

## GLOBALISATION AND RURAL MARKETING

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### INTRODUCTION

“Globalization and Liberalization is gaining growing attention as a strategy for survival competition growth. The limitations of national markets, the diversity and unevenness of resource endowments of different nations, complexity of technological development, differences in the levels of development and demand patterns, differences in production costs and efficiencies, technological revolution in communication and other fields etc., mandate globalization. The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reaching effects on production and distribution. With the rapid changes in tastes and preference of people, marketing management has to prepare for this challenge. Marketing as an instrument of measurement, gives scope in understanding the new demand patterns and thereby produce and make available the goods accordingly.

### RURAL MARKETING

Rural markets offer a huge potential for business houses because of their enormous spread and rising consumer demands. Around the world, over 4 billion people – 60% of the total population – live in rural areas.

The media has influenced the mindset of the rural consumer to such an extent that people who have the money to buy these products are unmindful of the costs. They buy these expensive products to not only gratify their ego but also satisfy their needs. The growth of rural markets can be attributed to many other reasons that in one way increased the sales as well as the profits of the companies.

### Some of the Important Causes for the Growth of Rural Markets are

1. The rise in disposable income of the rural families
2. The economic boom
3. Timely rains
4. Rural population involved in occupations other than agriculture.
5. Increase in white-collar jobs in nearby towns
6. Commercialization of agriculture
7. Saturation of the urban markets
8. Media penetration in rural areas
9. Globalization
10. Economic liberalization
11. Revolution in the Information Technology
12. Women empowerment and
13. Improving infrastructure

In many villages products are being used for other purposes than for what they were actually meant for. People in the state of Bihar feed the cattle with Horlicks as a health drink to fatten them. Similarly, people in Punjab use washing machines to make frothy lassi in huge quantities. Animals are rubbed with Iodex on their skins to relieve them from muscular pains after a day's hard work. It is time for the marketers to review their marketing strategies. The results do not coincide with the application of the marketing tool and the technical expertise that

are generally used to satisfy the customers as well as the Company objectives. The implications of 4 ps of marketing mix for successful rural marketing have produced wrong results.

All companies usually claim that they provide the right product at the right place at right price with the right kind of promotion. Then why was a right product accepted by the rural consumer used for different purpose? Why did the consumer spend either much or less on the product that has not derived him the kind of benefit as claimed by the manufacturer? Why has the right promotion created wrong awareness in the minds of the target customers?

There is something amiss in the marketing strategies of the companies while serving the rural markets. A marketer's strategies to promote a product should be well planned so that he achieves his desired results.

Rural market is undergoing a transformation and is luring multinational companies to market their products in this segment. For any marketer the key to success in this market is to understand the psyche of the rural consumers. Marketers can reap the benefits of an untapped rural market such as increased consumption of durables and non-durables, increased income level, low competition, increased literacy levels and increased brand awareness. And they must overcome the challenges like lack of proper storage facilities, transport and communication infrastructure, proper distribution channels and uneven distribution of purchasing power.

## **RURAL MARKETING IN INDIA**

Today, rural markets are in the focus of Indian marketers for various reasons that include the current and future potential of the market. The size of the market covers two-thirds of country's population and half of the national income comes out of the rural population. The country is divided into more than 400 districts and around 63,000 villages, which can be classified on the basis of literacy level, fragmented income levels, different degrees of penetration and geographic distance from urban markets. These classification help in arriving at a market size that puts forward opportunities and challenges to marketers.

## **FEATURES OF INDIAN RURAL MARKETS**

### **1. Large and Scattered Market**

Rural market in India is large and scattered into a number of regions. Approximately two-third of the Country's consumers lives in rural areas.

### **2. Major Income from Agriculture**

Since agriculture is the main source of income for rural people, rural prosperity is tied with agriculture prosperity.

### **3. Low Standard of Living**

Majority of the rural population lives below poverty line and has low literacy rate, low per capita income, societal backwardness, low savings etc.

### **4. Traditional Outlook**

Most of the rural people accept change gradually. And they prefer to follow traditional outlook which needs a relook in the present scenario.

### **5. Diverse Socioeconomic Backwardness**

Due to dispersion of geographical areas and uneven land fertility rural people have disparate socioeconomic background. It ultimately affects the rural market.

### **6. Poor Infrastructure Facilities**

The infrastructure facilities like cemented roads, warehouses, communication system and financial facilities are inadequate in rural areas. Hence physical distribution becomes costly. In spite of these hindrances, rural India derived multiple benefits from the green revolution.

As part of planned economic development the government is making continuous efforts towards rural development. In this age of liberalization, privatization and globalization rural market offers a big attraction to the marketers to explore markets that are untapped.

## **OPPORTUNITIES AND CHALLENGES**

### **Untapped Potential**

It offers a great chance for different branded goods as well as services for the larger number of customers and the untapped potential. It is estimated by HLL that out of five lakhs villages in India, only one lakh has been tapped so far, which goes on to indicate the market potential of the rural market.

### **Market Size**

The size of India's rural market, stated as the percentage of world population is 12.2%. In India rural households form about 72% of the total households.

### **Current Consumption**

The purchase and consumption of certain durables and non-durables by consumers in rural areas is more than that in urban areas.

### **Increasing Income**

Different programs undertaken by the government has helped to improve the economic situation of the rural areas.

### **Accessibility of Markets**

Though the road network hasn't developed to the best possible extent a fair amount of development has been made in many regions, making these regions accessible from the urban and making it easier for supplying products to these regions.

### **Competition in Urban Areas**

The urban market is getting saturated and so many of the companies are now targeting the rural market.

### **Changing Consumer Behaviour**

The literacy rates in the villages have increased considerably, bringing about a shift in the preferences of the people. This change in preference and buying behaviour of the people has led many companies to tap this new breed of customers.

It can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

## **BRAND BUILDING**

### **Some pitfalls of building a brand in the rural segment are as following**

1. Most marketing men adopt a few "Quick – fix" strategies before venturing into the rural markets with their brands.
2. They merely strip down all the "so-called" frills from the product currently being sold in urban areas and believe that the product is ready to go rural.
3. They just extend their brands to low-cost packs, thus making them cheaper for the rural market.
4. Merely modify the packaging marginally.
5. Just adapt the urban advertising.
6. Offer meaningless sales promotion giveaways.

All these are just short term measures to enter the rural markets, but with these one cannot be a successful marketer.

**Any marketer can build his brand in the rural market if his product has the following five attributes.**

### **1. Build Customization**

Rural consumers are quite distinct from their urban counterparts. So, customizing the products to suit the needs of the rural consumers is the key to success in the rural market place. Marketers should identify the wants, needs, aspirations and dreams of the rural consumer. They should meet the villagers to understand their expectations and create products to the relevance of the consumer needs. The marketer should go back to his rural customer for ratification after re-engineering his product.

### **2. Build Empathy / Relevance**

It is important to seek out a brand name that is preferably vernacular, that is in tune with the ethos of the market and the social milieu it will sell in. Same logic applies for the colour, the slogan and every aspect of communication. They must strike the right chord with the rural consumer. When Philips launched its Audio & Video products in Tamilnadu, Anugrah Madison Advertising Pvt. Ltd created successful campaign.

### **3. Build Recognition**

**They are two issues to be considered while building recognition into a brand targeting the rural market.**

- I. The need for protection against the rampant prevalence of duplicate and parasite brands.
- II. The need to physically demonstrate the use of a product in view of the high involvement of a rural consumer in the purchase process.

Marketers should render a brand name in local languages and draw the attention of the rural consumers through repeated communication. Rural consumers pace of life is slow and measured, and so they have enough time in buying a product. Thy key to success, therefore, lies in clearly demonstrating the use of the brand.

Cavinkare found that though its shampoos were getting encouraging trails from the rural consumer, the penetration levels were extremely low. Cavinkare's team traveled extensively in rural areas, caught hold of school boys to demonstrate how to lather, wash and comb hair.

### **4. Build Positive Word-Of-Mouth**

Rural consumer is largely influenced by the reference groups within the family, community or the village. Marketers targeting the rural market would do well if they cleanly identify these reference groups to build positive word-of-mouth for the brand. It can be built through executing customized events within the village, revolving around the core message of a brand appealing to the core target group.

### **5. Build Access**

If the existing infrastructure consisting of the omnipresent public distribution shops, post offices, mandis, haats, melas etc., are tapped effectively accessibility to the rural consumer can become less and less of an issue. HLL has already shown the way to marketers through their shakti project on the effective use of self-help groups to access the last mile.

## **PROMOTION AND COMMUNICATION STRATEGIES**

Apart from the Ps of marketing, communication plays a very crucial role. The marketing communication must be in a language that rural people understand and related to. A long-term outlook towards rural communication of the product is important. The communication has to vary from region to region, using diverse languages. Companies should focus on areas with high population concentration and use non-conventional methods/medium of advertising. There is a need to carry intensive studies in targeted rural areas and then make communication strategies specific to that area.

**Following are the issues to be kept in mind while designing rural marketing communication**

### **Communication Local Parlance**

Messages should be such that they can be easily deciphered and should meet rural sensibilities. The cultures and sub-cultures vary from regional area to regional area.

**Design Unique Promotions**

There is a need for personalized selling. Eg : When truck business was in a slow phase of growth a couple of years ago, the Shriram group launched a Unique promotion of second-hand truck finance in Tamil Nadu, AP, MP, Kerala and Karnataka. This scheme was targeted at both truck owners and truck drivers.

For promoting Annapurna salt, HLL educated people on benefits of iodized salt and distributed free samples.

**Simple Message**

1. It is more effective to use simple language and touch emotions of rural folks through the communication.
2. Message should be utilitarian and narrative.
3. Rural dwellers relate more with colours, symbols, logos etc.
4. Use local icons and idols.

Eg.: Philips Radio appointed actor Rajnikanth as its brand ambassador for radios that run without battery; a full winding can run the radio for an hour. Philips adopted different punch lines for different states. While in Andhra Pradesh, the Punch line went as “Megastar of my family – Philips”; in Tamil Nadu, it had the line: “Superstar of my home-philips”. This was because the reigning actor in Tamil movies is called a “Superstar” but in AP, he is known as a “Megastar”.

**Use Unconventional Media**

1. According to a study done by Broadmind of wpp, there are 500 melas in India, visited by 15-20 crore visitor with a total purchasing power of about Rs. 500 cr.
2. Puppetry acts as a very entertaining and inexpensive medium for communication. It is also a very effective medium of social expression. This visual art form is very popular and different types of puppets have been used in different states.
3. Folk Theater is more popular than films, in rural areas. It also has the advantage of reaching audience in their local dialects.
4. Wall painting is another effective medium that can be used for advertising in rural markets because it lasts longer. The medium is most effective around festivals and post-harvest season. It helps in creating awareness about the product and rousing interest among the masses.
5. AV Vans / Video Raths can be used as adaptable tools for rural communications. It helps in delivering customized message. A Van can demonstrate a product, induce trail do spot sales, establish a direct contact and rapport with the consumer. A company can even run interactive games around a van.
6. Haats make better opportunity for sales and promotion after brand building has been done at mela.
7. Mandis offer great potential for communicating with medium and large farmers, where there are no haats.

Rural communication has become such an important part of marketing portfolio that now every advertising agency has a separate division that deals with the rural marketing solutions.

**Aspects to be considered while designing a rural promotion.**

1. The Target audience
  - a. Who decides which brand?
  - b. Who buys the branches and why?
  - c. Who uses the brand
2. Social class and intentions
3. Consumer receptivity
4. Growing brand consciousness
5. Life styles
6. Buying roles
7. Purchase needs
8. Community and personal value proposition.

## **RURAL MARKET SEGMENTATION**

The rural market satisfies the prerequisites for market segmentation like measurability, accessibility, differentiability and substantiality. Marketers should evaluate the segment opportunity with reference to their short-term and long-term objectives. If a company's objective is to achieve long-term sustainable sales volume by expanding its consumer base, then it has to go rural instead of expecting consumers to come to urban markets to purchase products and services. Companies should also examine their resources and capabilities for serving rural markets. They should conduct small pilot projects, which will provide an opportunity to evaluate the target segment behaviour towards the product or service being offered. Smart marketers in rural areas like HLL and ITC initiated pilot projects like shakthi and e-choupal, which were later transformed into mega rural-marketing models.

It is necessary that more research studies on the rural market, especially on segmentation; targeting and positioning strategies should be undertaken. The research will help marketers understand the rural consumers better and generate more reliable data with particular attention to product – specific, region-specific, group-specific and seasonal-specific information, for effectively segmenting the market.

## **RURAL MARKETING STRATEGIES**

Marketers can make consistent attempts to innovate tools and strategies to overcome the challenges they face in the business arena. Business innovations are broadly classified under two heads:

1. Product / Service Innovation
2. Process Innovation

Marketers need to design creative solutions to overcome challenges typical of the rural environment such as physical distribution, channel management and promotion and communication.

Today, the rural markets have become more focused on consumer choice and requirements. This calls for segmenting, targeting and positioning (STP).

Marketers needed to evolve different strategies for different customer groups to tap the rural markets effectively. Creative segmentation can help a company get closer to its customers by developing the appropriate differential marketing mix for each segment through changes in one or more of the four Ps of the marketing mix, i.e., product, price, place and promotion.

## **SUGGESTIONS**

**There are few other suggestions apart from the above, they are**

1. Regarding the problems of physical distribution, the marketer may have a joint network of stockiest or clearing cum-forwarding agents at strategic location for facilitation of physical distribution for its products in the rural market. The main advantage is that the costs of physical distribution can be shared by the companies and stockiest. The combination of different modes of transport based on availability of tracks will be beneficial to the companies.
2. To solve the problems of sales force management, it is suggested that the company takes due care in the recruitment and selection of sales people because the trails they require are different. For the rural markets, only those sales people should be preferred for selection who are willing to work in rural areas. They must be aware of the local language and must have the patience to deal with rural customers and can discharge the duties of a bare-footed salesman. Administration of such a large and scattered sales force will be a difficult task for the sales manager. Thus, the people operating in rural areas should invariably be from the rural background and should have a missionary zeal to serve the rural masses.
3. With reference to marketing communication in rural areas, the company should use organized media – mix like TV, Radio, Cinema and point of purchase advertising. Television is gaining popularity in the

rural areas but due to poor supply of electricity, radio is performing significantly better. Since, the rural people need demonstration, short – feature films with disguised advertisement messages, direct advertisement films and documentaries that combine knowledge and advertisements will perform better rural marketing communication. In most villages there are some opinion leaders like sarpanch, Pradhan and other elderly persons. They can be approached by the marketers to propagate their messages; these persons can prove to be effective communicators within the rural masses.

## CONCLUSION

There are a number of myths and realities regarding the immense potential of the Indian rural market. There is no doubt that the rural market presents a huge untapped opportunity for marketer as nearly 70% of the population lives in rural India. However, marketers need to explore growth indicators and key strategic tools for successful exploitation of this untapped market.

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