

### RURAL MARKETING

# An unknown destination



Dr. Vidya Hattangadi



**“The FMCG marketers are drawn to the rural destination with their innovative strategies of sales and marketing”**

Rural India has not been exposed to the far flung world. The traditions, arts, culture, religious mindset, craftsmanship etc is nourished as well as cherished in the deep villages in India. The spectacular agricultural environment in the villages, the entire production process of grains, and the pollution less surroundings leads the urbanites to unwind their stress and fatigue. Agriculture products like farm gate fresh market, processed foods, organic foods, ethnic culture lures some foreigners also to rural destinations quite often. It is sad that the Tourism Development Ministry has not thought of developing and selling village tourism so far.

As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural as there are in the urban areas.

The FMCG marketers are drawn to the rural destination with their innovative strategies of sales and marketing. One fact regarding the rural Indians is that they live life moment to moment. They cannot take decisions beyond a week or more is due to their limitation to reasoning – they live very happily in the present. This happens because they fight uncertainties so often. The uncertainties of the whether, uncertainties of crop yield make the rural citizens unenthusiastic about new openings and opportunities.

However, because of the TV and the booming media, even the economically lower class of the Indian population craves for a lifestyle like the well-to-do people they see on the TV. Rural crowd is no exception to this. Advertising in regional languages on the television, using humor and appealing jingles works a great deal here. The recall value of products which are continuously advertised is great as a recent study shows that disposable income is better than before and rural consumers are liberally spending it. Fast food and drinks have acquired a greater “cool” image for them. The study also shows that over the years, the expenditure on non-food items has grown faster than the expenditure on food items. The rural India is witnessing a great change in the lifestyles and buying patterns of consumers. Convenience foods like instant coffee and noodles are now very popular.

The typical buying patterns of the rural population are such that they love to buy micro-units of consumable goods which can fulfill their temporary requirements. Basic reason for these micro-units of consumption is to use them for a day or for at most a week. Their consumption budget is just about a week or less. That is because their earnings fall under in similar periods. Typically in rural setting, the work contract period is about a week or less. In fact, it is day-contracts which rule the scene.

It is their choice to earn weekly and not monthly. Yes, it is their preference. It is so due to their logical capability to think is very limited. Just like birds, they can do additions up to 10, beyond which it is difficult for them to count. To understand things for a year period, you need to foresee a lot of things, and plan accordingly. This requires arithmetic skill-set. So it is skill-set deficiency that makes an issue with them.

A typical scene in any rural household or adjacent retail stores shows you what kind of things they have. Tooth powder in sachet, coconut oil in sachet, fair & lovely in sachet, only single soap bar, small biscuits packet, and tiny face powder packs, etc. This they do even if they might be using multiple soaps in a month. The tele-

## Management

phone usage with a 1 Re coin box, mobile phone usage in small top-ups (10/- or so), *chota pepsi*, etc. The mini of frugal packaging works great in the rural destinations. Miniaturization dictates their lives.

Most Indian FMCG majors know this well. That is why FMCG companies such as Hindustan Unilever, Procter & Gamble, Colgate, Godrej and Marico are gearing up for bigger advertisement and sales promotion campaigns aimed at the rural buyer. These companies and many others high-pitch rural marketing exercise engages repositioning of brands, repackaging products and re-pricing them, all with an eye on the rural wallets. These companies have been working all the time on extending their parallel rural sales and distribution networks.

There are more troubles than successes in rural marketing. A sound distribution network, understanding of the rural psyche – understanding their myths, the rural consumer's price-sensitivity is something the companies need to recognize. Success in rural marketing calls for a sound network and a thorough understanding of the rural psyche. Rural consumer's price-sensitivity is something the FMCG players need to understand and strategies their marketing moves accordingly.

Rural income-levels are largely determined by the vagaries of monsoon and thus rural demand is not a steady horse to ride on. The suicide rates of the farmers are a glaring fact which nobody can brush off. The vicious circle of the borrowings of the farmers and their inability to pay off their credits is showcased in so many movies and TV channels these days.

Rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers so as to soak up the huge size of the untapped rural market. In today's crammed and tricky markets, both local and global, all FMCG as well as other companies search for new opportunities, consumers and markets. The 800 million potential consumers in rural India present both an opportunity and a dilemma, as this market has been characterized by lopsided growth and infrastructural problems. Thus companies which try to establish their presence in the rural markets have to understand both the minds and diversity of cultures in these markets. There is no second thought that the rural market has a great offering for the pushy companies. A sweeping change in attitudes of marketers towards the vibrant and up-and-coming rural markets is expected in the coming years so that they vividly understand the bottom of the pyramid model of Mr.C.K.Prahalad and start capitalizing on it. Companies adopt variety of marketing and sales strategies, some them being direct selling through company delivery vans, syndicated distribution between non-competitive marketers, setting up of temporary stalls in rural melas/haats are few successful examples.

Use of stockiest and their staff for effective direct sales to rural consumers have also been found to be successful

by companies like Hindustan Unilever / ITC / Colgate / Godrej. Rural markets/mandis are emerging as the target centers for direct sales. BPCL introduced specially designed Rural Marketing Vehicle, which moved from villages to villages to fill cylinders on spot.

Another innovative distribution model that merits mention is the HULs Shakti project, which connects Self-Help Groups (SHGs) with business opportunities. Hindustan Lever promotes and uses the SHGs network present in the villages for increasing its sales in the rural areas. The SHGs are offered chance to become company's local small scale distributor in the rural areas. The groups, typically of 15 to 20 people, buy a small stock of items such as soap, detergent or shampoo and then sell directly to consumers in their homes. The model is a win-win for the company and the village SHGs.

Lower prices/smaller packaging has been the most common strategies adopted by FMCG companies to penetrate rural markets. HULs initiated '**Operation Bharat**' to tap rural market by rolling out low priced sample packets of its toothpaste, fairness cream, shampoo, cream and other products is copied by almost all other companies. Similarly LPG companies have introduced small sized cylinders ensuring that price remains in the affordable range for its rural consumers. When developing products in any category, marketers must identify the typical rural specific needs. Urban products cannot be dumped into rural markets without modifications. The rural audience receives tailor-made products as the consumers feel empowered and tend to identify with the offering. For instance, shampoos or soaps with distinctive, strong rose or jasmine perfumes go very well with the rural women in South India. The urban women do not identify as strongly with these perfumes.

Rural Marketing is an evolving concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. Finally, a silent revolution has already begun; a seamless incorporation of rural and urban markets is on the move. The children of the rural Indians are getting educated, many NGOs are putting in efforts to strengthen the rural economy, motivate them to become entrepreneurs, many Government bodies, trusts, charitable institutions are adopting villages and building infrastructures for them.

Till then, the overall marketing mix framework for rural markets must therefore focus around plugging up the segments with the right product, using value for money pricing, selecting the most appropriate channel of distribution, building long term relationships with the customers and finally, using the power of emotional brands.

— **Dr. Vidya Hattangadi**  
(Dr. Hattangadi is professor of marketing management cum director of Anjuman-I- Islam's Allana Institute of Management Studies, Mumbai.)