

Study Material

Class - B. Com Hons Sem VI

Subject Code – BCH- 6.2

Subject – Principles of Marketing

Topic – Rural Marketing Mix (4 A's)

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MARKETING MIX FOR RURAL MARKETS

Marketing Mix 'refers' to the set of actions, tactics, tools or variables that a company uses to promote and sells its brand or product in a markets. The marketing mix is a crucial elements of any marketing plan as it offers marketers a mix of products, services and prices, utilizes a promotion mix of advertising, sales promotion, direct marketing and personal selling to reach the target customers through distribution channels.

The 4 Ps of the marketing mix remain the same, both in urban and rural markets. However, marketers need to meet the challenges of availability, affordability, acceptability and awareness (4 As) of products and services that are peculiar to rural markets.

4 A's of Rural Marketing

Whenever a company plans to enter the rural markets, it has to restructure its marketing strategies to suit the needs and requirements of rural consumers. Since they are mostly illiterate and belong to a low-income group.



The above diagram shows various components of 4 A, described in the context of rural marketing. The basic marketing-mix tools remain the same both in rural and urban markets, but it is the challenges of the 4 A's that compel the marketer to revisit the marketing tools when he ventures into rural markets.

Affordability

In rural areas, the income of the people is meagre. This is the reason for which the consumers are unable to spend on luxury goods. Moreover, they are mostly concerned about buying the necessary products.

Keeping in mind the low affordability of rural consumers, marketers must plan for small packaging of the products at an economical price to capture the attention of price-sensitive consumers.

Affordability - A re-look from the rural perspective

- Low disposable income, daily wage earners attract small unit packs.
- Godrej : introduced three brands of Cinthol, Fair Glow & Godrej in 50-gm. packs, priced at Rs 4-5 for MP, Bihar & UP—the so-called BIMARI states
- HUL : launched soap brand Lifebuoy, at Rs. 2 for 50gm.
- Coca-Cola : Introduced 200-ml glass bottle at Rs. 5. The Sun fill, a powered soft-drink concentrate, sachet of 25gm priced at Rs. 2

Availability

The regular supply of the products in the remote areas is another challenging task. We know that rural consumers are usually daily wage earners who spend on the necessities every day. But, many times, the product is not readily available in the rural markets, due to which such consumer may shift to another substitute product.

Availability - A re-look from the rural perspective

- Total 6,38,000 villages in India; 742 million Indians live in rural areas
- HUL : strong distribution system to reach the interiors of the rural market
- Coca-Cola : evolved a hub-and-spoke distribution model to reach villages
- LG has set up 45 area offices and 59 rural / remote area offices

Acceptability

The product should be designed in a user-friendly manner such that it satisfies all the needs of a consumer by deriving them some value. If the rural consumers are willing to put in extra money for buying the product, it shows their acceptability towards the brand.

Acceptability - A re-look from the rural perspective

- The third challenge is to gain acceptability for the product or service
- LG Electronics : developed customized television christened it Sampoorna. It was a runaway hit, selling 1,00,000 sets in the very first year.
- Coca-Cola : provides low-cost ice boxes, that is a tin box for new outlets and a thermocole box for seasonal outlets considering lack of electricity and the absence of refrigerators in rural areas

Awareness

A rural consumer has low accessibility to the media, such as television and smartphones. Moreover, they have a very different perspective from that of an urban consumer.

Therefore, marketers need to focus on that medium of communication and entertainment which are commonly available in rural areas. This will help them to create brand awareness and grab the attention of these potential rural consumers towards their product.

Awareness - A re-look from the rural perspective

- Only 41 per cent of rural households have access to television—building awareness
- HUL : relies heavily on its own company-organized media. These are promotional events organized by stockists
- Godrej Consumer Products : uses radio to reach the local people in their own language
- Coca-Cola : uses combination of television, cinema and radio to reach 53.6 per cent of rural households

- LG Electronics : uses vans, local-language advertising and road shows to reach rural customers
- Philips India : uses wall writing and radio advertising

Examples of rural marketing mix

1. ICICI BANK customized their rural ATMs, so they can operate biometric authentication. ICICI rural ATMS are battery operated so that power failure is not issue.
2. BP energy Sell smoke less, biomass run stoves (Oorja) for rural markets, priced attractively Rs.675.
3. Bank of India introduced Bhumiheen credit cards for providing credit card facilities to landless farmers.
4. Noika develop affordable Mobile phones for rural markets with unique features such as local language capabilities, present time/ call limits etc.
5. Philip develop a TV ‘ Vardaan’ for rural markets. This TV work on the voltage 90-270 volts.
6. Philips developed ‘ Free Power radio’ this radio do not require power and battery also. it run on simple winding of level provided in the set. The price of this attractive set is Rs. 995.
7. LG developed CTV called’ CinePlus’ was launched in rural markets price Rs.5000
8. Hyundai increases focus on Rural India new promotional scheme titled - ‘Ghar Ghar Ki Pehchaan’. In this first of its kind initiative, through this special rural scheme Hyundai Motor Indian plans to touch base with at least 58 per cent of Indian villages with a population of 500 or more.
