- Brand imagery or reputation in customers, retailers, traders, employees and other stake holders and at market place.
6. Communication- Communication from the telecom company to their market and to the customer. It includes Marketing communication- ATL/BTL and Backend communication from Customer life cycle team or Customer care to inform customer regarding new and relevant tariff plans or offers for the customers.
7. Special rural offers- Offers relevant and focussed on customer living and using mobile connections in rural areas.

1.10 NEED FOR THE STUDY

The study of consumer buying behaviour deals with the attitudes and perception of consumers. It is of great use to marketers because this may manipulate how a merchandise is best placed or how we can promote augmented utilization. Brand extensions have just as of late turned out to be predominant and rules for brand extensions are as yet rising. A whirlwind of scholarly inquire about in the worldwide situation is giving some understanding into the best administration hones for brand expansions. Many measurements have been distinguished to comprehend their impact on shopper decision and their inclination arrangement towards developed
brands. The huge contrasts among those recognized measurements and additionally an examination of the reactions of the clients was not completely abused by before investigates. The components deciding buyer decision, shopper recognition towards augmented brand and their effect on parent brands' picture require more explore consideration. Brand extensions have turned into the need to this era of branding. To an ever-increasing extent organizations in different categories are utilizing brand extension as a technique to brand new diversified products. We have seen a plenty of brands being stretched out into different products classifications, particularly in the post license raj era; which has likewise observed a surge of multinational brands into India. Showcasing furthermore, Brand bosses might search for bits of knowledge into what will make Brand extension succeed. A review on elements deciding purchaser inclinations, purchaser judgment towards extended brand and their respective effects on their parent brand image. A portion of the reviews, which were recreated in various nations, have given distinctive outcomes attributable to social/social contrasts. Relatively few studies in this territory have been done in the Indian setting. Because of contrasts between western settings and the Indian settings, this review could prompt more up to date points of view. Prior reviews have been directed dominantly in the International settings. A review, on customer assessment on brand extensions, their recognitions towards extensions and how brand extension procedure is probably going to influence the picture of parent brands in the Indian settings, that too, in Telecom Operators scenario. This may prompt more up to date points of view to telecom advertisers.

1.11 STATEMENT OF THE PROBLEM
Post 1995 Indian telecommunication initiated its Mobile journey & it kept running very fast, changed very fast. It’s very dynamic industry. Operators created different brands, merged them, killed them & created brand extensions as and when required. Sometime brand were built to open up mass market like Pre-paid brands like Escotel's “V-Tel” or Essar Cellphone’s “Tring” or Oasis & Airtel’s “Cash Card etc., or sometimes it was consolidation when 2 or more different brands merged to create one bigger brand like Idea.
The quantity of brands accessible under different product categories has expanded the spectrum of all the companies. The entry of global brands has again added to the decision accessible to buyers. There has been radical change in utilization designs, on account of rising salary levels. Aside from the entry of new brands, extensions of existing brands into new product classifications are a well-known system received by advertisers. Brand extensions are not late marvel and have been the pattern worldwide. The same applies to the Indian market as well. A few variables have prompted the need for brand extensions. For example, the expanded cost of advancing new brands and utilizing existing value and so forth. Attributable to contrasts in culture, qualities and conduct of buyers in various nations it is fundamental to comprehend shoppers’ discernment/preferences towards brand extensions in Indian setting. Subsequently, a comprehension of the alterations in buyer’s inclinations, discernments have critical consequences for companies that wish to benefit from the value of existing brands. Many studies have been on this subject in the past in other countries however in Indian context that too for telecommunication brands; it is still to be evaluated.

Also, since these strategies could have their own deficiencies since assessment may have been done in a confined situation. The fundamental issues which can be a concern for marketer is brand extension’s intrusion in parent’s market share and the weakening of the brand attributes. It can become a reason for worry for the promoters of these organizations, if there is any potential for weakening of parent brand value by venturing out into new product segments. These upsetting impacts make the extensions capable to make new relationship (good, bad or ugly) in the brains of customers or to confound the present sentiments and convictions about the brand Al Ries and Jack Trout (1981). Significantly less consideration has been committed for looking at the possible weakening effect of brand extensions particularly in the Indian setting. In this way, it is imperative to concentrate on the -ve impacts to the parent brand’s image, which can become a bigger risk for the company concerned.

1.12 SIGNIFICANCE OF THE STUDY
India is making significant progress in economic development and has led to a changing pattern of consumption among Indians. In this context, managing
brands in the marketplace has become very difficult and complex. So, this study gains significance and the findings would reveal some of the important factors of consumer preferences for brand extensions. Firms would gain comprehensible understanding of the preferences for brand extensions and the influence of various factors on the same. The study also tries to have an understanding of consumer perceptions towards brand extensions and the impact of brand extensions on parent brand image. In this context, organisation could look at recasting their brand policies with an intention of making most of the brands, especially extensions. Accordingly this study would help organisations to develop and implement new branding and marketing strategies to succeed highly in a competitive market.

1.13 OBJECTIVES OF THE STUDY
Based on a study on the factors influencing consumer preferences for brand extensions and rural marketing strategies of the telecom players in the rural Rajasthan, the gaps that are recognised in the review of literature, subsequent needs that are identified, the following objectives are framed.
1. To find out & analyze the factors driving consumer preferences for Brand extensions of Telecom Parent Brand and to evaluate the impact of shortfalls, under-delivery or failure on account of brand extensions on parent brands’ image.
2. To examine if there exist any significant effect of Rural Marketing strategy adopted by Parent Telecom Brands.
3. To evaluate the Top of Mind Awareness (TOMA) & Intention to Purchase (ITP) for products being offered under Extended Brands of various Telecom players.
4. To validate Brand score of these Brand extensions with the Customer Market Share of respective Parent Telecom Brands
5. To find out areas of improvement in Rural Marketing Strategy of the said Telecom Brand of Rajasthan, this can be suggested basis the finding of this research.

1.14 INDIAN TELECOM INDUSTRY
1980’s, policy reforms started taking place and telecom sector witnessed growth. These reforms introduced private players in the sector. This bought unlimited competition and more licenses were issued. The change bought
high coverage and efficiency in services delivery. After the announcement of National Telecom Policy (1999), Indian telecommunication sector underwent transformation through significant policy reforms. Despite of all the challenges, the Indian telecom market has shown exponential growth and is now second largest market across the globe having 1.012 Bn Mobile subscribers (as of Jan 2018) with the addition of 107 Mn subscribers in the wireless segment during financial year 2011-12. With the development in technology: advancement in data transfer rates (3G and 4G) has expanded the scope of telecom sector which was earlier limited to calls and messages. The developers have taken advantage of the advancement and explored its potential. The sector has innovated services and documented a sustainable growth. Customer interaction management and retention through satisfaction has become a huge task.

Through the entry of private players in cellular telephony, monopoly of state owned BSNL started diminishing.

Airtel, market leader, received several awards and accolades for its outstanding leadership and impeccable services. It received awards from Hewitt Associates, Asia Money, Forbes, The Economic Times, Crisil, Business World to name a few. In telecom infrastructure, Airtel is now better known as builder of partnerships. Airtel works persistently to maintain this image by organizing seminars, conducting and sponsoring events, and advertising through different media. Time and again many studies have been carried out to study marketing strategies of Bharti Airtel and analyze consumer behaviour in context of expectations and satisfaction.

Customers are important and play a very vital role in process of formulating marketing strategies. In telecom sector, building blocks of success are customer loyalty and customer preference.

Customer calculates value for money in terms of satisfaction he receives against the amount he pays for buying product or service. Market research plays an important role in identifying needs and expectations of customers and help strategy makers in designing product or service. The market is more sensitive and competitive than before. Markets are highly dynamic for Telecom operators. The challenging task for telecom companies is not only to increase its subscriber base but also to retain its existing customers by
making appropriate strategies for them. Competitors are fighting for customer’s share of wallet. Customers measure satisfaction with not only price they pay to buy product but importantly quality of service they receive with that.

1.15 CONSUMERS AND BRAND SCORES

Consumer
Goods are produced and services are offered to satisfy the needs of consumers. Everybody in the world is a consumer and needs some goods or services for their needs. Marketers understand the needs of consumers and position goods and services, accordingly.

Marketing is the facilitating process for maximum possible satisfaction of consumers/ buyers and sellers/ producers. In this process, both sides give something i.e. products, services, money. In the modern business economy consumer is supreme. Therefore, marketers have to regularly study and evaluate consumers’ buying behaviour. This deals with study of consumers’ perception, attitude and preferences. This is the most important aspect as based on these studies only marketers can take decision of best positioning of products, sustained loyalty of consumers and encouraging increased consumption. This study also helps in studying consumer behaviour for alternate products and brands. Various other factors play a definitive role, even though those factors are beyond marketers’ control. Such factors can be cultural, social, personal, psychological and other local factors. Still these uncontrollable factors help marketers in understanding complexities and taking an informed decision.

Other important factors to be considered by marketers are – income levels and segments, age profile, gender profile, segments like urban, small towns, rural, international. Off late these segmentations is now redefining the consumer dimensions. Income levels of middle class are growing quite fast not only in urban category but also in smaller towns. This is leading to more and more demands for branded products. Besides these segments, now rural segment is showing very high potentials. On one side rural income levels are increasing and secondly due to media and communication, they are becoming more knowledgeable about the branded products. Therefore, rural economy is
now brings more and more potentials. This is now a major opportunity and also a major challenge for marketers.

Observations of the researcher Mr. Gopalswamy in 2007 i.e. eleven years back are worth noting. He had observed, “Nowadays Rural marketing is gaining importance. It is on high demand these days as number of the companies has started seeking to enter in rural areas now due to number of the reasons one of them is saturation in urban areas (Gopalswamy, 2007).” Today it is much more relevant and the potential now even much greater and wider than what was predicted in 2007.

In view of the above consumer behaviour is becoming more complex, challenging and promising for the marketers. This calls for re-assessment of marketing strategies to cater to Indian markets.

**Brand Performance, Metrics & Scores**

**Brand Equity**

The effect which a brand would have on customer’s buying or his or her awareness about an item is called as brand equity. The word equity shows that an asset has been generated. In brand equity, the asset is intangible and is measured in terms of the value attributed by a consumer or potential consumer of the product or service.

**Brand Metrics**

Brand Metrics are units of measurement that determine how strong or weak a brand is relative to its impact on driving business goals. Typically brand metrics fall into four categories:

1. **Behaviour metrics** or what employees can do
   a. To advertise or
   b. Construct and create the brand.

2. **Interaction metrics**
   a. How good or bad, effective or ineffective the interaction of a customer, with the brand, is.

3. **Perceptual metrics**
   a. How does the interaction of a customer with the brand results into the perceptions of the customer.

4. **Performance metrics**
a. The impact on business, bases, the interaction and perception of customers for a given brand.

**Figure 1.1 Brand Metrics**

**Significance of Brand Metrics**

Brand metrics are essential as;

- Diagnostic,
- Predictive, and
- Prescriptive tools

to assist marketers recognize if (and to what extent) the brand is moving in the right direction with respect to its placement, and how does it affect the company.
Knowing how your brand is perceived enables you to

- “Course correct” as necessary so that the brand is better aligned with overall business objectives,
- Can head off emerging liabilities, and
- Can take advantage of momentum or spikes in positive perceptions.

Moreover, metrics of this type provide visibility into

- Which marketing efforts are paying off,
- Most relative to driving;
  - Desired perceptions of the brand and
  - Growing the business.

Figure 1.2 Prioritize which metrics to track
Perceptual Metrics have limited value.
  - Since they track only perception of the customer.

Higher value comes by connecting dot between those perceptual metrics to actions taken by the end customer.
  - Thus performance of the product & eventually the enterprise.
  - As well as reasons behind the perception of the customer, which; later translated into actions by the end customer.
It is imperative to determine what all levers did help converting customer’s perception into action and by which metrics.

Especially when businesses have crunch of resources and prioritization is vital.

When we do brand survey & try to analyse various parameters of Brand performance. Following are commonly used Brand scores:

- **TOMA**: Top of mind awareness
  - Aided
  - Unaided
- **ITP**: Intention to purchase.

These 2 parameters give us a fair idea about awareness and consideration levels of a customer for the product being sold under a specific brand name.

We are also trying to understand TOMA & ITP of rural customers of Rajasthan for brand extensions of the Telecom Parent brands, through our this study.

There are numerable model to measure brand performance. In this line Brand guru Kellar also has derived the following model.

**Figure 1.4 Keller's Brand Equity Model**
1.16 RURAL MARKETING

Rural Marketing is emerging as a major market place with enormous opportunities and stern challenges too. Characteristics of this potential segment are well captured through following quotes of imminent authors and researchers:

Rural marketing amounts to dealing with various inputs, projects and services meant for the rural market. In this regard the same is dissimilar to agri-marketing that means; selling rural goods in urban markets or institutional sales (Dogra, 2008).

To reap the potentials of rural marketing many reputed companies launched special rural focussed projects and special rural oriented brands. Some noteworthy projects and brands are -

- HUL’s Project “Shakthi”
- Colgate’s project “Jagrithi” and also launched 10 gm sachets of colgate toothpaste
- Asian Paints launched Utsav distemper
- ITC e-Chaupal
- LG launched Sampoornaa , a low cost no-frills TV
- Maharaja Appliance launched Bonus brand, low range appliances for rural segment
- Britannia smaller pack sizes of Tiger Biscuits
- Dabur India launched Anmol mustard and amla oil blend.

There are many distinctive features that differentiate rural marketing from urban marketing:

- Infrastructure availability
- Income Streams
- Lifestyle
- Context
- Socio-cultural background
- Accessibility
- Media reach and habits
- Nature of competition and consumer behaviour.
Thus rural marketing is a distinct specialization of the marketing process which incorporates a specialized application of marketing tools, tailoring the products to meet such needs and effectively delivering them to enable a profitable exchange of goods and services to and from the rural market.

1.16.1 EVOLUTION OF RURAL MARKETING

1. Phase I (from Independence to Green Revolution):
Before the onset of the Green revolution, the nature of rural market was altogether different. Rural marketing then referred to the marketing of rural products in rural & urban markets.

2. Phase II (Green Revolution to Pre-liberalization period):
During this phase after onset of Green Revolution, rural marketing represented marketing of agriculture inputs in rural markets & marketing of rural produce in urban areas.

3. Phase III (Post-liberalization period):
The third phase of rural marketing started after the liberalization of the Indian economy. During this period, rural marketing began expanding with the emerging distinct activity of exploring rural markets for serving rural markets to fulfil the need & wants of rural segment.

4. Phase IV (Post 2000):
During this phase potentials of rural demand were visible. Organizations decided to explore the potentials of rural marketing. They also realized that any piece-meal strategy would not be fruitful. Marketers decided for long-term commitment towards rural demand and rural markets. Organizations needed a focussed approach and well-knit integrated strategy. Strategy should not be limited merely to sell products, but a comprehensive one to explore full potentials of rural markets.

Strategies and approach had to be re-designed by bringing improvement of the quality of life in the rural segment. Therefore, in place of launching merely stand-alone products or services, comprehensive & integrated solutions were introduced involving set of inter-related products & services. Till recently, the focus of marketers in India was the urban consumer. However, during last two decades the rural scene has undergone major change over. Higher income levels, increased purchasing power, awareness about popular brands, higher
education, media with the onset of satellite channels, improved means of transportation, and many such factors have turned rural marketing as a high potentials market place, with lot of scope to explore. Penetration of rural markets is now becoming a compulsion for the marketers due to diminishing scope in urban markets. Increasing competition, saturated urban markets, made the companies to think about new potential markets. Thus, Indian rural markets have caught the attention of many companies, advertisers and multinational companies. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the purchasing power of the rural people has increased due to increase in productivity and better price commanded by the agricultural products. Further during 2018 budget central government has committed higher MSP to farmers, besides many other facilities would further add to the purchasing power in the rural segment. Further due to higher coverage of media and communication through television, now there is enhanced scope of influencing rural masses through advertisement too.

Major FMCG, Telecommunication organisations and consumer durable organizations have already begun exploring this high potential market segment. Companies like

- Hindustan Lever,
- Colgate Palmolive,
- Britannia,
- Asian Paints,
- Hero Moto,
- Maruti and

Even Multinational Companies (MNCs) like

- Pepsi,
- Coca Cola,
- L.G.,
- Samsung
- Philips
- VIVO
- OPPO
• GIONEE
Along with Telecom operators like;
• Airtel,
• Vodafone,
• Idea Cellular,
• Reliance Communication,
• Aircel,
• Telenor,
• Reliance JIO and
• BSNL,
are all eyeing rural markets to capture the large Indian market pie. Coming to the frame work of Rural Marketing, Rural Marketing broadly involves reaching the rural customer, understanding their needs and wants, supply of goods and services to meet their requirements, carrying out after sales service that leads to customer satisfaction and repeat purchase/sales.

1.17 INDIA'S RURAL MARKET POTENTIAL
Mahatma Gandhi's observation that ‘India lives in her villages’ was true and today it is much more relevant. Rural segment consists of;
• 6.5 lakhs villages,
• Inhibited by 850 million consumers,
• Which translates into 70% of the total national population.

Key facts about rural market's potential;
• Rural segment contributes 50% of the GDP of India.
• Buying and consumption behaviour of villages of India evolving very fast and slowly reaching to the levels of urban India.
• In view of this swiftly changing consumption pattern combined with vast demand potentials, this segment offers attractive investment opportunities by corporate.
• This is also a fact that even at present, some of the largest consumer goods companies have 35% to 45% of their consumers from this segment.
• FMCG and FMCD segment including Telecom in non-urban markets of India is expected to breach USD100Bn. by 2025.
Secondly, media and communication have played a major role and exposure levels to Television, radio, films, newspapers etc. have caused explosion in awareness levels.

- Now rural population is very well aware about happenings, fashion, products all over the nation and
- Their awareness is no longer limited to their village only.
- Literacy levels have also increased now no longer the
- Further migrants of villages to urban areas in large numbers have also supplemented awareness levels in villages.
  - Exposure of migrants to cities and on return to villages they also bring back their urban experiences.

Thirdly, the social change of the age-old practice of investing in land has also contributed for the chance in consumption patterns in rural segment.

- A considerable no. of people are opting to buy consumer durables instead of property.
- The improvement in communication arrangements, both road-transport and tele-communication, have given the essential base for the growth in economic movement.
- This over-all surge in economic movement, improved access to information and the improved communication arrangement has created significant prospects for trading community.
- Whereas, the same has enhanced the accessibility of packaged products and, it has given network that has made available FMCD in rural marketplace.

Enhanced buying capacity of rural people of-late has driven enormous significance about rural parts of India.

- Previously, a market that was believed to be meant for low-priced goods, and now corporate are finding rural market as a growth driver.
- Standard of living is also fast changing due to higher awareness and increased income levels.
- Rural population is now quite open to packed goods like detergent powder and toilet cleaners etc.
• TVs, personal care, F&B have also got recognition and accepted at marketplace.

• The augmented levels of dealings in such categories enhanced the rural market-share, that is fast reaching the share equal to urban markets.

• Spends on non-food products like Consumer-durables have augmented in the last couple of decades.

• Organizations across various industries, like consumer-durables, consumer-goods, telecommunication, pharmacy, banking-Insurance, retailing and even personal care are creating strategic plans to entice the people living in rural India.

In light of all such aspects in past 2 decades, a huge market has surfaced in the rural segment that is much greater in size, yet more than the non-rural segment. This segment is getting better consideration in all the segments, in actions of the marketing managers. There is a strong sustenance from the Indian government and growing self-dependence in rural areas. All such aspects have made the rural India stronger. As we all know more than 70% of India’s people live in villages and surrounding area. This indicates that customer base in India is exceedingly maintained by the people living in the rural areas and the same is ultimately pouring revenue for a lot of key business houses functional in assorted market of India.

1.18 NEED FOR RURAL MARKETING STRATEGIES

In view of the above there is no doubt about rural India’s immense potential. The prospects of rural India for big Industry giants require to enhance their business. Consequently, the increasing prosperity, triggered by excellent downpour and the enhancement in farming productivity, rural markets have a huge consumption-category. The significance of the rural India for few Fast moving consumer goods, Telecommunication and Fast moving consumer durable marketing is emphasized by the statement that the rural-markets share total sales in bath-soaps is around 70% and for scooters and bikes sales is 38%. The rural market is 50% of Televisions, fan, pressure-cooker, Cycle, Detergent-soap, Shaving-razors, essentials like; Tea and tooth-paste etc.
Moreover, the rural market size is increasing at a lot quicker than urban areas; for the industries like Telecommunication & Fast moving consumer goods.

- Devising the strategic plan for marketing in rural for big business houses, their respective marketing managers need to recognize the following facts;
  - The unique characteristics of the rural India &
  - The noteworthy rural-urban differentiation and resemblance.

- Rural marketing attitude should symbolize all social marketing theories.
- Affiliation-marketing and Progress-marketing get priority greater than Operational-marketing.
- Fresh moves to research and perceptive about customer activities are required.
- A right mix of Marcom, Media Plan, other marketing aspects, focused on low and mid-income group (LIG & MIG) could prove to be appropriate, in case of a few products.

For advertising, exposure, Media communication and distribution, on the whole a dissimilar approach turn out to be essential.

- Rural marketing depends predominantly
  - Economicaly-priced, small sachets &
  - Excellence quality consumer-durables sans any accompaniments,
  - Sales and delivery through stores such as;
    - Co-operative societies for Milk, Silk, Jute et.,
    - Non-Government-Organizations,
    - Self-help groups,
    - Haatts and
    - Jatras
  and advertising through inter-active medium with the help of local expression and regional vernacular.

- Motivated by varying usage behaviour and enhanced disposable earnings,
  - The rural utilization market-size is likely to swell thrice;
- From existing USD190 Bn to 600 Bn by year 2020

1.19 ATTRIBUTES OF RURAL MARKETS
Organisations and marketers have to consider special features of rural markets versus urban markets, while framing marketing strategies. Major characteristics of the rural market segment are as below:

1. **Enormous no. of consumers- Huge Consumption:**
   - >70% of the Indian population lives in rural areas.
   - States such as Uttar Pradesh, Madhya Pradesh, Orissa, Bihar & Jharkhand and Rajasthan, that have 80-90% rural size in the pie of population.
   - Hence a huge no of inhabitants provide a prospect for promoting a range of products.
   - But, earnings and buying power drive the demand of rural India.

2. **Scattered markets:**
   - Dissimilar to urban, the people living in villages or rural areas are extremely spread across a huge geography.
   - Further distribution of population from density point of view varies widely.
   - Over 3 lakh villages have a population of less than 500. Hardly about 6000 villages have a population of more than 5000 each. Considering the large and scattered population, the marketers have to address two major problems i.e.
     - Media and promotion approach to reach the scattered markets.
     - How to assess demand over scattered markets.
     - How to positions goods and services at the right time and at the right place as and when needed by the rural consumers?
     - Handling the logistics and optimisation of transport cost

3. **Work and profession:**
   - The key job in the rural areas has been farming and associated activities like milk, fodder, jute etc. and main source of earnings for around 77% of the Indians living in villages of India.
There are;
  o 10% rural people who are involved in any kind of business, 9% in non-agri manual labour work,
  o Rest 2% are wagers or salaried.
Therefore, rural prosperity and consequently rural demand depends upon growth and development of agriculture.
Moreover, monsoon and natural calamities also greatly impact their prosperity and resultant demand.

4. **Literacy pattern:**
   - Rural literacy level, which used to be 36% two decades back, has substantially gone up in 2017 to 71% as compared to 86% in urban areas.
   - The difference is that in rural population the literacy is mostly at basic levels.
   - Education is one of the vital factors in creating understanding and acquaintance regarding technical transformation.
   - This factor has been greatly responsible for changing living standards in rural India.
   - There are 16 listed languages and around 300 dialects used in India, that adds incremental complication in communication plan for the India’s rural market.

5. **Seasonal purchase behaviour & demand:**
   - We know that bulk of the income comes from agriculture, agricultural wages and other agriculture related activities.
   - Increase in yields of crops and encouraging output prices leads to increase in income of rural people and accordingly it impacts rural demand.
   - This demand is seasonal and fluctuates in depending upon agricultural income.
   - Therefore, demand is more after harvest of crops, during festivals and marriage seasons.

6. **Low standard of living vis-a-vis urban segment:**
   - Lower income leads to lower purchasing power.
• During last one decade standards of living are increasing due to higher awareness and media impact.
• Still overall social and economic backwardness impacts large part of the rural population.

7. Media plan and penetration
• In urban category the Above-the-line media’s rural reach is extremely low in comparison with urban.
• However, during last five years, television, telecom and print media is making significant inroads and next five years will bring total change in this regards.
• Hence the marketing manager or media manager has to think about marketing promotion in rural centric media and techniques to reach the population in villages of India.

8. Communication Mediums:
• During last five years mobile network has brought major revolution in India.
• As on Oct’17 tele-density in urban segment was very high at 171%, however in case of rural segment this was 57%. That shows that there is lot of potentials for telecom organisations to tap rural demand.
• However, in the short and medium term, organisation and marketers will have to take note of lower tele density in rural segment and they have to frame strategies accordingly.

9. Transportation Mediums and amenities:
• No road connectivity in around 40% of the villages or rural areas.
• Largely our villages have poor road connectivity. Whatever roads we have in our rural places, they are even worse in rainy season.
• Government is making concerted efforts in this direction, but still this problem persists. In many cases roads built many years back are not repaired. This constraint has also to be considered by marketers.
10. Rural Electrification:

- 100% electrification of villages, wherein close to 18,000 villages have been connected to electricity in last 4 years, between 2014 to 2018. The same has created an incremental requirement and market demand for electric-motor, pump-sets and farming machines.
- However still a great percentage of rural household need power connectivity especially in UP, North-eastern states, B&J.
- The key purpose and aim to give electricity connect these households for farming and allied functions along with small & medium industry in rural India.
- Even today electrification that is one of the key infrastructural requirements has a shortfall. It is extremely critical and has the furthermost limitation.

11. Health Services

- Yet health services are pretty insufficient and the people living in villages or rural areas need to cover a long travel to get health-checkup and treatment.

12. Remoteness from urban areas:

- There is marked difference in the Village nearer to towns and far away from towns.
- Villages nearer town have many elements of the urban life and standard of living
- That is also much higher than the interior villages, which are still more traditional.

1.20 PROFILE OF RURAL CONSUMER

We have already presented in details the distinctive features of rural markets. Some important features like scattered rural markets, barriers of religion, caste barrier, income disparities, language and culture. These factors make profile of rural consumers quite distinctive. We give below the distinctive features and equally distinctive profile as below:

- Cultural factors:
  - There are various sets basis the following;
• Faith,
• Social-group,
• Employment,
• Earnings,
• Age-group,
• Literacy level and

Each set put forth weight on the activities of the rural population.

• **Purchase-decision:**
  o Rural customers are exceptionally careful in purchasing products.
  o They check and re-check the prices of new products.
  o They have lot of free time and therefore decision-making is slow and delayed.

• **Traditional life:**
  o In rural life customs and traditions play an important role. They do not adopt new practices easily.
  o Even rich people do not go for branded shoes/shirts and modern cars.

• **Traditional occupation:**
  o In the rural segment, most of the population remain in the traditional occupation of farming and farming related activities only.
  o Their children also go for farming related activities only. However, with growing education levels, young men are now moving to towns for employment and higher studies.

• **Traditional beliefs:**
  o Rural folks are still under the belief that experience is more important than education.
  o People depend on fate than any other thing.
  o People still believe that certain diseases such as jaundice and chicken pox can be cured by mantras and tantras.
• **Family values:**
  - Great stress is laid on fulfilment of the family obligations and responsibilities and the family influences needs and wants of individual members.
  - Joint families are more important in rural areas than urban areas.

• **Rural income levels:**
  - Rural income level is less than urban level. 60% of rural income is from agriculture and income from agriculture depends upon monsoon.
  - Therefore rural income is seasonal and many a times due to monsoon failure and natural calamities, they get financial losses and many a times fall in debt trap.

• **Festivals and Functions:** Villagers spend lavishly on festivals and marriages. Most of the purchases may be done during festivals like
  - Holi
  - Diwali
  - Dusshera
  - Baisakhi
  - Onam,
  - Pongal,
  - Eid,
  - Gudi Padwa etc.

• **Low level of education:**
  - Even though education levels are increasing and literacy rate has gone up significantly in last one decade, still majority of population is confined to basic education only.
  - Only small percentage goes for graduation and higher levels. Their exposure to print media and awareness and knowledge about technological changes remain low.
o The marketing manager needs to utilize of rural centric medium and practice to approach people living in villages of India.

- **Influence of banks:** Savings habits are growing with growing numbers of public sector banks as well as cooperative banks.

### 1.21 RURAL MARKET ENVIRONMENT

**Major factors contributing to the growth of rural markets**

A number of factors have contributed to the augmentation and expansion of rural areas and the most important all of those are as follows:

1) **Favourable Government Policies:**

The Government has taken many initiatives for economic development of rural areas and through five year plans have invested deeply in expansion of areas such as; farming, cattle-husbandry, Milk, small scale industries, electricification & irrigation. Few of the significant schemes are as follows:

- Combined rural expansion schemes,
- Trivial agriculturists and farm manpower welfare schemes,
- Drought affected territories schemes,
- Small agriculturists welfare organization, and
- Rigorous farming improvement scheme.

2) **Latest Government schemes**

Lately, union government has designed a range of schemes in past 3 years to give and develop the rural infrastructure that could have a exponential effect in enhancing transfer of products and hence increase income prospects of rural India consequently enhancing usage.

- The Union government has planned to build 10 Mn dwelling to accommodate people living in India’s rural, that would have a need of Budgets around INR 820 Bn from 2016 to 2019..
- The Union government intends to give hygienic and on a regular basis to water supply to each and every family by year 2030 as per the UN’s Sustainable Development Goal. The
same would have a need of dedicated budgets of INR 230Bn/annum till the time the same is delivered.

- The Union government has established a range of modifications in its annual budget of the year 2017-2018 to strengthen the rural India. Few of the main emphasis of this Budget was on the following:
  - INR 1872 Bn is kept in the direction of;
    - Rural development,
    - Farming and
    - It’s associated segments and industries.
  - Funds for Pradhan Mantri Aawas Yojana Gramin for rural areas; enhanced by INR 80Bn; from INR 150 Bn to INR 230Bn
    - With an ambition to deliver 10 Mn. homes for the homeless population of India, by next year that is 2019.
  - The rapid speed at which road infrastructure is being created has delivered 133 kms/ day vis-a-vis an average delivery of roads of 73 kms/ day in the period of 2011-2014.
  - The provision of INR 480 Bn for MGNREGA is the maximum, this year ever since the scheme is launched.
  - The Union government is planning to establish Wi-Fi zones or hotspot in around one thousand panchayat areas all over the country, underneath its flagship Digital gram scheme, with respect to give internet connectivity to masses living in rural areas.

- In Budget 2017-18, the government emphasized, that there delivery is on track to reach 100% rural electrification by 1st May ‘18. Which they delivered in time.

3) Agricultural education and research:

- Establishment of agricultural colleges and research centres have led to availability of technical manpower and technological developments in agriculture.
4) The Green revolution:

- Use of high yielding varieties of seeds increase in use of fertilizers and modern pest management practices have resulted in higher yields.
- The transition of our country from a food shortfall state during the decade of 1960, to a self-contained in this regard by 1971. From those days to today’s India, when we are able to sell our agri-products to others.
- There has been an increase in disposable income of rural people.
- Thus the green revolution laid the foundation of new rural economy.

5) Private initiatives:

- Besides government of India initiatives, private groups participate and performed significantly in the augmentation and expansion of agriculture through village level educational programmes for the benefit of farmers and supply of high yielding varieties of seeds, fertilizers, and plant protection chemicals.
- Companies like HUL and Colgate have carried out development activities and have been able to establish their products in rural areas.

6) Rising aspirations of rural people and attraction for high standard of living:

- The rise in income coupled with increased awareness and the need for possessing modern goods have influenced the rural marketing environment in our country.
- The migration to high-earning group is actually a lot more in rural India.
- The same gives marvellous openings for selling contemporary products in rural India.
7) Higher level of education:
   - Education levels and %age of folks choosing for upper level of studies is growing day by day.
   - This has changed the consumption pattern. Example: growth in consumer durables like home computers, fridge, air conditioner etc.

8) Growth in income levels:
   - The normal earning levels have enhanced because of the following:
     - Contemporary cultivation ways,
     - Industrialies in villages,
     - Relocation of rural population to bigger towns and cities nearby.
     - Transfer of their funds,
     - Transmittal of funds by friends and family living in foreign land and
     - Improved earnings with the help of contract agriculture.
     - Example: McDonald's, Dominos & Pizza Hut are making handsome payments to the contractual lettuce and other vegetables growers.

1.22 THE PROBLEM AREAS IN RURAL MARKETING
We have seen that rural segment has vast untapped market with very high potentials. However, rural segment is not an easy game for the organisations and marketers. The rural markets have distinctive features, profile and constraints. Therefore, this makes it a complex marketplace. Thus handling of rural market requires concerted strategies to tap rural markets.

1) Underdeveloped People and Underdeveloped Markets
   - During last four decades substantial growth has taken place and income levels have gone up.
   - However, even after so much growth number of people below poverty line has not decreased in any appreciable
manner due to high growth in population and disparities in income.

- Therefore, still markets remain underdeveloped inhibited by large population of underdeveloped people.

2) Vastness and uneven spread

- Rural Markets are pretty vast and
- Has an uneven spread

3) Deficient or inappropriate material transfer and transportation services

- Even after so many years of independence around half of the Indian rural roads aren’t fit for all weathers
- Material transportation to such rural places is extremely costly.
- Still, for the period of rains, majority of the rural places in northeast of India are unreachable.
- A lot of rural territories aren’t linked with Indian rail network.
- More than half of the village’s roads have been inadequately made & maintained and several others are entirely damaged or and balance are unusable disconnecting the internal village places and making them inaccessible. Piddly

4) Piddly rural earnings-

- Although considerable part of GDP is produced in our villages, however, the same is pooled by more than 70% of the India.
- Therefore, the per-capita earnings are lesser as weighed against the urban India.
- The extensive un-organized market proposes price which is unmatchable in organized sectors.
- A lot of current products are excessively high-priced or inappropriate.

5) Many languages and dialects

- Mass-communication is exceptionally critical in marketing.
• The no. of languages and dialects differ broadly from division to division, area to area and perhaps from ward to ward.
• Communication needs to be created and sent out in local vernacular.
• Even though the number of recognized languages is only 16, the dialects are estimated to be around 850.

6) Buying attitude
• Lifestyles of the people in rural segment and urban segment vary significantly.
• In urban markets consumers have access to multiple brands of same product category.
• On the other hand the rural customer usually has to choose from few brands.
• As weigh against the urban consumers, their rural counterparts have rather uncomplicated thought-process.
• Old traditional values and practices, still drive living in our villages and neither people are willing to simply accept modern way of doing things.

7) Distribution problem
• Distances between villages are long and therefore they are spread across, that makes connecting them extremely difficult.
• Therefore, rural markets usually create difficult distribution issues consequently, which outcomes into increased supply management, logistical, sales and market-penetration cost.
• There is comparatively lower augmentation rate for increase in market-demand and due to the absence of sufficient institutionalized machinery for retail functioning; profit-margin is under extreme pressure for almost all the corporate working in rural India.
• Lack of Infrastructural support also becomes a key issue where a marketer plans to aim at the rural areas.

8) Sales machinery and personnel
• Establishing an efficient sales team and distribution channel are a key issues in rural areas.
• That requires massive investment from the company with respect to personnel and distribution & market servicing channel.

1.23 TYPES OF RURAL MARKET AND EMERGING MARKETS

Types of Rural Markets
In view of vast potentials of rural segment, host of organizations have begun their foray into this untapped market with big thrust. Organisations are researching and analysing markets, products and packages suiting as per the profile of rural market. Conventional Rural markets could be largely categorized as follows:
• Weekly-markets/ Haatts
• Festive or infrequent bazaars such as jatra and mela.
  o This depends on the events and is region specific.
• Rural Conventional Markets
• Mandies/ A.P.M.C for Agro products
• Specific Regional Markets
• Door to door marketing

Emerging scenario of Rural Markets:
Marketing gurus are strongly advocating ‘Go rural’ after analysing the socio-economic changes in villages. The Rural population is more than double than the urban, therefore unexplored Rural customers have become highly attractive target segment for Fast moving consumer durable (FMCD) and Fast moving consumer goods (FMCG), Bulding materials, Cars, Bikes, Scooters, electric & electronic, banking and insurance organizations and other allied industries in addition to 100% of agricultural products like, seed, fertilizer, pesticide and agricultural-machinery.
• The market size of India’s rural is around INR 8 Bn.
• Whereas the total market size of India is INR 120 Bn, as a result rural India controls 6.6% of the total market size.
• Hence, it undoubtedly shows that it has a long way to go.
• Apparently there is great potentials of the unexplored rural market, still media, publicity agencies and organisations find it more convenient to manage highly competitive urban segment.

• However, urban pie is already showing signs of stagnancy, therefore, organisation have to strategically move in a big way to capture the rural segment.

There is no doubt about the high potentials of this segment; still the success of a brand remains unpredictable like monsoon in India. This is because the rural market is quite complex.

• Many brands, which expected a great victory at market place, could not succeed. Furthermore most of the times success in rural areas is attributed to luck rather than leg work.

• Hence, marketers would have to evaluate and credit the attributes of social and attitude variations while devising rural strategy. Which, is on the basis of the following;
  o Frame of the profile of markets and
  o Consumers for various sub-segments carefully and accordingly exploit markets fully based on dynamics.

• A fundamental transformation in outlook of the marketers towards the energetic and rapidly increasing markets in rural India is known for, therefore they can effectively make an impression on the 23 crores customers distributed across close six lakhs villages in India.

• Corporate with first mover benefit of early bird will definitely emerge as winners in the long run.

• The initial journey may be tough and need high investments, but long-term returns will be massive.

1.24 4A’S MODEL OF RURAL MARKETING

1. Availability

When a product is manufactured and distributed into marketplace, the prime objective is to make it available at shop, store, outlet or mela and haatt near the customer’s reach. This distribution through direct or indirect channel is successful when the product reaches the end-user's hands easily and regularly.
2. Affordability
   Product should be place at marketplace with the right price tag. It should be affordable by the target segment,

3. Acceptability
   The products that are to be offered at marketplace should meet the:
   - Requirements,
   - Desires,
   - Aspirations
   of the customers. The can only create acceptability at marketplace. Rural market has it’s own requirements, that are unique and special. Therefore, there is a need to offer products that suit the rural market. Many organisations have successfully accomplished this. Some examples are as follows:
   - HUL’s Project “Shakti”,
   - Colgate’s project “Jagriti” and
   - Also launched 10 gm sachets of Colgate toothpaste,
   - Asian Paints launched Utsav distemper,
   - LG launched Sampoorna, a low cost no-frills TV,
   - Maharaja Appliance launched Bonus brand, low range appliances for rural segment,
   - Britannia smaller pack sizes of Tiger Biscuits,
   - Dabur India launched Anmol a mustard and amla oil blend.

4. Awareness
   The product attributes of various goods being launched at marketplace, are required to be communicated to the right target group. The awareness of these features of the products being offered by the marketers is one of the significant aspects of marketing. Organizations use the products offered under the brand and then recommend the product which add to the credibility of product and service.
1.25 Key Rural Marketing Strategies to succeed in Rural India

1. Rural market is not cheap and substandard aspirations at par with urban between 2009 and 2012 spending in rural reached 69 billion dollars higher than urban.

2. Select a rural marketing specialist agency. Look for;
   a. Profile and prior experience
   b. Areas of specialization
   c. Creative team and their capability to communicate in vernacular languages
   d. Regional presence

3. Cookie cutter model will not work.
   a. Don’t just Cut, Copy and Paste urban strategies.
   b. Customized marketing strategies for rural.

4. Rural markets are heterogeneous;
   a. One family one brand is no longer true

5. Technology will be the foundation of rural growth rural Internet users to rise from 29% in 2013 to 50% in 2018 rural. India is poised for a mobile revolution as customers upgrade to smart-phones. Government's digital India initiative will fuel the growth

6. Digital marketing to engage youth mobile messaging IVR mobile internet mobile apps

7. Traditions and values cultural marketing taping festivals customizing marketing strategies according to festivals.

8. Bottom-up approach works better. Corporate should move bottom up not top down.

9. Timing marketing cycle crop season rabbit carrot major crops crop cycle sowing marketing opportunity crop period harvesting sowing crop period harvesting.

10. Stop placing underperformer managers in rural do not force city bread executives deploy those who have rural or small-town background managers should feel comfortable in rural setup innovative minds should be at work in rural because of its complexity.
11. Rural marketing is an expensive affair and demands patience calculate your per capita sales in advance have patience and invest for long term marketing cost is just double.

12. Inclusive growth design new business models run programs like e-Chopaal and e-Shakthi focus on empowering women and educate farmers.


Some examples of noteworthy strategies adopted by major organisations:

1. Maruti Suzuki, India's leading automobile manufacturer sold 35% of domestic sales to rural markets in the financial year 2017-18.
   a. This is really significant as the share has grown from 5% to 35%.

2. With the entry of Jio of Reliance Industries in 2017, the pace will further accelerate with affordable data services.
   a. Jio has already launched low cost smart phones, which may have good acceptability in the rural segment in due course.

3. There is traditional and never ending gold demand in rural India.
   a. Out of India’s total annual gold consumption around 60% comes from areas other than Urban. That means; Urban consumption of gold is 40% and rest comes from rural areas of the country.
   b. Top corporate are also penetrating non-urban markets with their respective mass focussed brands in jewellery segment – Gold Plus.
   c. Such corporate are working on training of young non-working candidates and deploy them in rural areas- villages, tehsils etc. to carry their brands and promote their products and services.
   d. In India jewellery is purchased as an ornament but also it is considered as the biggest saving and investment forever. Which, is more prominently visible in rural India.
4. In these, modern world, anybody living in cities or big metros would like to buy a four wheels vehicle and so would somebody living in villages of India.
   a. If they have similar wealth.
   b. Apparently, a villager would buy a smaller car and would surely not spare a big sum as a disposable investment on a car. Rs. 2-3 lakhs level.
   c. This drives the demand of entry level cars in these markets. Since, people also have limited aspirations, this leads to growing demand for small and basic level cars. The basic cars of Maruti, Hundai and Tata are proving very popular with rural folks.
   d. In both the markets customers have similar needs but different aspirations.
   e. Hence, both customers settle with different products.

5. Channel to distribute and promote the brand and products are required to be unique and distinctive for non-urban markets.
   a. Organizations bringing their efforts focussed on rural markets, especially, non-public sector organizations such as, Indian Tobacco Company have established the information technology driven, e-Choupal chain and HUL has intiated Shakti, that drives women channel that connects the company with the last mile in rural markets.
   b. Postal department wishes to switch into a branded-retail network for various products.
   c. Moreover, ration-stores, that create the government’s fair-pricing distribution structure, are attempting to reach and penetrate into products other than people’s essential foods requirements such as grains, sugar and pulses.

6. With respect to advertising and communication, radio and TV have attacked and penetrated into villages of India. Television’s reach is extremely deeper into undersized villages.
   a. However, advertisements on national television aren’t effective, when marketers attempting to reach consumers in rural India.
   b. Rural segment needs different promotion strategies.
There are no doubts about the vast potentials of Indian rural markets. However, still myths abound. India’s rural markets are often misunderstood. A clear distinction needs to be made with regard to the reality versus the image of rural India. If such a distinction is not made, we will be unable to distinguish between the serpent and the rope.