"No Consumer Goods Company can afford to forget that rural market is a very big part of Indian consumer market. You cant build a presence for brand in India, unless you have a strategy for reaching the villages"

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“No Consumer Goods Company can afford to forget that rural market is a very big part of Indian consumer market. You can't build a presence for brand in India, unless you have a strategy for reaching the villages”

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7.1 Suggestions and Conclusions

In the previous chapters, a sincere effort has been done to study the strategies adopted by corporates to service rural markets. Consumer’s opinion survey was also conducted on various aspects to find how far corporates are answering the rural parameters of acceptability, affordability, accessibility and availability. This chapter tries to provide some meaningful suggestions in handling 4Ps of rural markets, to enable the marketers to revise and renew their strategies wherever necessary in order to improve business.

Rural markets are growing phenomena and villagers have exposure to new products and brands. With more disposable income in their hands, villagers seek products which serve their needs at reasonable prices. Looking at the prospects and opportunity, more companies are entering into rural markets and stiff competition is developing. Lesser known brands are competing with MNCs, with their better market reach into interior villages (eg: Arasan – detergent cake).
Though all companies want deeper coverage of rural markets, they are facing distribution problems. In a scenario, where there is demand on one hand and supplies available on the other hand (both positive) marketers have to bridge a line combining the two through accessibility and availability, to achieve success in the rural markets. Some suggestions are given below covering the 4Ps i.e., product, price, promotion & distribution.

7.2. Product:

a) Rural consumer wants products which can give better results in hard water, as chlorinated, soft water is not available in many interiors villages. It is advised that, companies have to manufacture products viz bath soaps, detergent soaps, detergent powder and shampoo which can produce more lather in hard water & produce better results. In other words, rural specific products are to be designed. The success of ‘Arasan’ detergent soap, ‘Nirma’ soap powder and ‘Chik’ shampoo, in Mysore district are indicators in table 3.8,3.13.

b) See that product quality and price match with villager’s pocket. This is evident from consumer opinion survey in table3.17.

c) Do not bombard or confuse villagers with many brands from the same company. Select 2 or 3 brands in each category, which can match rural needs. Focus advertisements and promotions on these select brands in rural regions (table 3.11).

d) Do not spend more on Luxurious packaging. Rural consumer gives lesser preference for packing. Instead, that amount can be used for better promotion in table 3.17.
7.3. Price:

a) Price is a very sensitive factor in rural markets. Villagers believe in 'value for money'. Hence, companies have to keep their prices point right. Now a days, all companies are following sachet/small packing and charging almost same prices viz Re.1/=, Re.3/=, Re. 5/= and so on. But quantities given in Re. 1/= or Re.2/= sachets is not at all sufficient for one time use. As the price still cannot be brought down, if quantity is doubled/increased in these sachets, customers will surely prefer such products.

b) Provide special prices to rural markets. Then more people will purchase and this helps companies to build-up volumes in rural markets.

c) Discounts and offers attract more customers in table 5.5.

7.4. Promotion:

Promotion creates awareness and motivates the buyer to purchase a product. Hence, company’s promotion strategies should be effective to attract more customers.

a) Make use of FM Radios for advertising. All villagers young and old, listen to film songs on FM. The reach will be higher in table 5.2.

b) Distributors / retailers are not making much efforts to sell in weekly shandies. Each Shandy caters to 15 to 25 villages around. If efforts are put, sales will increase at least by 2 folds as found in table 5.4.

c) Direct marketing by company at least once in a way during annual festivals/ melas will increase personal rapport with
brands. This will have positive effect for longer time and reflect in increased turn over in table 5.6.

d) Instead of directly focusing on sales, if companies take up social welfare programmes targeting villagers viz health, personal care, health check up camps etc., consumers will develop intimacy with the company & products. Already HUL & few others are doing it. But it should spread to interior villages with less than 2000 population.

e) Least importance given to wall paintings in villages of Mysore district. About 85% of the respondents are literates, in table 5.2 wall paintings will create longer impression and more recall. Companies may restrategise their promotions.

f) Employ local educated youngsters for sales team. They are aware of consumer behavior, likes and needs of the surrounding villages. These teams can effectively influence villagers on sales.

8. Understand cultural values and social values of the region. Bring normal Indian models in advertisements for rural specific products.

7.5 Distribution:

a) Products of many companies are reaching only upto tier 3 (Taluk level). Taluk level sub-distributor or sub dealer is not putting sufficient efforts to cover interior villages of their locality. They expect small retailers from villages to come and buy goods from them.

b) If a distribution method is developed to cater to these villages regularly, sales will increase by 2 or 3 fold. Eg: Arasan soap works and Nirma chemicals have a sizeable business, as they are covering villages by vans.
c) Sales and promotional activities should go hand in hand for improved business. But in Mysore district, company sales teams are not aware of what promotion activities are carried out by promotion team. It is time tested that, after every promotion activity, sales will increase.

Hence, there should be co-ordination between sales and promotion teams, and activities.

d) If companies focus and appoint sub dealers at Hobli level (tier 4), sales are bound to increase, as consumer is already aware of brands.

e) In Mysore district, retailer seems to be the opinion leader. Many respondents said that for choosing a FMCG product, they take the advice of the retailer/ shopwala. Naturally, these retailers promote/ push lesser known brands, for getting more margins. Companies have to develop some programmes to educate and motivate retailers in these villages. With this, sales will surely improve.

7.6 One of the 4 As- ‘Availability’ is more important in rural markets.
If product is not available, consumer will choose alternatively available product.

More monitoring is required for making the product ‘available’ on shelf regularly.

1. Route plan for vans should be devised in consultation with distributor and the sales team.

2. Make use of ‘Yuvaka Mandalas’ and ‘Yuvathi Mandalis’ in villages for distribution of products. There are such 962 Yuvak Mandalas & 64 Yuvathi Mandalis in Mysore district. They can cover Tier 4 and Tier 5 villages.
3. Large Scale companies are using delivery vans for promotion as well sales. But companies with relatively fewer resources can go in for ‘syndicated distribution’, where a tie-up between non-competitive product companies can be established to facilitate distribution.

In addition to the suggestions given above, research has done a in depth and intensive study of the rural markets in Mysore district. With this back ground, researcher likes to add some strategic. Policy advice (suggestions) to corporates, for prospective business growth.

7.7 Suggestions to corporate:

7.7.1 Develop Market linkages:

Establish linkages through co-operatives, Yuvathi and Yuvak Madals in villages with more than 2000 population. They will take care of small villages. There are 64 Yuvathi Mandal’s and 962 yuvak Mandal’s in Mysore district. Many of these youngsters are educated/literates. If they can be motivated, business in rural markets will not at all be a problem. But corporates have to remember that, “rural buyers are brand sticky than brand loyal”. Hence, any company taking first step in this direction will have “first mover advantage” and establish themselves with sizeable business.

7.7.2 Focus on 4th layer of distribution (Hobli level):

Corporates are reaching only 3 layers of the rural market i.e., up to Taluk level, Mysore district. But there are 33 Hoblis and 1216 villages in the district. If corporates can directly distribute and control
Hobli level sales (4th tier) it will surely result in increase of 3 to 4 fold business.

7.7.3 Bundling of offers:

This can attract rural customers, increase usage and buying in bigger packs. Comb with hair oil, tooth powder with tooth paste, tooth brush with tooth paste, shampoo sachet with bath soap, powder sachets with detergent cake, face cream with talcum powder are some of the offers companies can think of. Smaller companies are not giving any offers. Research showed that villagers are more attractive towards offers.

7.7.4 Tie up with agri companies and agri-dealers:

This helps to know the requirements village wise. Company can supply through them or through other sources. Agri companies which sell agri inputs like fertilizers, seeds, tillers, tractors have deeper reach and are not competitors to FMCGs. This strategy in addition to regular distribution channel will increase sales.

7.7.5 Open a national chain of stores:

Opening a chain of stores in each district and Taluk level will improve brand/ company image and create awareness.

Small chain of stores with local support can be set up in Hoblis of Mysore district. This is easier as villagers have money and educated youth can get employment. These chain of stores can be started with investment participation. Companies can prepare a pilot project in Mysore district & have first mover advantage.
7.7.6 **Retailers as opinion leaders:**

Opinion leaders play a vital role in popularizing products and influence rural consumers. It has been observed in this research that retailer seems to be the opinion leader. Hence, companies to develop direct contact with these retailers and motivate them, educate them and lure then to do more business.

7.7.7 **Create products suitable for rural markets:**

Rural markets are not dumping grounds for low end products, basically designed for urban markets. Design products which are, long lasting and easy to use. For example; villagers prefer a detergent cake which doesn’t melt very fast and clean clothes in hard water. So also a bath soap or shampoo, which can be appreciated.

7.8 **Hypothesis Verification:**

It is customary to start the research project with formulation of hypothesis. But after the completion of research, we have to cross verify and check whether the hypothesis formed in the beginning is correct /accepted or rejected.

7.8.1 **H.1. Rural customers in Mysore district has brand awareness.**

(refer table 3.14 and 3.18 ) In consumer opinion survey, 77.7% respondents have voiced positive, having awareness of Godrej brand hair dye (table 3.14) and 100% respondents have recognized the brands Lifebuoy and Nirma. This clearly shows that rural customers in Mysore district has brand awareness. **Hence, hypothesis is accepted.**
7.8.2 H.2. Rural customers prefer products at low price.

During the survey, it is found that rural customers want small packs at lower prices. They want to have value for money. This Hypotheses is proved through table 3.17 where in respondents were asked whether they look for Quality /Price/Packaging in purchase decision making, 60.6% of the respondents agreed that they look for price.

All products in smaller packs are moving faster in rural markets of Mysore district.

Hence, Hypothesis is accepted.

7.8.3 H.3. Rural customers prefer to buy their needs (FMCG) in their village rather than coming to nearby cities.

This has become very clear and evident during the consumer opinion survey that villagers prefer to buy from their village retailer, rather than anywhere else. This is evident from table 5.3. respondents were asked from where they prefer to buy, 78.2% of the respondents said they prefer to buy from village shop. Only 11% showed interest in going to nearby cities.

Hence, Hypothesis is accepted.

7.8.4 H.4. More investment in brand building, advertisements and sales promotion will increase the business and effective strategies lead to success.

Now a days all villagers are aware of brands because of mass media reach. (Table 5.2) most of the villagers young and old watch TVS and listen to Radios. Hence, investments in Brand building through advertisements will increase the business. Sales promotion
measures viz offers and discounts are preferred for customers and
villages level retailer. These strategies will lead to success.

**Hence, Hypothesis is accepted.**

### 7.9 Conclusion

"The rural market is zooming ahead at around 25% annually &
growing faster than urban India now" says Venugopal Dhoot, chair
man 989- crore Videocon appliances. Similar opinions expressed by all
stalwarts in the business. India is the country with about 68%
population living in 6,38,00 villages. This presents a brighter picture
for the manufacturers of consumer durable and non durable companies.
Rural India has been witnessing considerable rise in purchasing power
and demand for branded products.

Rural markets have untapped potential and provides lot of
opportunity for marketers. Improvement in infrastructure and reach,
promise a bright future for those intending to go rural. In a rural
dominated country like India the concept of rural marketing must be
developmental in nature. Business organizations must consider how to
integrate rural areas into their business model, to create a win-win-
situation.

Mysore district in Karnataka, where research study has been
undertaken, is a district with total population of 29,70,789 out of which
16,58,899 (census 2001) live in villages (55.74%). Due to
communication reach, people are aware of Brands & products. But so
far only a portion of the market is covered by reputed brands. This
speaks of the opportunity for companies to initiate their products into
this market. With high literacy rate and disposable income, villagers
are ready to buy product, which will give “value-for-money”. So far companies have not been able to reach tier 4& 5 levels (Hobli & villages). If the focus is given to hobli level, marketers can increase their business 3 to 4 fold.

There is no doubt that rural India offers tremendous opportunity for any company. But companies face many challenges, viz understanding consumer needs, reliable distribution channels and effective communication strategies to put their products across rural markets. To win over the markets, firms have to focus marketing strategies of 4 Ps with 4 as namely acceptability, availability, affordability and accessibility.

Though much is talked about rural markets as ‘goldmine’, very few pioneering cos., have come forward and actually tried to tap the rural markets. Every brand has to ask itself, whether it wants to penetrate into rural market. If the answer is ‘Yes’, then whole hearted marketing strategies are to be developed. Rural India can no longer be equated to ‘low income’, and many companies are already realizing this and building sustainable brand equity in rural India. This will pay rich dividends.