

CAPTURING RURAL MARKET WITH CUSTOMIZATION OF MARKETING MIX

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Abstract: *Bearing in mind that the rural market functions in highly complex environment, it is important for the marketers to formulate tailored strategies for rural areas. The formulation of strategies depends upon product category, targeted segment, accessibility to the area etc. It is difficult to understand the mindset of rural people and to develop products according to their needs. Nevertheless there are many companies which entered and captured the far flung rural markets and now have trail of success sagas behind them. They have set examples before their competitors that with proper understanding of the market and implementing innovative marketing ideas, it is possible to trap the rural markets. The article explores the various successful marketing strategies adopted by the companies and what new and revolutionary can further be introduced.*

Key words: *Low Unit Packs, Refill packs, Absolute pricing, Price-off premiums.*

INTRODUCTION:

Rural market widely differs in terms of its geographical features and social cultural factors, consequently these factors affect the marketing mix for the specified region. There is also a variance in terms of the developmental activities carried out by the government in the rural areas this has a very visible impact on the infrastructural setup of the particular region. Talking about electricity, a marketer has to keep in mind that the electrical appliances are so designed that they can endure the frequent fluctuations in the voltage. Frequent voltage fluctuations often adversely effect the functioning of electrical goods. Study of consumer behavior is the never ending activity. Thus, a marketer should always keep an eye the rural consumers' behavior as it keeps evolving over the period of time.

VARIOUS MARKETING MIX STRATEGIES TO CAPTURE RURAL MARKET:

• Product strategies-

Product is the first and the foremost component of marketing mix. It is the marketer's offering to the consumers to satisfy their needs. "It means something more than a physical commodity. People associate meaning with products; they derive satisfaction from them". (Ramaswamy, V.S & Namakumari, S.)

Product includes-

- Design of the product
- Features of the products
- Quality and its attributes

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- Brand name
- Packing and packaging
- Service- pre and post sales

Relevant product strategies for rural market and rural consumers are discussed here.

Design and features of the products-

While designing the products for the rural market, comprehensive market research is very important. Marketer can not push the products manufactured for the urban consumers towards the rural market.

New product designs- R&D activities become lot more important when company enters into unexplored territory. A close observation of rural people and their lifestyle indicates the significance of redesigning or modifying the products. Efforts should be channelized towards the manufacturing of products that are specifically meant for rural market by understanding behavior of the rural consumer.

Robust products- Rural people give immense importance to durability of a product. They also have a psychological belief that products which are heavy in weight and bulky in appearance are sturdier and long lasting. Given the fact that rural people in general roughly handle the product, the product manufactured for rural market must be sturdy to bear the rough handling by rural people.

Alteration to the existing product- Product innovation requires heavy investment. In certain cases, instead of completely designing the new product, marketers can make changes to the existing product to suit the requirement of the rural customers.

Avoid complexity- Too much of intricacies in the product add up to its complexity. It makes it difficult for rural consumers to understand the functioning of the product. Simpler products can be more conveniently used by the rural consumers.

Easy to maintain- To keep the maintenance cost of the product low is equally important while manufacturing the product for the rural market. Durability and ease in maintenance must go hand in hand.

Servicing of the product- For the servicing of the products, it becomes cumbersome for rural consumers to carry huge consumer durables to towns. Arrangements must be made to provide accessibility to after sales service.

Brand strategy-

Brand name- Brand makes product recognizable and differentiate the product from that of competitors. A brand name is very essential for rural consumers. It should be such that can be easily remembered. To promote brands in rural markets, special strategies are required. The brand name should click with the rural consumers. Fancy names like D' Dmas, Reid & Taylor don't connect with the rural people. Brand name must be-

- **Simple and short-** Long names with technical sounding jargons should be avoided. Brands like *Rin Shakti*, *Nirma* have done well in rural India as such names are easy to memorize.

- **Easy to pronounce-** The brand name should be such that the rural folks can easily pronounce it. Examples can be Lux, *Jai*, and *Navratna Tel*.
- **Distinctive-** Brand name must be different and unique. Similar sounding names are unable to create a distinctive image in the mind of rural folks any hardly does any good for the marketer. For example Pepsi is different from Coca cola.

Choice of a brand ambassador- Understanding rural people's sensibilities, how they perceive the given product and their attitude towards the product not only influences the product's design and development but also influence the brand name and the choice of brand ambassador. The advertisement of cosmetic featuring Hollywood star Penelope Cruz is well appreciated by the urban folks and pushes the product's sales upwards. But the same advertisement has no place in rural India. Even if the advertisement that feature some prominent Bollywood star may not be well received in Southern India's villages and hardly do any good for boosting the sales. The reason behind this is that the Bollywood stars may not be a household name down South. Instead for a company, it is feasible to make some Southern Star as its brand ambassador.

In the *Purvanchal* belt which falls in the states of U.P and Bihar, Bhojpuri actors *Manoj Tiwari* and *Ravi Kisan* are very much popular among rural masses. *Manoj Tiwari*'s photos can be seen in 'POP material' of the national level brand like *Breeze* soap.

Packaging and storage in case of FMCGs-

Small units- This packaging strategy now widely adopted by every FMCG company is successful not only in rural area but equally doing well in urban area especially among middle and lower income groups. Large packs are out of reach for rural consumers because generally rural people have no or very less cash reserve with them. Consequently, they make purchases in small lots to meet their day to day requirements. Now numerous companies of products like hair oil, biscuits, fairness creams etc. have joined the bandwagon. Low Unit Packs (LUP) not only penetrates into the rural market but also motivates people to try the new brand. Thus, they serve dual purpose.

Refill packs- Refill packs of toothpowder, tea, talcum powder and other FMCGs are promoted by the marketer as the money saving options. Consumers once purchase the product which is packed in bottle of either plastic or glass and then instead of purchasing the whole new bottle. They can just refill it with 'refill packs' which comes in poly packets. The cost of such refill packs is lower than the cost of product which is available in bottle. Such strategy works well in case of toothpaste powder, spices, health drinks etc.

Storage of the products- Because of erratic power supply in rural areas, it is a test for marketers to make proper arrangements for storage of edible products like ice creams and cold drinks. Companies now provide ice boxes to retailers for the storage of cold drinks, ice creams etc. Such ice boxes are usually made of thick thermo cal and keep the products cool and also increases their shelf life.

• Pricing strategies-

The urban market has witnessed the brand war in every category of products. Every now and then companies come up with the new brand of the existing product to maintain their market share. The brand war subsequently leads to price war. There are various pricing strategies which are adopted by the marketer like skimming pricing strategy, loss leader pricing strategy, psychological pricing etc. Pricing strategies, especially in case of rural marketing are directly related to the product's attributes like its design, functionality, packaging and other features. Pricing is also related to how the market positions the product.

There is a notion that rural folks more likely, prefer products that are low priced. Instead what rural consumers seek is the value for money. The winner in the rural marketing is that marketer which really understands the needs of the rural people and provides means and value for money to meet those needs. Setting prices for the rural market involves prudence on the part of marketer.

FOR RURAL REGIONS, FOLLOWING STRATEGIES ARE ADOPTED BY THE MARKETERS:

Fast moving consumer goods (FMCGs)-

In case of fixing prices for FMCGs, packaging plays a very prominent role. It directly influences the price of the product.

Low unit packaging- As the name suggests, Low Unit Packs (LUP) are small packs or sachets of FMCGs. As a result the marketer is able to keep the price of the product low. LUP packaging strategy is thus, directly related with the price. This strategy is now extensively followed by every FMCG company and is doing well not only in rural region but equally doing well in urban region especially among middle and lower income groups. Rural folks have the tendency to purchase products in small amount and do not maintain large stock as they have little cash reserve maintained with them. LUPs also induce in impulse purchase among rural folks.

Economy or value packs - Economy packs must not be confused with LUPs. Economy packs are usually big packs of products like tea, washing detergent, toothpaste, edible items like oil etc. and are meant for the consumption of entire family. The cost of such bulky packs is kept low by the marketer which is explained with an example. For example- 20 gm. toothpaste is priced at Rs. 25 but the 40 gm. toothpaste is priced at Rs. 45 rather than Rs.50. The underlying objective of the marketer here is to motivate people to purchase products in large quantity. Economy packs are popular among urban people but are still not widely purchased by rural folks due to the reason cited in the previous point. Instead vice-versa happens in case of rural region. LUPs are more popular among rural people. Value packs if at all are purchased, are brought only by rural affluent families.

Reusable packs- Packing the product in the packs where such empty packs can be reused by the consumers also encourages them to purchase the product. Reusable packs make them feel that they are getting something free of cost.

Decrease content rather than increasing price- This is comparatively quite a new approach followed by the marketer. The steep rise in inflation has pushed the marketer to adopt this wise

strategy which is now widely followed in the urban India. Under this strategy what the marketer does is instead of increasing the price of the product, he decreases the content of the pack. When the price of the product is increase by the marketer, the consumer directly feels the pinch of rise in price and may switch to the products of that of competitors and in extreme case may even stop the consumption of the product for a time being and wait for the price to fall. But when the content is reduced, marketer is able to keep the cost of production and distribution maintained without directly transferring it to the customers. This strategy can be followed in case of rural marketing where marketer doesn't want rural consumers to fell the pinch of inflation.

Absolute pricing²- Take a case where a customer goes to a nearby shop to purchase a product worth Rs.7 and it would not be uncommon to see shopkeeper haphazardly looking for a change of Rs.3 and after much turmoil he is able to arrange for the same from the near by vendor or shopkeeper.

PRICING STRATEGIES IN CASE OF CONSUMER DURABLES:

Financing at low interest³- This strategy is widely applied by marketers in urban area and is equally suitable for rural India. Consumer's purchases high priced consumer durables under finance schemes and make the payment usually on monthly basis called as 'EMI'. What the companies do in such pricing strategy is that instead of reducing the price of product, they charge lesser or zero interest. In rural India, financing at low or zero interest can persuade customers to purchase consumer durables like television, washing machine etc.

Increasing the term of payment of loan- Banks that grant loans to consumers for the purchase of expensive consumer durables can increase the time period for repayment of loan.

“Consumers often worry less about the cost (the interest rate) of a loan and more about whether they can afford the monthly payment.”⁴ As banks increases the term of payment of loan, consumers are encouraged to purchase consumer durables and can pay back the loan over a longer period of time which decreases the monthly amount.

Keep it simple- the key mantra- Too much of complex and sophisticated products and its packaging adds up to the total cost of the products. In other words, marketers should avoid unnecessary frills and fancies as such things increases the cost of the end product.

Positioning of the product- Positioning refers to creating favorable image in the mind of customers regarding the product or service. Even in case where the price of consumer durables are kept high by the marketer, positioning the product as value for money and relating the high price with the quality can justify the high price of the product and can push-up the sales.

Use of emotional appeal- As the psychological characteristics of the rural consumer from that of urban consumer significantly differs, the positioning that is done by the marketer in urban area can not be always successful in rural region. In urban area people aspires for high quality of products as they their income level rises. On the other hand, rural folks are more often driven by the emotions than aspirations. The marketer by inculcating emotional appeal in the product can again give good reason for high price of the product.

Flow of income and Consumption basket pricing- A farmer has a pool of money after harvesting of crops and generally goes for the purchase of the consumer durables after

harvesting. Pricing is thus, determined not only by the level of income of the target consumers but also influenced by the time when consumer has surplus income.

Psychological pricing- A common pricing strategy-

In psychological pricing, marketer plays the trick with consumers' psychology by pricing the product for Rs.99 or Rs.195 or Rs.999 and so on. In urban India, people has now started understanding this clever pricing strategy adopted by the marketer but in rural India this pricing strategy can still be adopted as people there are still not much aware about the tactic that works behind this kind of pricing. This strategy serves mainly two purposes. Firstly, customer may consider the product affordable if he perceives that it priced within his budget. Product priced at Rs.999 may fall within budget but if priced at Rs. 1010 may be perceived as costly. Secondly, customers feel delighted if they get back some change.

• Promotion strategies-

Elements of promotion-

The various elements of promotion include personal selling, publicity, sales promotion and advertising. Advertising as an element of promotion and a tool of marketing communication is discussed exclusively in the chapter 'rural marketing communication.' in this chapter the other elements of the promotion are discussed.

Personal selling

It is the face to face interaction between the salesman and the prospective customers. Through a proper training, a salesman can be an effective medium between the marketer and the prospective customer and can convert him into a real one. A good salesman is the one who has the through knowledge about the company's product and tries to strike a match between the product and the customer needs. A complete product knowledge being the main requisite for a good salesman thus forms the basis of the successful salesman.

Personal selling in rural region-

It is often argued that personal selling is not feasible in rural areas because of various reasons ranging from scattered population to large number of villages to be covered. Though still not a prevalent practice adopted by the national level marketers, personal selling is widely done by the local manufacturers of utensils, garments, edible good and the likes. For the marketer to adopt personal selling as a tool of promotion in rural area, following are few of the basic requirements that need to be present in his salesman-

Familiarity with the rural area- It is imperative for the salesman to be familiar with rural area. As the population of rural region is scattered, it becomes lot more important for the salesman to have knowledge about rural area which he is supposed to cover.

Proficiency in local language- Fluency in the local or the regional language is another principal skill that must be present in the salesman. In absence of know-how of local language, it acts as a major communication bottleneck in converting prospective customer into an actual one.

Acquaintance with the rural folks- It is a common tendency among people that they pay attention to those people whom they are familiar with or consider as a part of their social group.

Thus, if salesman belongs to the particular rural district, in that case his job not only becomes easy but chances of success in achieving his sales target increases manifold times.

Be persuasive but not pushy- A good salesman is one who is persuasive but not pushy. Rural people are always skeptical about the new product and hesitate to purchase it. Here a salesman needs to remove the doubts of the prospective customer and persuade him to purchase the product. But being too pushy in his approach can ruin the chances of sale of the product.

Publicity/ public relations-

Public relations in case of marketing in rural areas are highly important so as to nurture the relationship with the newly acquired customers. Also, dissemination of information concerning the welfare of the rural folk is possible only through the building of effective public relations. Educating rural people about the importance of administering polio drops to children, vaccination to mother and child, sanitation, hygiene etc. has become possible only through the publicity campaigns.

Sales promotion-

It is the short term tool adopted by the marketer to increase the sales of the *particular* product or service in the *particular* territory for a *particular* period of time. According to the **committee on definitions of the American marketing association-** “in a specific sense, sales promotion includes those sales activities that supplement both personal selling and advertising, and coordinate them and make them effective , such as displays, shows and exhibitions, demonstrations and other non-recurrent selling efforts not in the ordinary routine.”⁵

Types of sales promotion-

Push-up sales promotion- it is the tool where marketer persuade third parties i.e., intermediaries like dealers, retailers etc., to stock the products of the respective company and actually push them towards the ultimate customers. Marketers provide various incentives, pop material etc. To the intermediaries which encourage them to sell the products to the customers. Push-up sales promotion is the important part of promotion efforts taken up by the companies. In case of rural marketing too the companies widely follows push-up sales promotion strategies. Some of the commonly followed push-up sales promotion strategies include-

- **Free display materials or point of purchase (pop) material-** free display materials like banners, sign boards, neon lights etc. Are distributed among dealers to attract and inform the customers about the products.
- **Storage materials-** storage materials like racks, shelves, crates, refrigerators etc. Are distributed among shopkeepers who not only help in visual merchandising but also aid in storing the product.
- **Demonstrations-** important technique of push-up sales promotion, free demos at dealers’ shops inform the consumers about the handling of the product.
- **Incentives to dealers-** under the push-up sales promotion special incentives are provided to dealers on the number of units sold to the ultimate consumers.

- **Lucky draw contest-** to motivate dealers to stock the company's products and promote sales, lucky draw contest are organized among dealers.
- **Free gifts-** a common practice adopted by the companies, free gifts are often distributed among dealers during festive seasons. For example- Lucknow based dairy *parag* distributes 'pede' among its dealers during festivals.

Pull-up sales promotion- as the name suggests, pull-up sales promotion is the tool where marketer pulls the customers towards his product through various promotional schemes and advertising. Customers through schemes like bog-off offers (buy1, get 1free), discounts, exchange offers etc. are attracted towards the product and purchase it.

In context of rural marketing, following pull-up sales promotional strategies can work-

- **Free distribution of samples-** distributing free samples among rural folks not only popularize the product among them but also help in gaining acceptance among them. When the company decides to enter into new market or launch the new product, in such cases free distribution of samples is an effective pull-up sales promotional activity. As compared to urban consumers, the tendency to try the new product is low in case of rural people and they are skeptical about the new products. Free samples do the trick here and encourage trial purchase among consumers.
- **With-pack premiums-** in with-premium packs, a free product are given either inside the pack or out side the pack. It lures the customers to purchase the product over that of competitors. It is successful only when the free product is either complementary or useful. **For e.g.** A free toothbrush is given with the *babool* toothpaste.
- **Price-off premiums-** it refers to cut backing the price of the product. It can be useful not only in case of FMCG's but also in case of consumer durables if the discount is substantial.
- **Money refund premiums-** under this, the price of the product is partially refunded to the consumers on the repurchase of same product on presentation of proof of previous purchase like empty wrapper, poly packs etc.
- **Exchange premiums-** quite similar to the above, under this instead of refund of money a new product is given to consumers on presentation of proof of previous purchase. HUL's fair & lovely has followed this tool where rural women get one new sachet of fair & lovely free by exchanging for four empty packs of fair & lovely.
- **Interactive games-** innovative fun filled games generates interest among the crowd. The winner of the game can be rewarded with the product of the company that has sponsored such games. Such games ensure high customer involvement and increase the interaction between the marketer and target customers.

- **Fairs and exhibitions-** Fairs are the integral part of rural people's life. For the rural people, they are the source of entertainment and for the marketers a good opportunity to launch their products in the rural market. It has mass appeal as several villagers flock the fairs. Customers can be attracted by using the folk media like organizing folk songs competition, folk dances, magic shows, puppetry shows, street theatre, acrobatic skills, juggler, etc. Another important means to attract the crowd can be animal parade and use of clowns. Use of vibrant colours in the company's stalls and organizing game shows involving customers' participation also helps in pulling the crowd.
- **Haats-** *Haats* are the weekly markets from where rural consumers purchase the items of daily necessities, garments, farm inputs etc. They are the source of entertainment for rural people and a place of social get-together. Traces of rural *haat* can be found in ancient history and dates back to as old as the times of *Chandragupta maurya*. *Haats* provides marketers with the opportunity to display their products. Consumers are more ready to try the product by overcoming all inhibitions and can 'touch and feel' of the product and can generate sales as people come to the *haats* with an intention to buy.
- **Melas-** *Melas* are again the essential element of India's culture and pulls large population. In a trade *mela*, one can find variety of products across categories. *Melas* are held usually during festive seasons like *dussehra*, *diwali*, *holi*, *eid* etc. During *melas* marketers get an opportunity to interact with large number of consumers and can encourage trial purchase. Rural consumers have more money in hand during festivals as they fall in harvest season. Consumers are ready to splurge. Another advantage of *melas* to the marketers is that they get a chance to interact with rural females which otherwise is difficult. The *mela* is flocked by men, women and kids alike. Therefore, marketers can target large audience.
- **Mandis-** *Mandis* the market of agricultural produce and inputs. Government regulated *mandis* are the common sight in villages of India. *Mandis* can be a good platform for manufacturers of agri-inputs- both durables and non-durables. Durable are tractors, pump sets, threshers etc. Non-durable includes seeds, fertilizers etc.

CONCLUSION:

Think of a village market and the image that pops up in our mind is that of a colorful 'haat' bustling with activities where shopkeepers in their make-a-shift shops sell bright color clothes, edible goodies, earthen pots and utensils and so on. But in reality rural market is no more confined to 'haats' and 'melas' or the market where only agri and handicraft products are sold. It is now flooded with consumer goods both fast moving as well as consumer durables.

Though rural region drastically varies from urban area yet the thorough market research before making a foray in rural area would help the marketers to design a right kind of marketing mix for a given product and succeed in their marketing endeavors.

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