Chapter – I

INTRODUCTION AND THEORETICAL FRAME WORK OF RURAL MARKETING

1.1 MARKETING STRATEGIES

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.”

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.

Competitors come from across the seven seas with containers of cash and assault rifles, ready, willing and able to blast competitors off the marketplace. Globalization has made the world one giant marketplace and introduced two new words in business economics - deregulation and privatization. Quality, services, attractive prices, customization, brand equity, higher market share, product innovation, customer orientation, entering high growth market and such strategies no longer give a guarantee of success.

A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. It is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. It combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, within a stated timeframe. A marketing strategy often integrates an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole.
1.2 TYPES OF MARKETING STRATEGIES

In a broad sense, the marketing strategies are divided into four types based on certain criterion. These are –

1) **Strategies based on market dominance** – Under this category, the firms are classified based on their market share or dominance of an industry. Typically there are four types of market dominance strategies:

   2) Leader Strategies
   3) Challenger Strategies
   4) Follower Strategies
   5) Nicher Strategies

2) **Porter Generic strategies** – Michael Porter divided strategy on the basis of the dimensions of strategic scope and strategic strength. The generic strategy framework (Porter 1984) comprises two alternatives each with two alternative scopes. These are as discussed below -

   - Product Differentiation (broad)
   - Cost Leadership (broad)
   - Market segmentation (narrow)

3) **Innovation strategies** – These strategies deals with the firm's rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:

   - Pioneers
   - Close followers
   - Late followers
1.3 MARKETING STRATEGIES IN INDIA

Marketing strategies of firms have changed drastically in the recent years. If you take into account the period before the 1991 reforms in comparison to the present scenario, there is a vast difference between marketing strategies of firms.

The period before 1991 was a one in which the seller was the king, the consumer had limited choices, there were hardly any innovations in products, the delivery mechanism was poor and the firms were also not interested in enhancing the quality of their products. That was a time when there were limited firms with little competition who didn’t bother to cater to the needs of customers. Remember, waiting for months to get a telephone connection, years to purchase a car and a LML Vespa. People used to pay huge bribe to get a telephone connection.

However after 1991, when India accepted LPG – Liberalization, Privatization and Globalization, scenario changed completely. Post 1991, new firms entered the market in almost every sector. They brought with themselves new approach to sell their products to customers. The competition in the consumer durables sector and FMCG products increased significantly. Soon Customer became the king of the market.

Firms started making attractive advertisements to grab the eyeballs of their target customers, prices and quality of the products being offered came under scrutiny, delivery mechanisms improved, new schemes and discounts were being offered, to attract customers. Firms soon realized in the booming Indian market where the middle class is growing you need to deliver what the customer wants. If you don’t produce according to the needs of the customers, you will vanish from the market.

What we saw banks giving you calls for loans, automobile companies coming to your domicile for test drives, telecommunication companies proving connections within fractions of seconds with some cool schemes and plans.

Innovation became important for companies to survive in the market. For example: Nokia from its 3310 to Lumia 800 has delivered highly innovative products to stay in the market. Maruti Suzuki launched many fantastic cars after the huge success of Maruti 800 to be a leader in the passenger car market.

Firms started advertising extensively. Many firms like Coke, Pepsi, Boost, Britannia, Videocon etc. started using film stars and cricketers to endorse their products. Many attractive
Advertisements were prepared to attract customers. Advertisements (read potshot advertisements) have become weapons to attack other companies. Firms started advertising their products on the internet. Websites, social networking sites like Facebook, Twitter and YouTube are used to reach the customers, e-mail and mobile marketing too has become popular. The coming decades will also witness some major evolutions in marketing which will change the business environment completely.

1.4 RURAL MARKETING STRATEGIES

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 consists of flow of goods from rural to rural, rural to urban and urban to rural areas. Rural marketing is not about reaching markets but reaching consumers. Corporates may be able to set up distribution outlets and be adept in managing the supply chain, but what is more crucial is to access and understand the real rural consumer. Indian Marketers on rural marketing have two understanding (i) The urban metro products and marketing products can be implemented in rural markets with very little or no change.

(ii) The rural marketing required the separate strategies, skills and techniques, different from its urban equivalent.

A company has several major strategies at its disposal, with respect to width, depth and consistency of its product mix. The marketing of consumer durables and Fast Moving Consumer Goods in rural areas is only one small component of rural marketing. The following strategies are generally employed by the producer or agencies in the rural market –

1) Changing Perception towards the quality of product

Companies are coming up with new technology and they are properly communicating it to the customer. There is a trade-off between Quality a customer perceives and a company wants to communicate. Thus, this positioning of technology is very important. The perception of Indian consumer about the desired product is changing. Now they know the difference between the
products and the utilities derived out of it. As a rural Indian customer always wanted value for money with the changed perception, one can notice difference in current market scenario.

2) Proper Communication In Local Language
The companies have realized the importance of proper communication in local language for promoting their products. They have started selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer started asking for value for money.

3) Targeting first time users
If one go to villages they will see that villagers are using Toothpaste, even when they can use Neem or Babool sticks. Villagers are using soaps like Nima rose, Breeze, Santoor etc. even when they can use locally manufactured very low priced soaps. Villagers are constantly looking forward for new branded products.

4) Understanding Cultural And Social Values
Companies have recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

5) Satisfying value for money customers
The customers want value for money. They do not see any value in frills associated with the products. They aim for the basic functionality. However, if the seller provides frills free of cost they are happy with that. They are happy with such a high technology that can fulfill their need. As "Motorola" has launched, seven models of Cellular Phones of high technology but none took off. On the other hand, "Nokia" has launched a simple product, which has captured the market.

6) Promoting Products With Indian Ambassadors
Companies are picking up Indian models, actors for advertisements as this helps them to show themselves as an Indian company. Diana Hyden and Shahrukh Khan are chosen as a brand
ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford.

7) **By being Indian**

MNCs have started associating themselves with Indians by talking about India, by explicitly saying that they are Indian. M-TV, during Independence Day and Republic day, made their logo with Indian tri-color. Nokia has designed a new cellular phone 5110, with the India tri-colour and a ringing tone of "Saare Jahan se achha".

8) **Promoting Indian cricket team**

Companies are promoting Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. L.G has launched a campaign "L.G ki Dua, all the best". ITC is promoting Indian cricket team for years, during world cup they have launched a campaign "Jeeta hai jeetega apna Hindustan India". Similarly, Whirlpool has also launched a campaign during world cup.

9) **Citing common examples on advertisements**

Companies are now talking about normal India. It is a normal tendency of an Indian to try to associate himself with the product. If he can visualize himself with the product, he becomes loyal to it. That is why companies like Daewoo based their advertisements on a normal Indian family.

10) **Developing Rural-Specific Products**

Many companies are developing rural-specific products. Keeping into consideration the requirements, a firm develops these products. Electrolux is working on a made-for India fridge designed to serve basic purposes: chill drinking water, keep cooked food fresh, and to withstand long power cuts.

11) **Foreign Brands, their Indian names**

Most of the companies started using Indian words for promoting their brands. Like LG has used India brand name "Sampoorna" for its newly launched TV. The word is a part of the Bengali,
Hindi, Marathi and Tamil tongue. In the past one year, LG has sold one lakh 20-inch Sampoorna TVs, all in towns with a population of around 10,000. By the end of 1999, roughly 12 that is Rs 114 crore worth of TV sets sold in the villages in a year.

12) By Acquiring Indian Brands

As Indian brands are operating in India for a long time and they enjoy a good reputation in India. MNCs have found that it is much easier for them to operate in India if they acquire an Established Indian Brand. Electrolux has acquired two Indian brands Kelvinator and Allwyn. This gave them the well-established distribution channel as well as trust of people, as people believe these brands. Similarly Coke had acquired Thumps up, Gold Spot, Citra and Limca so that they could kill these brands, but later on they realized that to survive in the market and to compete with their competitor they have to rejuvenate these brands.

13) By Effective Media Communication

Media Rural marketing is being used by number of companies. They can either go for the traditional media or the modern media. The traditional media include doing promotion in melas, puppetry, folk theatre etc. while the modern media includes promoting on Television, radio, e-choupal, etc. LIC uses puppets to educate rural masses about its insurance policies. Government of India uses puppetry in its campaigns to press ahead social issues. Brook Bond Lipton India ltd used magicians effectively for launch of Kadak Chap Tea in Etawah district. In between such a show, the lights are switched off and a torch is flashed in the dark (EVEREADY’s tact). ITC's e-choupal (choupal is the common place where villagers gather) has been the most elaborate and extensive venture in this field so far. Conceived by ITC’s international business division and launched in 2000, the e-choupal project has since grown to around 2,700 choupals covering a population of around 1.2 million in five states { Madhya Pradesh, Karnataka, Andhra Pradesh, Uttar Pradesh and Maharashtra.
1.5 CONSUMER DURABLES

Consumer durables involve any type of products purchased by consumers that are manufactured for long-term use. As opposed to many goods that are intended for consumption in the short term, consumer durables are intended to endure regular usage for several years. Consumer durable is a product that must be durable in use and must be expensive relative to income. An item may be durable for a working class family and at the same time may not necessarily be durable for upper middle class consumer. However, there is hardly any argument for items like cars and refrigerators and there are not many marginal items.

Just about every household will contain at least a few items of this nature. Typically, the consumer durables are expensive in nature, posses long life and the buying behaviour of consumer is rational in nature. The consumer focuses on brand name, product features, price, quality, etc while purchasing a consumer durable product. Also, the product is purchased more often in consultation with family members, friends, relatives, peers, colleagues, etc as the decision making in this case is quite complex in nature.

One of the most common of all consumer durables would be the furniture found in the home. This would include items such as sofas, chairs, tables, bed frames, and storage pieces such as chests of drawers and bookshelf units. While once thought to be limited to only items made of sturdy metal or wood, any type of furniture today that is intended for use over the period of at least a few years can rightly be classified as durable.

Another common example of durables in the possession of most households is appliances. These items may include ovens, refrigerators, toasters, and gas or electric water heaters. These are intended for use on a continuing basis, and often are sold with some type of warranty or service contract that helps to ensure the appliance will continue working for an appreciable period of time.

The family car is also among the various consumer durables owned by many households. Considered a major investment by many consumers, the expectation is that the vehicle will remain operational for at least the amount of time it takes for the consumer to pay off any loans associated with the acquisition. Further, consumers anticipate that the vehicle can be utilized on a regular basis without fear of being destroyed by the frequent usage.
Manufacturers of consumer durables do tend to sell their consumer products with an eye toward long term use by the buyer. At the same time, many of these manufacturers normally provide documentation that defines what is considered reasonable use of the goods. This serves to set the standard for how long a consumer can reasonably expect the items to function, provided that the durables are not abused or utilized in an inappropriate manner.

1.6 CONSUMER DURABLE MARKET IN INDIAN CONTEXT

India’s consumer market has witnessed sea change over the last decade and a half. Like urban markets, consumers in rural markets are now more technology-savvy and are increasingly demanding sophisticated electronic durables and white goods. This trend has been driven by Minimum Support Price incomes to farmers as well as an ameliorating power situation in small towns and villages. In fact, where farmers get facilities like instant payment of cash when they sell their produce at stores like the ITC’s Choupal Saagars, they are empowered to pick up consumer products like washing machines, televisions, refrigerators, DVD players, microwave ovens, etc from that store itself. At these stores, consumer electronics comprise 15% of sales, growing at 40% each year. *(Source: www.vritiimedia.com/blog/author/vrittivaani)* These factors, along with a growing perception of white goods as assets, has revolutionised the electronics segment in the consumer durables category.

Industry experts say that the consumer durable market, pegged at Rs 50,000 crore, for products like TVs, washing machines, refrigerators and air conditioners is growing between 15-20% annually in urban India; in contrast to the rural market, where growth is much higher – at about 60% a year. With such a clear reason to target rural areas, several electronics big-wigs are charging ahead, and LG electronics is leading the pack.

The Indian Consumer Durables segment can be segmented into three groups:
Table: 1.1 Segmentation of consumer durables

<table>
<thead>
<tr>
<th>White Goods</th>
<th>Brown Goods</th>
<th>Consumer Electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioners</td>
<td>Microwave Ovens</td>
<td>Television Sets</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>Cooking Range</td>
<td>Audio and video systems</td>
</tr>
<tr>
<td>Washing Machines</td>
<td>Mixers</td>
<td>Electronic accessories</td>
</tr>
<tr>
<td>Sewing Machines</td>
<td>Grinders</td>
<td>Personal Computers</td>
</tr>
<tr>
<td>Watches and clocks</td>
<td>Electronic fans</td>
<td>Mobile phones</td>
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<tr>
<td>Cleaning equipment</td>
<td>Irons</td>
<td>Digital cameras</td>
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</tbody>
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*Source - NCAER*

Most of the segments in this sector are characterized by intense competition, emergence of new companies (especially MNCs) and introduction of state-of-the-art models, price discounts and exchange schemes.

1.7 PROFILE OF THE CONSUMER DURABLES TAKEN UNDER RESEARCH

1) **Television Set** – Television (often abbreviated to TV) is a widely used telecommunication system for broadcasting and receiving moving pictures and sound over a distance. Since it first became commercially available from the late 1930s, the television set has become a common household communications device in homes and institutions as a source of entertainment and news.

2) **Refrigerator** – A **refrigerator** (often called a "fridge") is a cooling appliance for the storage and preservation of perishable food; food kept in a refrigerator lasts longer than that left at room temperature as the cold inhibits bacterial growth. A refrigerator maintains a cold temperature above the freezing point of water.
3) **C.D/ D.V.D Player** – A CD player or compact disc player is an electronic device that can read audio data on a CD. The player reads the data on the disc and decodes it into audio sounds that are then transmitted to the attached speakers or headphones. A DVD player is a device that plays both Video and Audio discs. It has evolved over the years to include a USB port, which enables files contained in flash discs to be played.

4) **Electronic Fan** – An electronic fan is a mechanical fan, usually electrically powered, suspended from the ceiling of a room, which uses hub-mounted rotating paddles which circulates the air. It uses very less electricity as compared to other devices such as coolers, air conditioners, etc.

5) **House-hold Mixer** – A house-hold mixer is a kitchen utensil which uses a gear-driven mechanism to rotate a set of beaters in a bowl containing the food to be prepared. It is also an electric device. It automates the repetitive tasks of stirring, whisking or beating. When the beaters are replaced by a dough hook, a mixer may also be used to knead.

6) **Almirah (Store well)** – A store well or an almirah is a type of storage cabinet, often made of wood or steel, used indoors to store household objects such as food, crockery, textiles and books, and protect them from dust and dirt.

7) **Watch** – A watch is a timepiece, typically worn either around the wrist or attached on a chain and carried in a pocket. Wristwatches are the most common type of watch used today.

8) **Cell Phone** – A cell phone or mobile phone is a wireless electronic device used for telephone and multimedia communications. Mobile phones are just another word for cell phones, and they receive their service from cell phone towers. A mobile phone may be used anywhere outdoors or indoors, and does not have a base unit that it must be returned to like a cordless phone.
9) **Portable D.T.H** – The Direct-To-Home (DTH) service is a digital satellite service that provides television services direct to subscribers anywhere in the country. This is particularly valuable in remote and difficult to reach areas where cable and in many cases, terrestrial television services are poor. DTH services also provide the finest of picture and sound quality which is considered to be second to none worldwide.

10) **Stove/ Gas Burner** - A kitchen stove, usually called a stove, range, cooker, or oven is a kitchen appliance designed for the purpose of cooking food. Kitchen stoves rely on the application of direct heat for the cooking process and may also contain an oven, used for baking. In short, it is an apparatus for cooking or heating that operates by burning fuel or using electricity.

**1.8 DEVELOPMENT OF INDIAN MARKETS POST LIBERALIZATION SCENARIO**

The Indian economy was one of the most inward-looking and inefficient in the world till the last decade of the millennium. The reforms that began in 1991 completely changed the direction of economic policies. Mired for years in an elaborate "license raj," companies had to seek permission from bureaucrats to open, close, and even expand their units. Exports were paltry, amounting to a few barter deals with the countries of the former Soviet bloc. Tariffs ran as high as 150 percent, effectively keeping imports out. To many Western companies, India just wasn't worth the effort. Not surprisingly, foreign direct investment in the 1980s was a puny $100 million a year, less than 2 percent of the figure for China.

The era of globalization and liberalization started in India when the economic liberalization policies were undertaken in the 1990s by Dr. Manmohan Singh, the then Finance Minister of the country. Since then, the economy of India has improved to a great extent and has significantly led to the rise in the standard of living of the citizens. With the introduction of New Economic Policy in 1991-92, the industrial economy of India experienced a boost. Since the launch of an IMF-prompted austerity program and a policy of radical liberalization introduced in June 1991, India's economy has begun to cast off its isolationist image. This transformation, achieved through a mixture of such macroeconomic measures as curtailing
wasteful government spending, slashing tariffs and excise duties, floating the rupee on foreign exchanges, and overhauling the financial system, has already yielded the desired results. In 1992, India attracted over $1.4 billion of foreign direct investment due to liberalized rules. It is widely known that the inception of the economic reforms signaled the liberalization of the Indian industry from the earlier license raj as also from many other restrictions. The successive reductions in taxes and import liberalization with export promotion also boosted Indian industry. The devaluation of the rupee gave an impetus to foreign trade and industry. The capital market reforms and liberalization rules with regard to foreign capital entry ensured better access of Indian markets and finance. The liberalization programme facilitated private investment through dismantling of government controls on capacity creation, production and pricing, improved access to imported capital equipment, raw materials and intermediates and easier possibilities of technical and financial collaboration with foreign entrepreneurs.

From independence till the later part of the 1980s, India economic approach was mainly based on government control and a centrally operated market. The country did not have a proper consumer oriented market. Since, the liberalization plan, the economic condition gradually started improving and today India is one of the fastest growing economies in the world with an average yearly growth rate of around 6% - 7%. Globalization and liberalization has greatly influenced the Indian economy and made it a huge consumer market. Indian consumer durables market used to be dominated by a few domestic players like Godrej, Allwyn, Kelvinator, and Voltas. But post-liberalization many foreign companies have entered into India, dethroning the Indian players and dominating the market. The major categories in the market are Color Televisions, refrigerators, air-conditioners and washing machines.

India today has emerged as one of the perfect markets for foreign investors due to its vast market base. More and more foreign companies are investing in the Indian market to get more returns. The liberalization also led to huge improvement in the market scenario of the country which significantly changed from the state controlled market to the consumer market. Due to the emergence of the consumer market, there was an increase in demand and
supply. The positive change in the market pattern led to the improvement in the standard of living in the country.

The Indian market got flooded with western goods like branded clothes, shoes, watches, toiletries, mobile phones and satellite channels with MTV connection. The Indian customers (especially youth) felt excited at the prospects that now they can ape the west (which they are) but the realization of less disposable income at their end still kept them at a distance from those glamorous malls. Sensing the opportunity, private banks mushroomed in the cities offering various credit card options and promoting the western culture of 'Buy now, Pay later in parts.' The long time admired western goods became part of everyday life.

The liberalized economy has created job opportunities in abundance for the non-technical, English speaking graduates in the areas like call centre, retail and direct marketing. It has also created opportunities for skilled professionals in the electronic media and Information technology sector. The I.T. boom and has given rise to some world class Indian companies like Infosys, Wipro and Tata Consulting Services. They started hiring new generation and young professional with hefty pay packets. This in turn led to increase in demand of branded durables, which were earlier listed as luxury goods. With the liberalized policies, came the Korean durable companies, Japanese giants, American players, and hence Indian markets flooded with their products. When Indians started purchasing these branded products, it led to a price wars between the companies. Indians started getting obsessed with anything western be that language, culture or product. They developed the tendency of loathing Indian made products on the pretext of inferior quality.

One distinctive feature of Indian liberalization is the gradual and calibrated manner in which reforms were introduced, especially with respect to external liberalization, be it in the financial, agricultural or manufacturing sector. Overall, India’s experience of liberalization shows that it has been gradual, voluntary and tailored according to the needs of the economy.

1.9 DEVELOPMENT OF MARKETS OF MAHARASHTRA - POST LIBERALIZATION

Maharashtra is the second largest state in terms of population and the third largest in terms of area. Maharashtra is a large State comprising 35 districts (of which 2 are urban districts) and 351
blocks. Maharashtra's per-capita income is 40 per cent higher than the all-India average. During the pre-liberalization era (i.e. during 1980’s), the manufacturing sector of Maharashtra declined due to the decrease in employment rate. Large number of industries experienced substantial fall in employment during this period. This in turn led to the decrease in production and hence the reduction in sales of domestically manufactured goods and products in the markets of Maharashtra. The State has maintained leadership position in the industrial sector in India. Presence of strong industrial sector remained backbone of the State’s economic development.

The industrial policy of the State has not remained static, but has undergone many changes with the passage of time. In order to address the challenges of globalization, liberalization and privatization, the State adopted first Industrial Policy in 1993, which was revisited in 1995, 2001 & 2006 and recently the new Industrial Policy of 2013 is in force. Sectors which were exclusively in the public domain were opened to private sector, relaxation of norms for Foreign Direct Investment (FDI), favorable policies related to IT, BT, SEZ and Mega Projects, grape processing, etc. resulted in further development of the industrial sector in the State. Well developed infrastructure, abundant natural resources, connectivity to all major areas, skilled manpower and quality education make Maharashtra an ideal destination for setting up of new industries.

**Economic Snapshot: GSDP of Maharashtra**

At current prices, the gross state domestic product (GSDP) of Maharashtra was US$ 252.7 billion in 2012-13.

**Chart: 1.1 GDSP of Maharashtra**

Source: www.ibef.org/states/maharashtra.aspx
One major factor that contributed to the decline in sales is the existence of monopoly of Indian companies. Not only this, since the era was of production, in which what so ever products were manufactured, the customers were forced to purchase the same and make use of the same. The quality of goods and products did not confirmed to international standards and moreover, the foreign companies were unable to invest in Indian markets due to unfriendly investment policies of the Indian government. This led to the presence of very few Indian companies in the markets. The distribution channels were partially developed and investments with respect to promotional activities were negligible.

However, during post-liberalization period trend of falling employment has been reversed in all the industries. The industries registered high growth of employment during post-liberalization period. More investment leads to more and better utilization of resources which also means diversified employment all around. That process of liberalization has already given impetus to be rapid industrialization of the state.

The globalization and liberalization policy of Indian government has accelerated economic development in Maharashtra State and due to this more and more people migrated from rural areas urban centers, both better income prospects. Their incomes started going north and hence they started demanding better quality goods and products. As a liberalized economy, companies from different parts of world started pouring in with their goods and products confirming international standards. The markets of Maharashtra started getting flooded with products from other countries. Now, there were several companies offering varieties of goods and products. Not only this, the pockets of those foreign companies were full and therefore they started undertaking various promotional activities of their products. The newspaper, magazines, radio, television channels, etc were covered with advertisements of their products. The companies even hired the services of renowned actors and cricketers for their ads. LG Electronics has made use of vans and road shows to showcase their goods to villagers and, local language advertisements to communicate with rural targets. To penetrate the hinterlands, the company set up 45 area offices and 59 remote area offices, in addition to participating in rural haats, melas and mandis. LG has tied up with stalwarts in the rural space, ITC and DCM Shriram Consolidated Ltd (DSCL) to
employ unconventional distribution modes. Another white goods brand which has always thrived in small town India is Philips India. The company has always used local language advertising, graffiti and radio advertising to drive its growth. It has also been reported that the company demonstrates its products to village headmen and pursues a sale to influence buying decisions in villages.

The customer was no longer in production era. The era became customer oriented with the tagline ‘Customer is the King’. Since Bombay became the financial capital of India, the companies were first to enter the markets of Maharashtra. The shops of Mumbai were flooded with the products from foreign players. The same were slowly disseminated to the other parts of Maharashtra. Intense competition was seen in the markets across Maharashtra. This led to price wars among different players. The foreign companies not only bought better quality products to choose but also well defined policies to distribute and promote their products. On one hand, they relied on advertisements and commercials for promoting their products, whereas on the other hand, a systematic approach was adopted in selecting distribution channels for the sale of their products. These companies offered variety of services to the customers like giving them live demonstration, free home delivery of their products, cash discounts, easy installment payments, financing options, etc. One of the major reasons behind the presence of the players from outside India was the investor friendly approach adopted by the government of Maharashtra.

The companies first focused on big cities like Mumbai, Pune, Nasik, Aurangabad, Nagpur, etc for initially promoting and selling their products. Subsequently, they started capturing other cities and towns of Maharashtra when they were satisfied with the quantity of sales generated and also with the satisfaction of local customer. The policy of expansion led to setting up of manufacturing plants by these foreign players across Maharashtra to bring about reduction in prices. Few companies like LG, Whirlpool, Haier, Mercedes Benz, etc chose Pune as their favorable location for setting up manufacturing facility, as it offered better infrastructure facilities besides other amenities. Few other companies like Skoda Auto, Volkswagen, Daewoo, Akai, Sansui, Endress- Hauser, Good Year Tyres, etc chose Aurangabad as location for their manufacturing plant.

The people of Maharashtra are slow adopters of innovation and technology, as the population is strongly bounded by tradition, custom and values (both cultural and moral). There are very few
people who take risk with products from foreign companies. But once, the innovation of diffusion took place, the number of customers for foreign products increased drastically.

Aware that distribution costs can be prohibitively expensive, many companies tried innovative methods of packaging in the effort to bring overall costs down. Hindustan Lever penetrated rural markets of Maharashtra by packaging shampoo in sachets; Colgate Palmolive, by packaging toothpaste in aluminum foil laminates. Pan Masala, a branded betel leaf chewing mixture, achieved an increase in sales from $5 million in 1985 to $66 million in 1991 by switching from a 200g tin container to a 10g sachet. Almost all F.M.C.G companies started offering their products in small packs, to penetrate deeply in rural pockets and hence generate more sales.