

Study Material

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Subject – Principles of Marketing

Topic – Rural Market in India - Part 2

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Rural Marketing in India- Various Approaches

The rural market may seem very attractive because of its vast size and largely untapped markets. C.K. Prahalad, the renowned management guru had talked about the huge market potential offered by the world's poor in his book the 'fortune in the bottom of the pyramid'. According to him, commercial success can be successfully combined with societal development if multinational companies targeted the population of the developing world in a way that would fulfill the needs of both.

But entering the rural market is not so easy. There are some problems specific to this kind of market. The 4 a's approach is a consumer-oriented model that explains the uniqueness of rural markets.

The 4 a's are:

Approach # 1. Availability:

The biggest challenge is to ensure availability of goods and services in the markets. Rural markets do not have a proper physical distribution system like those in urban markets. India's 6,38,000 villages are scattered all over the country and each village would have particular distribution problems. Village areas do not even have a well-developed roadways system.

Many of the roads are not even pucca, and are rendered useless during the monsoons. The mountainous villages become inaccessible during landslides and snow storms. Therefore it is a big challenge to ensure availability of products at far flung areas. To counter such problems, big companies like the global giant

Unilever's Indian subsidiary Hindustan Unilever have built a strong distribution system to reach the remotest of the villages.

More traditional forms of transport like bullock carts, auto rickshaws and even boats in some parts of Kerala are used in the rural distribution system. Coca cola has developed a special distribution system to deliver its products to the village areas. Some companies even open up factories and offices in such areas to penetrate the market.

Approach # 2. Affordability:

Key to successful rural marketing lies in selling goods and services that can be afforded by villagers. Most of the rural population depends upon agriculture for livelihood and as such their income is irregular. Also the per capita income of the rural areas is lower.

It is estimated that more than two-thirds of Indian villagers belong to low income group, and thus they are very much price-sensitive. A villager will purchase a particular product only if he feels that he is getting enough value for it.

Rural population normally does not indulge in conspicuous spending. In order to sell to the village markets, many organizations developed low priced options specifically suited to the rural customer's pockets. Britannia's tiger biscuit is a low priced snack which is popular among village kids.

In the year 1998, Lg electronics introduced its sampoorina television range targeted at rural buyers. Procter and gamble brought out tide naturals, a comparatively cheaper detergent powder. Most brands of shampoo are available in sachets priced at Rs. 2-3.

Approach # 3. Awareness:

It is significant to create awareness about the product in the minds of the customers. The mass media for reaching rural people should be chosen carefully. It should be kept in mind that even today the media reach is lower in villages.

Television ownership is very low in villages and viewership is limited to Doordarshan channels even for those who watch television. Print media will be ineffective because of low literacy rates.

Among electronic media, radio and cinema have a comparatively wider coverage in villages. Advertisements in regional languages broadcast on local radio stations will influence consumer thinking.

Outdoor advertising options like banners, billboards, wall paintings, posters, etc. can be used successfully in rural areas. Advertisements should be in local languages so that people can easily understand them. Hindustan unsilver makes use of street performers like magicians, singers and dancers to promote its products.

Approach # 4. Acceptance:

The most important issue in rural marketing is to make the customers accept the product. Villagers are more likely to resist change and are slower in adopting newer products. So it is vital to assure them about the benefits and value they can get by purchasing a particular product. Since rural people would not spend their precious money on wasteful products, producers should offer goods that suit the villagers' needs.

People in a rural Chinese province used washing machines to wash not just clothes, but also vegetables. Chinese appliance maker Haier group leveraged this opportunity and modified their washing machine to enable washing farm produce safely. The villagers happily purchased this machine, giving Haier group a competitive advantage over rivals.

Marketers should facilitate the process of product acceptance—coca cola provides low cost ice boxes to its rural distributors who do not have electricity or refrigerators. The customers should feel that a product is worth the efforts they are making to get it.

Rural people are more price-sensitive and believe in getting the maximum value out of whatever they buy. Many models of Nokia mobile phones are equipped to handle SMS facilities in regional Indian languages making it user friendly for non-English speaking groups.