

# Rural marketing in india assignment

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RURAL MARKETING IN INDIA: In a market where life has revolved around deep rooted community values, joint families, and social customs and taboos (women, for example, are not allowed to wear trousers), marketers realize that the traditional routes of market entry and brand building employed in urban India are often not feasible. As Adi Godrej, Chairman of the Godrej Group, says, " The challenge [for brands] is to understand the [psyche] of the rural consumer, create better distribution, and [appreciate] the heterogeneity. In recent times, rural India has witnessed a wave of change. Dinesh Malhotra, general manager of Linterland (rural arm of Lintas), points out, " With media exposure and increasing literacy levels, people in rural India are now demanding a better lifestyle. " The educated " rural yuppie" (males in the 15-34 age group) is moving out to work in nearby towns and cities, and sending money home to his family. This has created an indirect increase in disposable incomes and a surge in demand for consumer goods. The rural youth are slowly evolving as " opinion leaders" in influencing brand and product decisions in a market that was swayed by village elders for centuries. When building a brand in rural India, word-of-mouth is a huge motivator. Focused brand-building initiatives??? like participation at community events such as " melas" (village fairs), " haats" (markets), street theater, van campaigns, and puppet shows??? generate positive word-of-mouth and influence buying decisions Cholayil Ltd. , a purveyor of the herbal soap " Medimix," campaigned in mobile vans to promote its brand. We run a van campaign which visits the interior villages where there are no distributors. We halt the van at specific points [where village folks congregate and watch videos shown on these vans] and give out product

samples. " However, contrary to claims of Medimix's success, Malhotra believes that " van campaigns can be very expensive. [Alternatively, promoting one's brand] in large congregation points like village markets and fairs has a far wider reach, and is more cost effective. " Direct media promotions have helped build knowledge of product categories and change long-entrenched living habits.

Colgate-Palmolive, a leading oral hygiene product manufacturer, entered the rural market at a time when " Neem" twigs (the Neem tree has herbal properties) and non-dentifrice products like ash, charcoal, or salt were the norm for brushing teeth (in fact in some rural pockets, this tradition still continues). In 2001, Colgate-Palmolive launched " Operation Jagruti" to educate villagers about oral hygiene and its benefits vis-a-vis traditional products like " Neem. " Through product trials and free samples, the company was able to generate awareness in this new market.

On a similar note, CK Ranganathan, managing director of Cavin Kare, notes, " When we entered the rural areas in South India, people used to wash their hair with soap. When we launched the ' Chik' brand of shampoo we educated the people on how to use it through live ' touch and feel' demonstrations and also distributed free sachets at fairs. This strategy worked wonders in the rural areas of Tamil Nadu and Andhra Pradesh??? two important states in India. Colgate and Cavin Kare have shown that communication is key when it comes to building brands in rural markets. As R.

V. Rajan, managing director of the Anugrah Advertising Agency, adds, " To communicate effectively, it is important to understand the fears, aspirations,

and hopes of the rural consumer. " Not to mention the traditions and stereotypes that have governed their lives for centuries. While communicating the brand message, marketers must realize that language plays a prime role. Though a large part of urban India is well versed in English (thanks to the British and modern television), in rural India, heritage plays a powerful role and regional languages are predominant.

There are 15 regional languages, and 1600 dialects in India, and as one moves into the countryside, English is replaced with regional tongues. V. S. Sitaram, Dabur India executive director, explains, " Often people treat India as one big market, but the reality is that India is more like the European Union??? a mix of different cultures, habits and languages. " Dabur is also considering the use of South Indian celebrities to propagate the brand message in South India. Marketing companies not only need to customize their communication, but in some cases they must also change their product names to match regional differences.

Take toothpaste, for example: " Dabur's Lal Dant Manjan" (red toothpowder in Hindi) was rechristened as " Dabur Sivappu Pal Podi" (red toothpowder in Tamil, the local language) for the South Indian market. Affordability of the product is also a critical success factor when building brands. A spokesperson from Tata Group, which retails the Sonata brand of watches to rural India, says, "[rural folks] think of a purchase in terms of how it serves their needs and how well its suits the family, rather than the individual. Products must be affordable and immensely practical. Furthermore, since the rural consumer often survives on daily wages, he engages in daily purchases. Several companies like Cavin Kare, Godrej, and Dabur adopted

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the “ single use” sachet strategy, which has worked in their favor. As Byas Anand, Senior Manager, Corporate Communications, Dabur India, claims, “ We introduced one-rupee sachets (2. 5 cents) for Dabur Vatika shampoo which resulted in doubling of volumes in the rural market. ” Though pricing is important, rural consumers favor quality as well.

For rural consumers, a purchase is a bigger investment than it is for the urban, veteran consumer. Hence, a particular brand will be rewarded only if it earns the rural consumer’s trust through consistent product quality. As R. V. Rajan says, “ the rural consumer is conscious of value for money, and it might be difficult to convert him to a new brand. However, once converted he is fiercely loyal to the brand. ” This issue will be a challenging one for corporations when they strategize their brand entry and decide how to balance pricing with brand quality.

The challenge doesn’t end with just building brand awareness. While television and direct marketing activities help rural consumers learn about different brands, ensuring product availability is even more critical.

Marketers in rural India claim that setting up a supply chain that reaches the remotest rural areas is extremely arduous given the infrastructure in the country. According to Harish Manwani, chairman of Hindustan Unilever Limited (HUL), “ The rural market [centers] are scattered over large areas and [their] connectivity to the urban centers is poor. To overcome the distribution challenge and increase penetration in rural hinterlands, HUL launched a unique operation called Project Shakti in 2001 (“ Shakti” is a Hindi word which means “ strength”). The project targeted rural women from existing self-help groups to work as “ direct-to-home” distributors for HUL

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products, and helped the company break into a market they were unfamiliar with. Malhotra (Linterland) believes that, “ While Project Shakti might have worked for HUL, it is not an established channel. Reasons like relatively high capital investment, gender roles, and taboos could present an upper limit to those sales numbers. According to Malhotra, a “ hub and spoke” model of distribution is the “ future. ” As he explains, “ We successfully adopted the hub and spoke model for Dabur India and it has worked very well. Here, feeder towns, primarily on the highways serve as hubs, where companies can rent a warehouse and stock their products. [Spokes are comprised of] ‘ cyclist salesmen’ [who] then distribute products to small retail outlets in nearby rural pockets. “

In short, customized and affordable products, effective distribution, and focused marketing initiatives are essential factors in building credibility for a brand in rural India. Brand awareness and trust will play a key role in combating the blitz of local copycat brands that are formidable competition. If marketers tailor make their brand building initiatives according to the dynamics of the rural market, it may no longer come as a surprise to see the rural Indian consumer sitting before a Samsung television, enjoying a bag of Frito-Lay potato chips, and drinking a bottle of Coke.