CHAPTER-1
INTRODUCTION AND THEORETICAL FRAMEWORK
WORK OF RURAL MARKETING

- Introduction – Rural India
- Definition of Marketing
- Definition of Rural Society In India
- Evolution of Rural Marketing
- Defining Rural Marketing
- Definition of Corporate Rural Marketing
- Reasons For Corporate To Go Rural
- Problems in Rural Marketing
- Distinction Between Rural and Urban Societies
- Rural Market Segmentation
- Rural Marketing Mix : The 4 – A’s Approach
- Rural Marketing Strategies
- The Rural Market – Projections by Mckinsey
CHAPTER – 1

INTRODUCTION AND THEORETICAL FRAME WORK
OF RURAL MARKETING

1.1 INTRODUCTION – RURAL INDIA:

The rural market is an area of darkness to Indian entrepreneurs. The Indian rural market, with its vast size and demand base, offers great opportunities to marketers. More than 70 percent of the country’s consumers are in the rural market and more than half of the national income is generated here. The rural market is very much larger than the urban in the aggregate. Yet, the rural market represents the largest potential market in the country. Its primary activities are agriculture, animal husbandry, fisheries, forestry etc. The data shows that in growth rate of the expenditure too, rural market, has been matching the urban. It contributes to over half of India’s GDP. It does not lag behind the urban in growth rate of GDP either. If consider growth rates in per capita income, rural market has been more or less matching the urban.

The rise of rural markets has been the most important marketing phenomenon of the 1990’s, providing volume growth to all leading companies. Many corporates have been trying to get a grip on rural market. The reasons why companies are going rural are manifold. Higher rural income driven by agricultural growth, increasing enrolment in primary schools, high penetration of television and other mass media have increased the propensity to consume branded and value added products in rural area.

As a result of the “Green Revolution”, there is a socio-economic revolution taking place in Indian villages since last three decades. Increasing knowledge of fertilizers, water resources, pesticides, better quality seeds, modern farm equipments and methods of farming have changed the villages far better. The per capita income of the farmers is on the increase and the manner in which they spend their disposable income has also changed. The rural market is not passive. It is vibrant and growing at a faster pace. It will soon outstrip the urban market if this pace of development continues.
Socio-economic changes in villages have led villagers to think of material well being. This change in the attitude of the Indian rural people is sweeping across the countryside. The expanding rural market is important to the growth of economic development of India. With the change in scenario, the marketing focus is also changing towards villages: “Go rural” is the slogan of marketing gurus.

1.2 DEFINITION OF MARKETING:

The word market is derived from the Latin word “Marcatus” meaning goods or trade or a place where business is conducted. The term marketing is defined as a “business activity planned at satisfying to a reasonable extent, consumer or customer needs and wants, generally through an exchange process.”

The human needs are less and are important for his survival. The wants of people are many and varied and change with time, place and society. The wants keep changing with life styles, earning capacity of consumers, social values, education etc. Human intentions and decision to acquire may not be the same due to existing conditions. A man may like or intend to stay in a five star hotel. He may decide (or acquire) a room in a three star hotel due to his tight financial position.

Kotler defines marketing as “a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others”.

As per the definition by the American Marketing Association (AMA), marketing is “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals”. ‘Market’ traditionally is a place where buyers and sellers gather to exchange their goods.

With this concept of markets, it is seen that Marketing means working with markets to actualize potential exchanges for the purpose of satisfying human needs and wants.

Definition of Marketing Management, according to Kotler, is the process of planning and
executing the conception, the pricing; promotion and distribution ideas, goods and services to create exchanges that satisfy individual and organizational goals. He has thus approved the definition of the AMA.

1.3 DEFINITION OF RURAL SOCIETY IN INDIA:

There is a lack of universal definition of rural and consequently urban society in India. The differences exist between urban and rural societies but both are parts of one human society. Thus differences are more of theoretical concept than divisions based upon the community life.

**Definitions:**

<table>
<thead>
<tr>
<th>Definitions of Rural</th>
<th>Limitation</th>
</tr>
</thead>
</table>
| **Census** | Village: Basic unit of rural areas is the revenue village, might comprise several hamlets demarcated by physical boundaries. Town: Towns are actually rural areas but satisfy the following criteria:  
  - Minimum population >=5000  
  - Population density>=400/sq.km.  
  - 75% of the male population engaged in non-agri activity.  | • Term ‘rural’ is not defined. The definition does not specify the population strata.  
  • Term ‘rural’ is not defined. The definition does not rule out 5000+ population villages. |
| **RBI** | Locations with population up to 10,000 will be considerate as rural & 10,000 to 1,00,000 as semi-urban. | • It does not include 10,000+ population villages in rural definition.  
  • In country, the definition includes 5,000 – 10,000 population towns in rural. |
| **NABARD** | All locations irrespective of villages or |

Village & town characteristics are
<table>
<thead>
<tr>
<th>Planning Commission</th>
<th>Towns with population up to 15,000 are considered as rural.</th>
<th>Town characteristics are not defined.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sahara</td>
<td>Locations having shops/commercial establishments' up to 10,000 are treated as rural.</td>
<td>Population criteria &amp; other characteristics are not taken in to considerations.</td>
</tr>
<tr>
<td>LG Electronics</td>
<td>The rural &amp; semi urban area is defined as well other cities other than the seven metros.</td>
<td></td>
</tr>
</tbody>
</table>


The definition of urban society adopted by 2001 census is as under:
All places with a municipality, corporation, cantonment board or notified town area committee etc. All other places: (i) minimum population of 5000 (ii) at least 75 % of the male workbag population working engaged in non-agricultural pursuits and (iii) a density of population of atleast 400 persons per square kilometer. For our purpose, the reverse conditions of the urban society above may be taken as rural.

1.4 EVOLUTION OF RURAL MARKETING\[1\]:
The total environment in India is undergoing a massive change. There has been a significant growth in purchasing power, change in lifestyle, increase in brand consciousness, change in consumption pattern, improvement in infrastructural facilities and spread of communication network. These changes have resulted in shifting the marketing battlefields from cities to villages. “Go Rural” seems to be the latest slogan.

Phase I (Before the 1960s):
Prior to the 1960s, the term rural marketing referred to marketing of rural products in rural and urban areas & agricultural inputs in a rural market. It was considered synonymous with 'agricultural marketing'.
Agricultural produces like food grains & industrial inputs like cotton, sugarcane, etc. were the primary products marketed during this period. The scope of farm mechanization equipment (tractors, pump sets, threshers) and agricultural inputs like fertilizers, seeds and pesticides was very limited, as the rural economy was in a primitive stage, with traditional farming methods being used in agricultural. Instead, the marketing of products like bullock carts, window & door farms by skilled workers in rural areas (blacksmiths, carpenters, and pot makers) was an important activity. This market was totally unorganized.

**Phase II (1960s – 1990s):**

The green revolution changed the face of rural India, ushering in scientific farming practices with the advent of agriculture inputs & implements. Poverty-stricken villages turned into cash-rich centers. As a result, the demand for agriculture inputs soared. Better irrigation facilities, use of fertilizers, pesticides, high-yield variety seeds, coupled with application of implements like tractors, power tillers, harvesters, pump sets & sprinklers resulted in the exponential growth of agricultural production, changing the very content of rural markets.

During this phase, apart from conventional ‘agricultural marketing’, a new area – ‘marketing of agricultural inputs’ – emerged. This period saw the emergence of companies such as Mahindra & Mahindra, Escorts, Eicher, Sriram Fertilizers & IFFCO.

During this period, the marketing of rural products received considerable attentions through agencies like KVIC (Khadi & Village Industries Commission), Dunsar (weaver) societies and handicrafts emporiums. The promotion of village industries, supported by the government through exhibitions & ‘Gram Shree Melas’ and ‘Shilpa Melas’, resulted in the inflow into urban markets on a large scale, of products like handicrafts, handloom textiles, lather products etc.

**Phase III (1990s - 2000):**

During the fast two phases, the marketing of consumables & durables to the rural markets was not considered seriously. The prime reasons for this were:

- The potential of rural markets was not visible. The exiting rural markets for these
products were not sizeable enough to attract the attention of urban marketers.

- Rural markets were not very accessible. The poor infrastructure of widely scattered villages made them unreachable & expensive in terms of logistics.
- The growth of urban markets during this period kept marketers busy.
- Consequently, the rural markets were conveniently ignored, as they were seen as extensions of the urban markets.

However from the 1990s India’s industrial sector gained in strength and maturity. A new service sector emerged, signifying the transition of an agricultural society into an industrial one. Meanwhile, the increased plan outlay of Central and state governments for rural development and strengthening of local governance witnessed socio-economic progress. In addition, the economic reforms further accelerated the process by introducing competition into the markets. All these factors resulted in the growth of rural markets for household consumables and durables.

Rural marketing represented the emergent distinct activity of attracting and servicing rural markets, to fulfill the needs and wants of persons, households and occupations of rural people.

**Phase IV (After 2000):**

After the proven success of marketing models like project shakti and e-choupal, rural marketing has become an agenda for most global and Indian corporations. Rural marketing has taken the centre-stage, as the companies that had been serving the urban markets for long have now begun planning to enter the rural market.

The government is taking serious steps to develop the rural market. Government initiatives like farm loan waivers and employment and rural infrastructure development programmes received a major thrust after 2000. This initiatives attempt to bridge the gap between the rich and the poor.
1.5 DEFINING RURAL MARKETING:

According to the national commission on agricultural, ‘Rural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of the market structure or system, both functional and institutional, based on technical & economic consideration & includes pre & post harvest operations, assembling, grading, storage, transportation & distribution.

According to Thompson: ‘The study of rural marketing comprises all the operations & the agencies conducting them, involved in the movement of farm produced food, raw materials & their derivatives, such as textiles, form the farm to the final consumers & the effects of such operations on producers, middlemen and consumers.’

According to Ramkishen,Y: ‘Rural marketing is the process of developing, pricing, promoting, distributing rural-specific goods and services, leading to exchange between urban and rural markets which satisfies consumer demand and also achieves organizational objectives. Thus, rural marketing is a two way marketing process that includes the flow of goods and services from rural to urban areas & the flow of goods & services from urban to rural areas, as well as the flow of goods & services within rural areas.

1.6 DEFINITION OF CORPORATE RURAL MARKETING:

Rural marketing can be defined as a function that manages all activities involved in assessing, stimulating, & converting the purchasing power of rural consumers in to an effective demand for specific products & services & moving this products & services to the people in rural areas to create satisfaction level & a better standard of living & there by achieving organizational goals.

1.7 REASONS FOR CORPORATE TO GO RURAL:

In the present scenario, companies operating in India will have only two options either go Global or go Rural. The cost of going global is very high, and it’s difficult to gauge markets in other countries. It’s better to target the rural market as it is growing by the day. Rural
India is emerging as a large market for a number of goods and services – financial services, healthcare, education and telecommunication, etc. Here are some of the reasons:

- **Urban Markets are Getting Saturated:**
  There is cutthroat competition in urban markets, with a wide variety of choices of products. It’s becoming difficult for existing companies to maintain their market share in urban markets.

- **A Huge Untapped Market:**
  With only 100,000 of the 638,667 villages tapped so far, there is a huge potential and market area. With a rural population of more than 700 million, it is a huge market.

- **Rising Disposable Incomes:**
  Good monsoon during the past 10 years have raised farmers’ incomes. Non-farm sectors now account for almost 50% of total rural incomes. It’s a market that corporate cannot afford to ignore. Another reason for the rising disposable incomes of villages is that agricultural income is not taxed.

- **Remittances from Abroad:**
  Many household in rural India have one of their family members abroad, mostly in Gulf countries. People working there send their savings to their families in India, which is an additional source of income.

- **Impact of Media:**
  The growing reach of the electronic media has created a huge change in the lifestyle of rural consumers because of TV programmes like soaps and other serials. Rural people are spending more on lifestyle products like lipsticks. Modi Revlon, for instance, sells more lipstick in the rural market than in urban areas.

1.8 **PROBLEMS IN RURAL MARKETING**

Although the rural market does not offer vast potential, it should also be recognized that it not easy to operate there. Rural market is a time consuming affair and requires considerable investments in terms of evolving appropriate strategies.
The major problems with rural markets are:

- **Deprived People and Deprived Markets:**
  The number of people below the poverty line has not decreased in any appreciable manner. Thus by and large rural markets are characterized by poor people and underdeveloped markets. A vast majority of rural people is traditional bound and fatalistic. They believe in old customs, traditions, habits, taboos and practices.

- **Lack of Proper Physical Communication Facilities:**
  Communication with these villages is difficult and highly expensive. Even today, most villages in the eastern parts of the country are inaccessible during the monsoon. Moreover, 3000,000 villages in the country have no access to telephones.

- **Transport:**
  Many rural areas are not connected by rail transport. At least 50% of rural roads are poorly surfaced, and many are totally destroyed or severely damaged by the monsoon and remain unserviceable, leaving interior village isolated. And the use of bullock carts in the country, 12 millions are estimated to be in total areas, transporting about 6 billion tonnes of freight per year.

- **Many Languages and Dialects:**
  The number of languages and dialects vary widely from state to state, region to region and probably from district to district. Messages have to be delivered in local languages and dialects. Even though the number of recognized languages is only 18, there are an estimated 1700 dialects. It is difficult for marketer to design promotional strategies in different languages and local dialects.

- **Dispersed Markets:**
  Rural population scattered over a large land area and it is almost impossible to ensure the availability of a brand all over the country. Seven Indian states account for 76% of the country’s rural retail outlets, the total number of which is placed at around 3.7 million. District fairs are periodic and occasional in nature. Manufacturer
and retailers prefers such occasions as they allow greater visibility and capture the attention of the target audience for larger span of time.

- **Low Per Capita Income:**
  Even though about 26% of GDP is generated in rural areas, it is shared by 74% of the population, so per capita incomes are low. Moreover demands for goods in rural markets depend upon the agricultural situation, as agriculture is the main source of income and it depends upon the monsoon to a large extent. Therefore, demand is not stable or regular.

- **Low Levels of Literacy:**
  Literacy rates are low in rural areas compared to urban areas. This leased to the problem of communication. The print medium is ineffective in rural areas since its reach is poor.

- **Prevalence of Spurious Brands And Seasonal Demand:**
  For any branded product there are a multitude of local variants, which are cheaper and therefore, more desirable for villagers. Rural consumers are cautious about buying and decisions are slow. They like to give a product a trial and buy it again only after getting personal satisfaction.

- **Different Way of Thinking:**
  There is a vast difference in the lifestyle of urban and rural people. An urban customer has many more choices than his rural counterpart. The rural customer usually has two or three brands to choose from, whereas the urban one has many more choices. There is also a difference in the way of thinking. The rural customer’s lives fairly simply compared to his urban counterpart.

- **Distribution Problem:**
  Effective distribution requires a village-level shopkeeper, mandi /taluka level wholesaler or preferred dealer, a distributor or stockiest at the district level and a company owned depot or consignment distribution at the state level. So many tiers increase the cost of distribution. Rural markets typically pose complex logistical challenges that translate into high distribution cost.
### 1.9 DISTINCTION BETWEEN RURAL AND URBAN SOCIETIES:

Sorokin and Zimmerman, two social thinkers, have set variables that distinguish rural and urban society:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Rural Society</th>
<th>Urban Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Culture</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is rigid, conservative in approach and custom bound. Society is guided by age old customs.</td>
<td>Free from traditional outlook. More scientific approach to the issues.</td>
</tr>
<tr>
<td></td>
<td>No scientific outlook.</td>
<td>Progressive and reasonable approach.</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Social Perceptions</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Family controls the society</td>
<td>Economy and economic institutions control the society.</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Occupation</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural people depend on nature for their work.</td>
<td>Depend on man-made conditions.</td>
</tr>
<tr>
<td></td>
<td>Jobs are hereditary and custom oriented.</td>
<td>Modern and result oriented. Families choose jobs as per their capacities.</td>
</tr>
<tr>
<td></td>
<td>Attitudes in work are conservative.</td>
<td>Modern outlook.</td>
</tr>
<tr>
<td>4.</td>
<td><strong>Specialization</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No specialization. All jobs are done by one man</td>
<td>Urban society is full of specialties.</td>
</tr>
<tr>
<td></td>
<td>There is no division of labour.</td>
<td>Dependence on others and there is division of labour.</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Mobility in Society</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social mobility is nil. People do not change their occupation, place, religion or political ideas.</td>
<td>In urban society, any or all can change. There is social mobility.</td>
</tr>
<tr>
<td>6.</td>
<td><strong>Social uniformity</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In rural society, due to castes the occupations are fixed. There are limited</td>
<td>People choose their jobs irrespective of castes. There are many jobs or</td>
</tr>
<tr>
<td></td>
<td><strong>Social relationship</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------------------------</td>
<td>---</td>
</tr>
<tr>
<td>7.</td>
<td>Villagers live in villages permanently. Their relations are permanent in nature. Rural society is based on co-operation and relationship.</td>
<td>In urban society, these aspects are absent.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Social tolerance</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Social changes are not tolerated.</td>
<td>Changes take place frequently.</td>
</tr>
<tr>
<td></td>
<td>Changes take place slowly and gradually.</td>
<td>Changes take place faster.</td>
</tr>
<tr>
<td></td>
<td>Family is dominant</td>
<td>Individual outlook is dominant.</td>
</tr>
<tr>
<td></td>
<td>Joint family is a norm.</td>
<td>Single family is a norm.</td>
</tr>
<tr>
<td></td>
<td>Individuals depend economically on a family.</td>
<td>Individuals live by themselves.</td>
</tr>
<tr>
<td></td>
<td>Considerable price in indianness and Indian lifestyle.</td>
<td>No such pride exists.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Social Change</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No or little competition in rural society and hence no or little changes.</td>
<td>Large competition and hence social changes take place.</td>
</tr>
<tr>
<td></td>
<td>Governed by traditional values, customs.</td>
<td>Not governed by customs or traditions.</td>
</tr>
<tr>
<td></td>
<td>For centuries rural society has not changed as it is stable and permanent.</td>
<td>Changes quickly. There is no stability.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Social Stratification</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10.</td>
<td>Society is divided on traditional system.</td>
<td>Divided on the basis of economic social, political status or educational factors.</td>
</tr>
</tbody>
</table>
|   | Status is determined by birth. | Economic, social or positional status is
<table>
<thead>
<tr>
<th>11. Status of women</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No independent economic status.</td>
<td>Most women have independent economic status.</td>
</tr>
<tr>
<td>Considered subservient and given low status.</td>
<td>Equal status at par with men in all fields of life.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Density of population</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low density. Village consists of small population.</td>
<td>Tickly populated and large numbers stay closeby.</td>
</tr>
<tr>
<td>All belong to same class may be of same castes. There is homogeneity.</td>
<td>All belong to different class and strata.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13. Size of society</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Small with one main occupation agriculture.</td>
<td>Generally large and many with occupations of different categories.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14. Social disorganization</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The agencies to control society are strong and able to control.</td>
<td>No agency for social control.</td>
</tr>
<tr>
<td>Society is traditional and hence no disorganization.</td>
<td>Traditional values have no place, hence changes occur.</td>
</tr>
<tr>
<td>New problems are not expected here.</td>
<td>More new problems occur and make social life difficult.</td>
</tr>
</tbody>
</table>


### 1.10 RURAL MARKET SEGMENTATION[^1]:

Demographic factors are taken into detailed consideration for market segmentation of consumer goods and fast moving consumer goods (F.M.C.G.). In case of rural marketing i.e., to sell outside goods in rural areas, cemography comes into the picture. However, the categories are much reduced. Here economic level, exposure to awareness of modern life and socio-economic features co file into the picture. Some of the segmentations are as under:
1. **Occupational Segmentation**: This again leads to economy wise categorization. This reflects the purchase power of a farmer and therefore the purchase power of his family. They are:
   - Artisans, farm labourers
   - Small farmers, tenant farmers
   - Medium level farmers
   - Large farmers and
   - Very large farmers i.e. zamindars.

2. **Sociological Segmentation**: There are six categories; in this type of segmentation. This leads to socio-economic representation of the segment.
   - Landlords: Zamindars, rich money lenders and businessmen who own big size lands, plantations and maintain large size farm labour. Normally they spend time in nearby urban arca and hobnob with politicians.
   - Rich Farmers: who have large lards and are local leaders. They spend time in the urban areas and try doing some other occupation.
   - Small Farmers: who own small farms or jointly owned farms getting food for sustenance.
   - Tenant Farmers: working on rented land to share the crops with owners of the land.
   - Agricultural Labours: They work on wages in the land of rich farmers.
   - Artisans and others: This covers carpenters, blacksmiths, handicrafts, people and unemployed.

3. **TRMI (Thomson Rural Market Index)**: M/s. Hindusthan Thomson Associates Ltd. developed a guide to market segmentations in 1972 and revised it in 1986. They collected data in 335 districts based on 26 variables. Finally they arrived on 10 selected variables having story correlation to rural market potential:
   - Agricultural labourers
   - Gross cropped area
   - Gross irrigated area
Area under non-food crops
Pumps
Fertilizer consumption
Tractors
Rural credit
Rural deposits and
Villages electrified.

Based on these factors, the districts are classified as A, B, C, D and E, which are in the order of high potential market to low potential market.

4. **Lin Quest**: This method is a software developed by Initiative Media on data along the following parameters:
   Demographic
   Agricultural
   Income
   Literacy and
   Civic Amenities.

As per the product to be launched, the marketer would be interested in certain parameters like literacy levels, income levels, bank deposits, accessibility (rail, road), schools, dispensaries and distance from towns. In the software the marketer can give weighted average to different factors. For example, to launch new audio cassette recorders, parameters could be villages above 1000 population and monthly income Rs. 2000 and distance from nearest towns within 30 km.

5. **MICA Rating**: This is also a software package to be used on similar lines as Lin-Quest. The parameters of this segment are as follows:
   Total volume of agricultural output
   Bank Advances
   Cropped area
1.11 RURAL MARKETING MIX: THE 4A’s APPROACH[4] :

The rural market may be alluring but it is not without its problems: Low per capita disposable incomes that is half the urban disposable income; large number of daily wage earners, acute dependence on the vagaries of the monsoon; seasonal consumption linked to harvests and festivals and special occasions; poor roads; power problems; and inaccessibility to conventional advertising media.

Today, rural India is seen as the most lucrative segment because companies across different sectors are wooing them to support their momentum of business growth. Rural markets offer opportunities, which are enormous and relatively untapped. They present tremendous prospects for companies to sell their products and services. Corporation across varied industry verticals are bucking up to address the rural potential demand. The attitudes, aspirations and demands of rural consumers are very different from other their urban counterparts. Companies are connecting to this base afresh and are together to cater to this market effectively and efficiently. Companies resort to a number of strategies like repositioning of brands, repackaging products and re-pricing them, all with an eye on rural wallets. The overall marketing mix framework for rural markets necessarily focuses around delivery the right product, using value for money pricing, using effective means of promotion, selecting the most appropriate method of distribution and building long term relationship with the customer in order to sell their products. However, the rural consumer is not unlike his urban counterpart in many ways. The more daring MNCs are meeting the consequent challenges of AVAILABILITY, AFFORDABILITY, ACCEPTABILITY, and AWARENESS. (The so-called 4 A’s).

Affordability:
The first challenge is to ensure affordability of the product or service. With low disposable incomes, products need to be affordable to the rural consumer, most of whom are on daily
wages. Some companies have addressed the affordability problem by introducing small unit packs. Godrej recently introduced three brands of Cinthol, Fair Glow and Godrej in 50-gm packs, priced at Rs 4-5 meant specifically for Madhya Pradesh, Bihar and Uttar Pradesh - the so-called ‘BIMARU’ States.

Hindustan Lever, among the first MNCs to realise the potential of India’s rural market, has launched a variant of its largest selling soap brand, Lifebuoy at Rs 2 for 50 gm. The move is mainly targeted at the rural market. Coca-Cola has addressed the affordability issue by introducing the returnable 200-ml glass bottle priced at Rs 5. The initiative has paid off: Eighty per cent of new drinkers now come from the rural markets. Coca-Cola has also introduced Sunfill, a powdered soft-drink concentrate. The instant and ready-to-mix Sunfill is available in a single-serve sachet of 25 gm priced at Rs 2 and multiserve sachet of 200 gm priced at Rs 15.

The rural areas continue to pose different types of challenges, including understanding of the dynamics of rural markets and strategies to supply the products and safety these consumers. The consumers in rural areas are value-conscious and a lot savvier. They are willing to pay for a product if it worth it. Affordability is thus critical to success in rural markets. As ‘nano’ paradigm is emerging in all segments; small stock keeping units (SKU), low priced products are all making various segment of products a lot more affordable to the rural consumers. In fact lower prices and small SKUs are the most common strategies adopted by F.M.C.G. companies to penetrate rural markets. The smaller SKUs are one of the strategies to help increase product penetration, as trials would increase due to a lower put-down price. Smaller packs are more affordable, so they offer consumers a change to try out products before graduating to a larger pack. Most F.M.C.G. companies have reduced SKU of soaps, shampoos, beverages, biscuits and even butter to boost consumption and increase affordability for consumers.

H.U.L. ’s initiated ‘operation Bharat’ to tap rural markets by bringing out low priced sample packets of its toothpaste. Fairness cream, shampoo, cream and other products.
According to a Chennai based consumer products company CavinKare, which makes Nyle and Chik shampoos and Fairever Fairness Cream, government’s NREGA has put a lot of money in the hands of rural consumer, which is good news for them. CavinKare’s Nyle and Chik Shampoos in Rs.1 packs are among the Company’s strongest volume drives. In the same way, LPG companies have introduce small sized cylinders, ensuring that price remains in the affordable range markets by reducing price of their products.

Keeping in mind the rural wallet, the telecom giant, Bharti Airtel had lowered its tickets sizes. Instead of Rs.30 recharging coupon valid for a month. It launched a Rs.10 coupon valid for 10 days for the rural markets.

Idea Cellular, from the A.V Birla Group, had also introduced rural calling card that charged only 50 paisa per minute for a local call. Companies like Philips and even Eveready have brought out new cheap lanterns to replace the kerosene ones specifically targeted at the rural market.

Consumer durable company, Philips also launched a low-cost smokeless ‘chandu’ (stove). Eveready Industries India Ltd. has launched product for rural markets in the form of Homelite, a new alternative lighting solution based on LED technology, which is safe, cost-effective and long lasting.

LG launched a range of direct cool refrigerators and Super Slim TVs to attract rural consumers who are not able to afford expensive LCD TVs. In the same way, DCM shriram developed a low-cost water purifier, especially for rural areas.

To address the problem of regular power shortage in rural regions, Coca-Cola provided low-cost ice-boxes as families could not depend on a refrigerator.

**Availability:**

The second challenge is to ensure availability of the product or service. India’s 627,000 villages are spread over 3.2 million sq km; 700 million Indians may live in rural areas, finding them is not easy. Any serious marketer must strive to reach at least 13,113 villages with a population of more than 5,000. Over the years, India’s largest MNC, Hindustan
Lever, a subsidiary of Unilever, has built a strong distribution system, which helps its brands reach the interiors of the rural market.

For making the products available to consumers, companies adopt a variety of means such as direct selling, using company delivery vans, syndicated distribution between non-competitive marketers, setting up of temporary stalls in rural melas or haths etc. In the rural areas with places far flung and well connected with proper roads, delivering the product to the rural consumers can be a challenge. Companies have realized this and are trying to be creative in this situation.

To service remote village, stockiest use auto-rickshaws, bullock-carts and even boats in the backwaters of Kerela. Coca-Cola, which considers rural India as a future growth driver, has evolved a hub and spoke distribution model to reach the villages. LG Electronics defines all cities and towns other than the seven metros cities as rural and semi-urban market. Study on buying behavior of rural consumer indicates that the rural retailers influences 35% of purchase occasions.

Therefore sheer product availability can affect decision of brand choice, volumes and market share. Some of the F.M.C.G. giants like HLL took out project streamline to significantly enhance the control on the rural supply chain through a network of rural sub-stockiest, who are based in the villages only. Apart from this to acquire further edge in distribution HLL started Project “SHAKTHI” in partnership with Self Help groups of rural women.

Making use of stockist and staff for effective direct sales to consumers in rural India have also been found to be successful for companies such as Hindustan Unilever, ITC, Colgate, Godrej etc. Rural markets or mandis are coming up as target centres of direct sales by the companies. The company, BPCL initiated specially designed ‘Rural Marketing Vehicle’. Which moved from villages to villages for filling cylinders on spot.

On the other hand, soft drink companies are making use of the traditional wholesale retail model. Product are firstly transported to small towns and later they are transferred to various
corners by making use of transport like cycle, auto, hand-cart, camel-cart etc. while Airtel and Samsung have tied up with IFFCO, Indian farmer’s cooperative of fertilizers, to sell their mobile and services, other telecom giants and DTH providers are eyeing PCOs as a channel of distribution. In the absence of a suitable system, some companies have resorted to creating the whole ecosystem from scratch. Such schemes helped the companies in earning quite few points on the social services front and yet make significant inroads to argument their sales numbers. ITC has formed a supply chain infrastructure called e-choupal system.

In the same way, Hindustan Unilever’s project ‘Shakti’ empowers women’s self-help groups. The project ‘Shakti’ with a social aim of upliftment of rural women by providing income-generating opportunities was intended to amplify the company’s rural distribution network. H.U.L.’s Shakti project connects Self Help Groups (SHGs) with business opportunities. The company promotes and uses the SHGs network present in the villages for increasing its sales in the rural areas. The SHGs are presented chance to become company’s local small-scale distributor in the rural areas. These groups typically of 15 to 20 people. Buy a small stock of items like soap, detergents or shampoos and sell directly to consumers in their homes. This innovative distribution model is a win-win for the company and the village SHGs. Over the past few months, India’s top mobile company, Bharti Airtel has set up hundred of rural centers, branded ‘Serve’ to activate, reactive and recharge mobile connections, sell and exchange SIM and cards and provide value added services like ring tones and hello tunes across the country. Telecom Company, Idea Cellular too has started on in Maharashtra countryside. Every second new subscriber is from rural areas as growth in the number of urban subscriber has slowed down. The company also introduced rural calling card. In its after-sales service, it introduced the concept of ‘Care Vans’, which go from villages every month following a fixed route to cover a cluster of villages in one outing. For the automobile industry, semi-urban and rural markets contribute nearly 40 percent of sales, driven by demand for two-wheelers, entry-level cars and tractors.

Rural markets are also significant for Hero Honda, the biggest bike maker. This two-wheeler manufactured followed a Hub and Spoke model in channelizing its product in rural areas. In
order to meet the sales requirements of rural areas, it has started the concept of ‘services on wheels’. Companies in consumer durable sector are also unearthing the potential of hinterlands.

Consumer Electronics majors such as LG and Samsung made 40 percent and 30 percent of their sales from rural India respectively. LG has established 45 areas offices and 59 rural and remote area offices. Furthermore, it has outlined plans to invest towards development of entry-level products targeted at rural markets.

The growth potential of rural India is also enticing the companies in the F.M.C.G. sector. F.M.C.G. companies have traditionally driven their growth initiative by way of rural schemes such as small size packaging, low pricing strategy and deep distribution channels. Godrej Consumer Products Limited (GCPL) witnessed rural sales grow at 40 percent in the last few months, which was double of that in urban areas. The company has project ‘Dharti’ for rural India and covers nearly 17,000 villages. Emami Group has also initiative new level of distribution to enhance penetration in rural regions. The Group has introduced new super-stockist networks for covering rural areas. The van operations model has been established to enable the products’ reach rural villages. Rural markets account for about 20 percent of the country’s Indian drug retail market. Several pharmaceutical companies are targeting Indian countryside for expansion. Pharma MNCs operating in India are drawing aggressive strategies to tap the rural markets. Aventis Pharma, the Indian arm of the French drug major Sanofi-aventis has launched a rural market division with 10 products and a sales team of 300 people as it is eyeing at a bigger share of the fast growing Indian rural market. Another company, Novartis is targeting villages in 7 states with consistently priced products, which are available in a variety of package sizes. The model supplies medicines to more than 16,000 pharmacies. The company’s stockists in district towns supply to village pharmacies. On the other hand, Novo Nordisk sends mobile clinics through villages in Goa to screen patients for diabetes. The company, Elder Pharmaceuticals had established a rural market division, Elvista to tap this segment. Similarly, Pharma giant, Roche Diagnostic (India) has tied up with Delhi based Mankind Pharma to market its new diabetes monitoring devices for the rural market. The incident of diabetes in rural regions is high and Mankind’s reach is
very wide, which helped Roche Diagnostic to significantly increase its sales in rural markets.

Acceptability:
The third challenge is to gain acceptability for the product or service. Therefore, there is a need to offer products that suit the rural market. One company, which has reaped rich dividends by doing so, is LG Electronics. In 1998, it developed a customized TV for the rural market and christened it Sampoorna. Because of the lack of electricity and refrigerators in the rural areas, Coca-Cola provides low-cost ice-boxes - a tin box for new outlets and thermocol box for seasonal outlets.

The insurance companies that have tailor-made products for the rural market have performed well. HDFC Standard LIFE topped private insurers by selling policies worth Rs 3.5 crore in total premia. The company tied up with non-governmental organisations and offered reasonably priced policies in the nature of group insurance covers.

There is a great need to offer products and services that suit the rural consumers in order to obtain their acceptability. It is not just value for money, but also value add-ons that attract the rural people and help in gaining their acceptability for the products. Therefore, imaginative ideas and dedicated efforts of corporate house are fast transforming the rural landscape into big consumer markets. New paradigms in banking like SBI Tiny Account with just a paid volunteer equipped with a small box, which enable biometric measurement (fingerprints), and a mobile that enable communication with the zonal office to check on available balance is both creative as well as helpful. Mobile device companies are also tailoring their products to the rural marketers. For instance, Nokia had earlier launched a basic handset with a torch and an alarm clock. In December 2008, the company launched Nokia Life Tools, which is a range of agriculture, education and entertainment services designed especially for consumers in small towns and rural areas of emerging markets. The product is meant to provide timely and relevant information customized to the user’s location and personal preference directly on their mobile services. Companies are designing products especially for the rural markets. LG Electrinos development a customized T.V.,
christened as ‘Sampoorna’ for the rural markets. The company managed to sell 100000 sets in the first year. Samsung to introduce stabilizer-free operations in its direct-cool refrigerators to take care of voltage fluctuations and silver-nano features in semiautomatic washing machines for use in areas, where the water quality is not good. Both the telecom companies-Bharti Airtel and Idea Cellular apart from providing services message in the local lingo of the subscriber, also provide alerts on commodity prices at the nearest wholesale market and even English language tutorials. The most popular value-add services is music, especially in the local dialect of the subscriber. Tata Chemicals newly launched water purifier, Swach, targets the lower-income group in rural India and aims to resolve one of the crucial issues plaguing India, i.e., access to clean drink water. Tata chemicals plans to sell Swach as fast-moving-consumer-goods (F.M.C.G.) studies reveal that 75 percent of the rural population does not have access to pure drinking water leading to high incidence of water borne diseases and Tata Group is going to address this issue through Tata Swach, which is manufactured using nano technology. Companies like Nestle and GlaxoSmithKline consumer Healthcare (GSK) too have launched products especially for rural markets. Swiss Foods Company; Nestle and also announced the launched of a low-priced variant of Maggi noodles under its flagship Maggi Instant Noodles, aimed at meals for the bottom of pyramid consumers. The new Maggi variants have been developed especially for the rural and semi-urban markets in order to provide low-cost fortified meals for consumers. While ‘Rasile Chow’ is gravy noodles at Rs. 4, ‘Maggi Masala Magic’ is a taste enhancer in a single use sachet priced at Rs. 2 each. In some way, GlaxoSmithKline is rolling out ‘Asha’, a milk food drink in the line of Horlicks for rural consumers in Andhra Pradesh. GlaxoSmithKline’s ‘Asha’, which is 40 percent cheaper than the regular variant of Horlicks, is the first product from the UK based MNC designed for rural consumers. Coca Cola has begun selling a power-based fortified beverage called ‘Vitigo’ in 18 gm sachets at Rs.2.50 each across village in Orissa. The Company has tied up with NGO and micro finance institution BISWA in Orissa for the same.

**Awareness:**
Mass media is able to reach only to 57% of the rural population. Creating awareness then, means utilizing targeted, unconventional media including ambient media. For generating
awareness, events like fairs and festivals, Haats, etc., are used as occasions for brand communication. Cinema vans, shop-fronts, walls and wells are other media vehicles that have been utilized to increase brand and pack visibility. Innovative media used by personal wash like Lux and Lifebuoy and fabric wash items like Rin and Wheel. Idea was to advertise not only at the point of purchase but also at the time of consumption.

With large parts of rural India inaccessible to conventional advertising media - only 41 per cent rural households have access to TV - building awareness is another challenge. However, the rural consumer expressions differ from his urban counterpart. Outing for the former is confined to local fairs and festivals and TV viewing is confined to the state-owned channels. Consumption of branded products is treated as a special treat or indulgence.

Hindustan Lever relies heavily on its own company-organised media. These are promotional events organised by stockists. Godrej Consumer Products, which is trying to push its soap brands into the interior areas, uses radio to reach the local people in their language.

Coca-Cola uses a combination of TV, cinema and radio to reach 53.6 per cent of rural households. Since price is a key issue in the rural areas, Coca-Cola advertising stressed its 'magical' price point of Rs 5 per bottle in all media. LG Electronics uses vans and road shows to reach rural customers. The company uses local language advertising. The key dilemma for MNCs eager to tap the large and fast-growing rural market is whether they can do so without hurting the company's profit margins. In case of nestle, company's product portfolio is essentially designed for urban consumers which cautions companies from plunging headlong into the rural market as capturing rural consumers can be expensive.

Creating brand awareness through appropriate media is very important for the companies to gain acceptability among rural folks. The Corporate Sector has also utilized traditional arts of India very effective in its awareness campaigns in rural areas. For its entry into Andhra Pradesh’s interior, telecom company, Idea Cellular used the folklore art form of Burra Katha (a travelling theatre troupe) to create brand awareness. Modern media such as television has
also invaded rural India by reaching every nook and corner of the country. Television has reduced the resistance to change by creating new aspirations and awareness for rural folks, thereby increasing the acceptability of most products in rural areas. Once acceptability is established and loyalties are formed, the fame of the products spread like wildfire through word-of-mouth, which in fact is the most effective means of promotion in rural India. Various brands have leveraged on the television penetration in rural areas. The ‘Gold Plus’ jewellery brand by Tata Group is a fascinating examples of the brand addressing the non-metro jewellery culture. On rural India, gold jewellery is used as a reserve store and given the adulteration in gold; Tata seal of good faith is taking the brand far and wide. The telecom sector has also focused its strategies towards making serious inroads into rural India. The rural thrust has not only helped the sector escape the slowdown, but also allowed it to flourish. The telecom sector has carved a prominent model that is shifting focus to rural areas as majority of the players are expanding their rural infrastructure base for boosting organic growth. Telecom Company, Tata Teleservices has planned a fresh marketing strategy of going door-to-door and even involving gram panchayats to impress upon people, the benefits of mobile telephony. The F.M.C.G. companies are also venturing into the rural markets with their innovative strategies to create & Gamble, Colgate, Godrej and Maricoes are gearing up for bigger advertisement and sales promotion campaigns targeted at rural markets to create brand awareness. Automobile sector is also giving extra attention to rural marketers as a considerable chunk of their product line such as commercial vehicles; tractors, motorcycle etc. are catering specifically to the demand. Automobile companies are also being assisted in this rural push by their growing partnerships with public sector banks. all of which enjoy a good presence in the rural belt and have a ready list of potential customers. Maruti Suzuki rolled out a special campaign for rural areas by roping in Panchayat members and primary health centre workers. Recognizing the potential of rural India, the company Hero Honda has also established a dedicated ‘rural vertical’ running under the theme ‘Har Gaaon, Har Aangan’ (Every village, every house), to penetrate untapped rural and upcountry markets in India. The Company has also deployed 500 sales executives who meet opinion leaders and talk about Hero Honda. Consumer electronics company, Samsung had also rolled out its ‘Dream Home’ road show, which was to visit 48 small towns’ in 100 days in an attempt to increase brand awareness of its products.
1.12 RURAL MARKETING STRATEGIES:\footnote{5}:

A company has several major strategies at its disposal, with respect to width, depth and consistency of its product mix. Following strategies are generally employed by the producer or agencies in the rural market.

(1) PRODUCT STRATEGIES:

For the rural segment and rural consumers, many MNCs and Indian companies have done market surveys to understand the product strategy to be adopted. The rural market is much different than the urban market and the studies have helped to achieve results rather than making mere presence and attempts. Rural people spend money for basic needs. For anything more, they think twice and try to postpone or spend very little. Some of the product strategies for the rural sector are explained here under.

- **Small Size Packaging:**

The low per capita income, non-availability of regular pay and cash forces the rural consumer to buy in small packets various products. The examples can be explained in plenty.

F.M.C.G.: Almost all F.M.C.G. goods manufacturers have come out with smaller packets and low price varieties. Toothpastes are available in 10 gm, 25 gm and 50 gm packets / tubes. Soap powders are available for Rs. 2, 5, ¼ kg, ½ kg packets. Bath soap cakes are available in small sizes of 25 gm and 50 gm in addition to the standard 75 gm sizes.

Even Vicks ointment and tablets are available in small boxes and small packets. Toothpowder is also available in small paper packets for easy saleability. The companies are somehow doing it to push the goods as the brand image is to be established. Even full costs may not be covered but if sales grow, later on price can be increased. Basically all companies are busy to establish their brands in the rural markets.

- **Low-Priced Package and Product:**

Big and small companies have adopted an unwritten policy to dump second grade quality to sell at lower prices in the rural market. Products like ghutka, cold drinks, beedis, cigarettes,
tea and coffee powders came to the rural areas in smaller packets and lower rates than those sold in cities. The quality will be medium or lower level, loose tea is packed and sold in different brand names suiting the rural public. The established brands cannot do this and hence they try to sell the quality product in very small packages. They can always make up marginal losses in rural areas by selling high-priced products in cities.

- **Rough, Tough and Loud:**
  Village people believe that rugged looks, tough or robust looks and bright colours last longer. This is the reason why ‘Jawa’ motorcycle was sold more in rural areas. Similarly loud noise making transistors, radios, bright coloured clothes, banians, underwears or turbans sell better. Heavy furniture with attractive and fast colours sell better than light type with decent colours. They expect most of the products bought to serve them for a longer period or lifelong.

- **Product Design:**
  The innovation in product design will be appreciated by the rural people only if it leads to price reduction. The changes made should suit their tastes and likes. Simple to use and handle are specific requirements. Material substitutions need to be adopted for price reduction. All this is worth doing due to the market potential.

- **Usable Products:**
  Rural people are not interested in fancy items which are later meant to be kept in showcases. They are more particular to buy only utility-oriented products. For example, rural people are more keen to listen to folklore and local film songs. So they would like to buy a two-in-one-audio rather than a radio transistor. There is more use in the latter along with the convenience of listening to favourite songs.

- **Brand Image:**
  The rural people identify the brands in their own way. For example, Eveready battery cells are called “red battery” and many products are identified by symbols and specially symbols related to the Hindu deity. Many manufacturers use symbols like ‘Balaji’, ‘Panchajanya’,
‘Swastik’ and ‘Om’ etc., to make it easy to remember by the rural masses. Being God fearing the rural people get easily attached to dieti related symbols. This is the reason why small scale producers brand their products as ‘Hanuman Toothpowder’ or ‘Sriram Agarbatti’ etc.

In brief, the product strategy should cover low pricing, small packets, rugged build and easy to remember names so that slowly the rural market can be developed. Later on, it can grow with popularity of products and increase in usage.

(2) PRICING STRATEGIES:
It is natural that pricing strategy for rural segments must be in tune with the packaging and product strategy. Considering inhibitions, low income levels and poor cash flow in rural sector pricing has to be on the lower side. Hence, packaging has been made to suit low value purchases by rural people.

- **Low Pricing:**
Smaller packets of tea, toothpowder, shampoo, detergent powder, soap cakes, arecanut packets, ghtuka packets some standard quality and some low quality are sold at prices with very low margins. This strategy is followed by all manufacturers and traders at the all India level.

- **Avoid Sophisticated Packing:**
For selling in rural areas, producers have resorted to use of cheap quality or ordinary packings so that to some extent, price reduction is possible. Eatables like biscuits, sugar candies and others are packed in single plastic bags so that it is just enough to carry and handle. Moreover, rural people are not interested in sophisticated pickings. They look for price and utility.

- **Refill Packs / Reusable Packaging:**
In urban market, most of health drinks (Bournvita and Boost) are available in refill packs. The contents of the refill pack need to be stored properly. This has been benefited the consumers in terms of price. Such measures can have a significant impact in the rural market, since the price can be considerably reduced to the advantage of rural consumers. In
addition, the packaging material used should preferably lend itself for reuse in rural areas. An ideal example in this direction is the packing of fertilizers.

Today many companies pack fertilizers in LDPE or HDPE sacks which are not only tamper proof but also reusable. These sacks can be washed well and reused. Many farmers ask for fertilizers packed in such bags. The rural consumer feels that they have got a free reusable sack with every purchase.

(3) DISTRIBUTION STRATEGY:
Some of the studies reveal that the bigger villages of above 5000 population are fairly covered by the marketing people of various companies manufacturing consumable and durable products. The smaller villages are not fully touched due to various reasons like accessibility, small markets and far distances from towns and villages. Strategies for distribution to various rural segments are discussed as under:

- **Small Villages:**
In order to reach smaller villages, two types of strategies have to be adopted i.e., reach all villages above 2000 population and reach all those within 50 km radius of big towns and cities. This will help cover about 50% of the rural population and even this extent of coverage means approximately 350 million populations and this is a massive coverage. Very small villages below 500 populations can be ignored at this stage as the output will not compensate the input. There should be distribution vans to cover villages on fixed period (at least once a week) so that the shopkeepers as well as the public are sure of supplies from the feeder centre, which will be nearby a town or city. The village shop keeper of 2000 population in towns should be used as a distribution channel for shop keepers of very small villages around it. This is essential as some of the smaller villages are not having motorable roads.

- **Agro Input Dealers:**
Agricultural input dealers have know how and scope to deal with rural public as they are already in touch with them for essential inputs like fertilizers, seeds and chemicals. In their transactions they are already managing credit arrangements and hence are in a better position to take care of consumer goods also. This method needs to be tried seriously.
Some of the farmers from agriculturally well off states like Punjab, Haryana, Western UP have improved their per capita income to the level of urban people and can afford to buy more and more consumer goods. With affluence, their awareness of modern goods and facilities also has increased. In addition to this, the areas where cooperatives of sugar and dairy are stronger, the farmers have better income level and cash flow is steady. It is in such places that the efforts to sell consumer goods give results. These farmers will set a trend for other farm communities.

- **Activating Co-operative Societies**:

  Though cooperatives have been started mainly for input and output of rural produce, there is scope and possibility to use these premises and offices for marketing of consumer goods to rural people throughout India, there are about three lakh cooperative offices working in different names like ‘marketing cooperatives’, ‘credit cooperative society’, ‘farmers’ service cooperative societies and various local level cooperatives. There are organizations, some active and some not so active. The premises and manpower can be better utilized by introducing the consumer, durables and consumables required by the rural population. The approach has an institution backing the marketing executives can feel safe to keep goods and give credit on institution and hence basis than on the individual basis. The premises of cooperatives is also a good place to keep hoardings and display of items kept for sale.

- **Utilizing PDS Stores and Petrol Pumps**:

  These are two unexplored areas to develop market. Public Distribution Systems (PDS) are available throughout the country and even in villages. Similarly petrol pumps are available on all highways, state highways and link roads to towns and big villages. These are two places which are not fully utilized. In cities, the petrol pumps are very busy and cannot do anything other than giving petrol and diesel to hundreds of vehicles coming to them day and night. In urban and rural areas and less busy roads the petrol pumps have adequate spare time to attend additional functions. Similarly PDS stores which are in private hands have ample time three weeks in a month.
• PDS stores have now-a-days become least active due to decreasing importance of this scheme and very little gap between market price and PDS prices. This naturally gives scope to make better utilization of these outlets.

• **Towns as Feeder Centers:**

Towns are frequently visited by rural people for education, cinema, dramas, purchases, medical treatment and various functions. It will be convenient if the town market is used as a distribution channel for various villages surrounding towns. One or two traders in town need to be used as feeders to village stores and also to sell directly to villagers coming to towns. This method is already working in many places and can be further strengthened.

The distribution strategy can be changed based on the changing life style, communication and conveyance facilities. The strategies discussed thus far are the possibilities for the current situation.

**(4) PROMOTION STRATEGIES:**

Various types of promotion methods work as integrative systems between producers and consumers. In case of consumer goods, this is done on large scale whereas for rural products, it is on small scale or specific target wise done. The producers and processors think in terms of “How to reach our customers” and “How our customer can reach us”.

Due to technological innovations people can now communicate through both traditional and newer methods of media. Both mass communication and / or target communications can be used as per requirements. Very commonly used media of communication are newspapers, magazines, radio, TV, telephone, computers, fax, pagers and mobile phones. These usage proportions differ from product to product.

For five marketing related functions like (1) Advertising (2) Sales promotion (3) Public Relations (4) Personal selling and (5) Direct marketing, there is a different way of approach in urban and rural markets.

The product package, shape, colour, pricing and sales persons get up and general impressions are no more monopoly of consumer goods, dealers. Now even for rural related commodities like dairy products, flour, pickles, high quality grains and fruits and foods are
neatly packed, branded, weight, contents, price are written. Slowly and steadily, the marketing of rural produce in towns and cities and marketing of consumer goods in rural sectors is taking a professionalized approach. The basic difference is in organizational strength, permanent address and executive to attend any type of call for consumer goods. Such facility is a far cry for rural products.

Since the literary level of rural population is low, it pays to do promotions through mass media like TV, cinema and radio advertisements. In print media, mostly hoardings and wall paintings will help more. These promotional strategies are covered as under:

- **Cinema:**
  For the last 60 years, cinema continues to be influencing factors in style, tastes, dress materials and total Indian culture. The effect of cinema is much more in Southern India than elsewhere. In the South, 76% rural people view cinema regularly whereas elsewhere it is around 25%. This justifies why Tamil Nadu and Andhra Pradesh had cinema actors as Chief Ministers for a long time. Despite TV being parallel popular, the hold of cinema on rural sector and urban middle class and labour class continues.

  Product advertisements before a movie and during intervals get good publicity. All the theaters do this with the help of slides and 1 or 2 minutes movie type advertisements to highlight the product performance and utility. This method will continue to be popular as many villagers like to see movies in theatres than on TV.

- **Television:**
  Since the last two decades, TV viewing has been a regular pastime for all Indian public. The TV serials like ‘Mahabharat’, ‘Ramayan’, ‘Humlog’ and cricket matches have made TV very popular. Infact, Doordarshan covers 85% of India and private channels have started operating at continental, national and regional levels. The advertisers have choice of segment to be touched.

  For all India coverage, important and popular serial intervals are best to advertise on TV.
Further, DD has special programmes on specific days and time for farmers. Advertising before and in between this programme also gets good effect. The only constraint is that such prime time advertisements cost more. Only products which can absorb such high costs can afford this.

- **Radio:**
  Listening to Radio for a long time has been for news, commentary (sports) and category songs. It has been a recent trend since two-three various last decades to use radio programmes for advertisements. The first and most famous commercial on Radio was ‘Binaca Geethmala’ on Radio Ceylon. Subsequently, many programmes have come on ‘Vividha Bharati’ and local languages. Film songs are popular and playing advertisements in between to attract attention by the listeners. Coverage of radio stations is wide and serves the purpose. Rural people have the habit of carrying transistor radio sets and hence they play the radio wherever they go. About 75% of the rural population listens occasionally. Both local language stations and ‘Vividha Bharati’ stations are popular and hence advertising through these channels serves the purpose.

- **Print Media:**
  Due to low literacy rate and poor reading habits, this is not a popular promotion strategy. However, some advertisements are made through the local language low priced dailies. Rural people normally read newspapers on Fridays and Sundays when there is more coverage about the movies being shown and the forthcoming movies. So the promotion of cinema viewing is best done by the newspapers as far as rural people are concerned.

- **Hoardings:**
  Hoardings on village entry junctions, writing and painting on walls of public buildings in villages, compound walls of private people will be more appealing and readable. The rural inputs like fertilizers and pesticides are advertised like this. The picture of product and catchy slogans are considered to be the best promoters.

  - Various Congregations like Mela / Jathra / Shondis / Hats:
    Certain places have specific market days which can be used for mass communication to speed awareness of products.
Similarly particular places have local deities and Jathra or fairs along the festival type celebrations. These occasions help to promote sales, explanation or product awareness. If some promotional schemes are kept in those occasions, it will be a more appealing effort. On these occasions, audio visual shows can be made for better explanations.

1.13 THE RURAL MARKET – PROJECTIONS BY MCKINSEY[^6]:

Mckinsey study makes the following projection on the rural consumer market of India:

- Despite increasing urbanization and migration, 63 percent of India’s rural population will still live in rural areas in 2025.
- Rural consumption growth will accelerate from a compound annual rate of 3.9 percent during the past two decades (1985-2005) to 5.1 percent during the next two decades (2005-25).
- Rural consumption will have nearly tripled by 2025, creating a large market worth over 26 trillion rupees.
- In 2025 the rural market of India will be larger than the total consumer market in countries such as South Korea or Canada today, and almost four times the size of today’s Indian urban market.
- On a pre-household basis too, rural India will see good consumption growth.
- By 2017, per-household spending in rural India will reach current level in urban India.
- Significant decline will take place in the level of rural poverty by 2015, the size of rural deprived class will decline from 515 million people today, or 65 percent of the population, to 266 million, or about 29 percent of the total population. The definition of the deprived class here has been set at a higher level (house hold income of 90,000 rupees) than the government poverty line.
- The government has pledge to provide direct income support to rural inhabitants through the rural-employment guarantee scheme, which generates 100 days of paid employment per year of every rural household. It will provide a direct boost to many household in the poorest rural bracket.
- Average household income in rural India will increase by 3.6 percent a year over the
next 20 years, 0.8 percent points faster than in the last 20 years. It will still be sufficient number of household form the deprived to aspire income bracket.

- Unlike other consumption categories that are dominated by urban growth, personal non-durables will see strong growth in rural areas as well.
- By 2015, the aspirer class of household will be the largest group of rural population at 47 percent, or 80 million household, and will control 55 percent of spending, a large part of rural population would have risen to a level between poverty and the middle class, and lower middle class of seekers will constitute a fifth of the rural population and wield a third of its spending power.