

A study in tribal areas of jharkhand marketing essay



**ASSIGN
BUSTER**

One of the newly born states -Jharkhand, was carved out of the erstwhile state of Bihar. The state accounts for about 40 per cent of the country's mineral deposits and is the sole producer of coking coal, uranium and pyrite. Further, Jharkhand ranks first in the production of coal, mica, kyanite and copper in India. Being a mineral-rich state, it houses a number of important industries. Two major steel plants of the country (in Jamshedpur and Bokaro), coalmines, a heavy engineering unit and a fertilizer unit (in Sindhri) are situated in the state. Besides the mineral advantage, Jharkhand is adorned with evergreen forests, wild life, lakes, waterfalls, scenic beauty, health and holiday resort and soothing climate which have the potential of attracting a large number of tourists to state.

Despite being a potentially rich state, the state faces the initial developmental challenges like access to some of the basic infrastructural facilities like road, potable water, steady power supply and required educational facilities. However, the state government, committed to facilitate rapid and planned industrial growth has undertaken key policy and regulatory initiatives to provide required infrastructure and a friendly environment for industrial growth in the state. The state offers immense opportunities in the field of power generation, geological exploration and exploitation of gold, silver, base metals and precious stones. Further, the vast natural resources of the state have acted as a driving force of rural and agro based industries like jute, hemp, sisal and other fabrics, tea cultivation, processing and packaging, paper, cattle feed, floriculture and horticulture making them the potential areas of future investment.

Jharkhand: is a state in eastern India. It was carved out of the southern part of Bihar on 15 November 2000. Jharkhand shares its border with the states of Bihar to the north, Uttar Pradesh and Chhattisgarh to the west, Orissa to the south, and West Bengal to the east of 28, 833 sq mi (74, 677 km²). The industrial city of Ranchi is its capital. Some of the other major cities and industrial centres are Jamshedpur, Dhanbad, Bokaro, Sindri, Deoghar, Hazaribagh and Gumla

Advantages Jharkhand

Given the mineral resources base of the state and the available industrial infrastructure , Jharkhand has the potential to develop as the most financially viable in the country.

Easy access to expert assistance in the field of mining and geology.

Resource rich state with abundance of waterfalls rivers and huge coal heds . The state thus offers immense scope for mini , micro hydropower station and nonconventional energy.

Immence power potential . The installed capacity of power in the state is 2590mw, thermal and hydel power project in the state have potential capacity of 4736mw.

Large resources of educational and technical institution offering large pool of trained man power for industries.

Transport and Communication

Due to its tradition of mining and mineral based industry, the state has adequate transport and communication networks. There is serious effort on the government's part to improve this. Specific attention is being paid to strengthening the roads network. For instance, work is on for widening 4400 kilometres of the 6600 km state highway network. There is also an effort on to connect the state to the northeast region with an expressway. At the state's major airport at Ranchi, an air cargo complex is being set up to support export oriented industries especially those operating in the high value and perishable commodity area. Floriculture and horticulture based industries will be significantly benefited by the complex.

As on January 2003 there were 4, 36, 371 wireline Telephone Connections and 26, 270 number of Village Public Telephones Provided by BSNL in Jharkhand.

A study in tribal Areas of Jharkhand

Rural tribal areas of Jharkhand were totally isolated from the external financial systems until five decades ago. Even now, these areas are so underdeveloped that barter system is still prevalent¹. Although the need for credit is not significant, the requirement is different with credit required mainly in agricultural activities which also include activities related to non timber forest produce (NTFPs). The tribal people have very few assets which primarily include land, cattle and trees. Land in these areas is treated as a source of livelihood and not a commodity. This leads to a lot of hesitation on the part of a loan seeker to mortgage his land in order to access credit.

Besides this, the tribal people observe collectivism in economic activities as well as in the ownership of land. Individuals are allotted land for cultivation and to earn a living, but do not have the right to transfer the ownership of land without the prior permission of the clan. This makes it very difficult for financial institutions to seek land as collateral for loans. The collective nature of land occupancy gives rise to faulty valuation methods which are unable to determine the monetary worth of land.

The tribes having their own system of trading land and are not very familiar to the concept of paper money. Thus, they do not possess adequate skills to appropriately use the money received as compensation from the land. The tribes of Jharkhand usually borrow small sums of money at regular time intervals which are often too small to obtain through mainstream banks. Therefore instead of monetization of land, emphasis should be put on capitalization of land. In this case, the tribal land can be used for generation of a steady stream of revenue under suitable lease contract over a period of time.

Nature of Rural Market in Jharkhand

Large, Diverse and Scattered Market: Rural market in Jharkhand is large, and scattered into a number of regions. There may be less number of shops available to market products.

€ Major Income of Rural consumers is from Agriculture: Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected.

Standard of Living and rising disposable income of the rural customers: It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.

Market growth rates higher: Growth rates of the FMCG market and the durable market are higher in rural areas for many products. The rural market share will be more than 50% for the products like toilet soaps, body talcum powder, cooking medium (oil), cooking medium (vanaspati), tea, cigarettes and hair oil.

Rural marketing is not expensive: Conventional wisdom dictates that since rural consumers are dispersed, reaching them is costly. However, new research indicates that the selling in Rural Jharkhand is not expensive. According to one research it costs roughly Rs. 1 Crore to promote a consumer durable inside a state. This includes the expenses of advertising in vernacular newspapers, television spots, in-cinema advertising, radio, van operations and merchandising and point of purchase promotion. Campaign like this, which can reach millions, costs twice as much in urban area.

Remoteness is no longer a problem: Remoteness in a problem but not insurmountable. The rural distribution is not much developed for the reasons,

Lack of proper infrastructure such as all-weather roads, electrification and sanitation, and

<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

Lack of marketer's imagination and initiative.

Marketers have so far, failed in analyzing the rural side and exploiting rural Jharkhand traditional selling system- Haats & Melas. Their near obsession with just duplicating the urban-type network and that too with very limited success, has kept them blind to the potential of these two outlets.

PRODUCT FOR FURAL MARKET

PRODUCT CLASSIFICATION:

SWADESI COOKINGOIL is a consumer product.

PRODUCT ATTRIBUTES:

Product Quality:

Unilever promises the highest quality of all of its products. As such SWADESI COKING OIL is also manufactured to the highest standards. The consistency in Unilever promises and delivered products please customers.

Product Features:

SWADESI COOKINGOil offers two new best features for the new millennium; the power of algae and the omega 3. SWADESI oil is nutritionally identical to fish oil. It contains DHA and EPA. But it is not an animal product. It conserves fish resources while providing us with an excellent source of omega 3 essential fatty acids. Algae oil could replace both fish oil and flaxseed oil as an omega 3 supplement nowThe algal-oil feed stock that is used to produce bio diesel can also be used for fuel directly as Straight Vegetable

Oil(SVO)The algal-oil feedstock that is used to produce biodiesel can also be used for fuel directly as “ Straight Vegetable Oil”, (SVO). The benefit of using the oil in this manner is that it doesn't require the additional energy needed for transesterification,

Product Design:

Unilever has once again compliance with its customer oriented policy by introducing a new brand; omega 3 cooking oil in its current product line, that's a unique product with enriched features. It is altogether a new product, packaged in a one liter polyjar.

Attributes Effects & Ingredients

Consistency light

Vitamins A, D, E

Fatty acids EPA

Energy power Algae(Chlorella)

Color of the Product Dark

Packaging:

All Unilever product's packaging are imported. Even the ink used on packaging is imported. The packaging is of the highest standards; at least in the local market. swadesi oil is available in tins, bottles and poly-bags. All packages are clearly and legibly labeled as to contents and ingredients. All

packages are easy and safe to use. The swadesi cooking oil packaging color is transparent with green and black labels

Pricing

company marketing objective is primarily to tap the upper middle class and upper class segments. For this Unilever has to achieve Product Quality Leadership in doing so they have to incur more R&D costs. To cover these costs Unilever has to follow the Value Based Pricing and Premium Based Strategies.

The following grid summarizes the above discussion on pricing strategy.

Higher Prices Lower prices

Higher quality

Premium strategy

Value based pricing Good Value strategy Overcharging economy strategy

Lower Quality

The chart provided below lists the prices of the various swadesi products in the market. (These are retail prices because dealers did not reveal their trade prices).

Products Net Weight Packaging Retail Price

SWADESIBanaspati 5. 00 kg Tin Rs. 330. 00

2. 50 kg Tin Rs. 160. 00

<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

Sun Flower 4. 50 ltr. Tin Rs. 330. 0

2. 25 ltr. Tin Rs. 173. 0

Cooking oil 5. 00 ltr. Tin Rs. 305. 00

2. 50 ltr. Tin Rs. 160. 00

Lajawab 1. 00 ltr Poly jar Rs. 180. 00

Planta 2. 50 kg Tin Rs. 160. 00

5. 00 kg Tin Rs. 305. 00

(Note: For lists of competitors' prices please refer to the section on Competitive Position and Competitor Analysis)

Pricing Strategy

SWADESI marketing objective is primarily to tap the upper-middle and upper class segments. For this they need to achieve product quality leadership and in doing so they incur high R&D costs. To cover these costs they use value-based pricing and premium pricing strategies, relying on consumers' perceptions of their products' values. Needless say that to support an image/perception of high quality, they have to provide high quality products as well. The promotion as discussed in the coming section is also targeted mostly at the affluent section of the market with the advertisements showing well-to-do families. The cookery program is also to attract affluent housewives away from satellite channel cookery programs to local TV where they can view swadesi advertisements

Promotions & Advertising

. In today's information era, it is very important for companies to wise-up on emerging technologies. It has in fact become a medium to attract larger audiences for a product demonstration. Technology must be used to prepare a database of customers and their requirements. The use of video using mobile vans and even large screen video walls at events should be arranged.

The classic conundrums of reach and coverage of the media are shattered. Several creative communication media have been used by various companies to tackle the problem of having to use visual communication and non-verbal communication to reach the rural audience. This is required because a large proportion of the rural population cannot read or write. Alliances with cottage industries, dharmshalas, panchayats, post offices and police stations for advertising have also helped immensely. More importantly, in rural India, experience has proved time and time again that word of mouth is the key influencer.

Intermediaries are the foundation to rural distribution. If the intermediary understands and is constantly reminded about your product, then the end user will not be allowed to forget. The companies must reinforce this highly effective medium and use all their innovation and money to develop more dramatic point of sale and point of contact material. This becomes all the more important when in rural India, more often than not, the overlap between the product categories sold in a single outlet is tremendous. For instance, a store may call itself as a grocery store but will stock everything from groceries to vegetables to fertilizers and may at times even stock

medicines. In such cases, the point at which the customer actually comes in contact with a product may not be the point at which the sale is affected.

The re-use capacity and colour of the container in which the product is packed is also a crucial factor. In fact, reusable packaging is considered a major aid in promoting sales for products in the rural market.

Consumer and Trade schemes that Incentivise Spending using discount coupons, off season discounts, free samples, etc. encourage spending. Lucky draws and gift schemes are a major hit in most states.

The use of local idioms and colloquial expressions are an excellent way to strike a rapport with the rural consumer and must be borne in mind when developing media plans and public relations programmes. No high voltage publicity is required. The rural consumer is very down to earth but equally discerning and marketers need to step into the shoes of the rural folk while creating product promotion campaigns.

Another unique feature of rural markets is that the Decision making process is collective. The persons involved in the purchase process - influencer, decider, buyer, one who pays can all be different. So marketers must address brand messages in their campaigns at several levels. Apart from regular household goods, several agribusiness companies have also started providing gift schemes with offers for free jewellery that influences the ladies to pressure the farmers to purchase agricultural inputs from select companies. This promotion strategy thus makes women influence purchase decisions that they would ordinarily not be involved in.

Youth power is becoming increasingly evident in villages. Rural youth bring brand knowledge to the households. This has forced several companies to change the focus and positioning of their products and services towards this segment that is growing in absolute number and relative influence.

There are other attributes in the promotion strategy which are explained as under:

1. Mass media: In the present world mass media is a powerful medium of communication. The following are the mass media generally used:

Television., Cinema , Radio

Print media: Handbills and Booklets, posters, stickers, banners, etc.

2. Personal selling and opinion leaders: In personal selling it is required that the potential users are identified and awareness is created among them about the product, its features, uses and benefits. This can be achieved only by personal selling by highly motivated sales person. In fact the word of mouth information holds lot validity in rural areas even today. This is the reason why opinion leaders and word of mouth are thriving among rural consumers. An opinion leader in rural areas can be defined as a person who is considered to be knowledgeable and is consulted by others and his advice is normally followed. The opinion leaders may be big landlords or politicians or progressive farmers.

3. Special campaigns: During crop harvest and marketing seasons it is beneficial to take up special promotion campaigns in rural areas. Tractor

owners (tonee) conducted by MRF Limited is one such example. Brooks Bond
<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

carries out marches in rural areas with band, music and caparisoned elephants to promote their brand of tea.

Mandi and Mela magic

At last count, India witnessed over 50, 000 melas. Of these 25, 000 melas are held to signify religious, cultural festivals as well as local fairs and events. On an average, visitors at these melas spend between Rs. 5, 000 to Rs. 50, 000 a day. For example, 3 lakh people visited the annual mela at local festivals which lasts for 7 days in jharkhand.

MARKETING STRATEGIES TO CAPTURE RURAL Jharkhand

SEGMENTATION OF RURAL MARKET

The first step is to develop & implement any strategy for the rural market should include the appropriate segmentation of the rural market. The important thing is that appropriate segmentation basis need to be applied. Different product categories have different rural markets to cater to & these can be selected by applying different criteria of segmentation. The organization can do the following thing to start with:

Focus on select markets.

Focus on select villages.

BY COMMUNICATING AND CHANGING QUALITY PERCEPTION

Companies are coming up with new technology and they are properly communicating it to the customer. There is a trade off between Quality a

<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

customer perceives and a company wants to communicate. Thus, this positioning of technology is very crucial. The perception of the Indian about the desired product is changing. Now they know the difference between the products and the utilities derived out of it. As a rural Indian customer always wanted value for money with the changed perception, one can notice difference in current market scenario.

f~€ BY PROPER COMMUNICATION IN INDIAN LANGUAGE

The companies have realized the importance of proper communication in local language for promoting their products. They have started selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer started asking for value for money.

f~€ BY TARGET CHANGING PERCEPTION

If one go to villages they will see that villagers using Toothpaste, even when they can use Neem or Babool sticks or Gudakhu, villagers are using soaps like Nima rose, Breeze, Cinthol etc. even when they can use locally manufactured very low priced soaps. Villagers are constantly looking forward for new branded products. What can one infer from these incidents, is the paradigm changing and customer no longer price sensitive? Indian customer was never price sensitive, but they want value for money. They are ready to pay premium for the product if the product is offering some extra utility for the premium.

f~€ BY UNDERSTANDING CULTURAL AND SOCIAL VALUES

<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

Companies have recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

f~€ BY PROVIDING WHAT CUSTOMER WANT

The customers want value for money. They do not see any value in frills associated with the products. They aim for the basic functionality. However, if the seller provides frills free of cost they are happy with that. They are happy with such a high technology that can fulfil their need. As “ Motorola” has launched, seven models of Cellular Phones of high technology but none took off. On the other hand, “ Nokia” has launched a simple product, which has captured the market.

f~€ BY PROMOTING PRODUCTS WITH INDIAN MODELS AND ACTORS

Companies are picking up Indian models, actors for advertisements as this helps them to show themselves as an Indian company. Diana Hyden and Shahrukh Khan are chosen as a brand ambassador for MNC quartz clock maker “ SWADESI” even though when they have models like Cindy Crawford.

BY EFFECTIVE MEDIA COMMUNICATION

Media Rural marketing is being used by companies. They can either go for the traditional media or the modern media. The traditional media include melas, puppetry, folk theatre etc. while the modern media includes TV, radio, and e-chaupal. LIC uses puppets to educate rural masses about its insurance policies. Govt of India uses puppetry in its campaigns to press ahead social
<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

issues. Brook Bond Lipton India Ltd used magicians electively for launch of Kadak Chap Tea in Etawah district. In between such a show, the lights are switched of and a torch is flashed in the dark (EVEREADYs tact).

f~€ BY ADOPTING LOCALISED WAY OF DISTRIBUTING

Proper distribution channels are recognized by companies. The distribution channel could be big scale Super markets; they thought that a similar system can be grown in India. However, they were wrong; soon they realized that to succeed in India they have to reach the nook and the corner of the country. They have to reach the “ local Paan wala, Local Baniya” only they can succeed. MNC shoe giants, Adidas, Reebok, and Nike started with exclusive stores but soon they realized that they do not enjoy much Brand Equity in India, and to capture the market share in India they have to go the local market shoe sellers. They have to reach to local cities with low priced products.

f~€ BY ASSOCIATING THEMSELVES WITH INDIAN CELEBRITIES

MNCs have realized that in India celebrities enjoyed a great popularity so they now associate themselves with Indian celebrities. Recently Luxor Writing Instruments Ltd. a JV of Gillette and Luxor has launched 500 “ Gajgamini” ranges of Parker Sonnet Hussain special edition fountain pens, priced at Rs. 5000. This pen is signed by Mr. Makbul Fida Hussain a renowned painter who has created “ Gajgamini” range of paintings.

Companies are promoting players like Bhaichung Bhutia, who is promoted by Reebok, so that they can associate their name with players like him and get popularity.

<https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

f~€ MELAS

Melas are places where villagers gather once in a while for shopping.

Companies take advantage of such events to market their products. Dabur uses these events to sell products like JANAM GHUTI (Gripe water). NCAER estimates that around half of items sold in these melas are FMCG products and consumer durables. Escorts also display its products like tractors and motorcycles in such melas.

f~€ PAINTINGS

A picture is worth thousand words. The message is simple and clean. Rural people like the sight of bright colors. COKE, PEPSI and TATA traders advertise their products through paintings.

Product Strategies

The specific strategies, which can be employed to develop or modify the products to targets the rural market, can be classified as follows:

. 1. Small unit packing: Given the low per capita income & purchasing habits of the rural consumers, small unit packages stand a good chance of acceptance in rural market. Single serve packets or sachets are enormously popular in Jharkhand. They allow consumers to buy only what they need, experiment with new products, & conserve cash at the same time.

This method has been tested by products like shampoos, pickles, biscuits, Vicks cough drops in single tablets, tooth paste, etc. Small packing's stand a

good chance of acceptance in rural markets. The advantage is that the price is low and the rural consumer can easily afford it.

AVAILABLE SIZES:

-1 1 LITER

-2 5 LITER

•

The small unit packing's will definitely attract a large number of rural consumers.

2. New product designs: Keeping in view the rural life style the manufacturer and the marketing men can think in terms of new product designs. The rural product usage environment is tough because of rough handling, rough roads & frequent power fluctuations. Thus, all these environmental factors must be considered while developing the products meant for rural audience.

PACKAGING:

-PLASTIC BOTTLES

3. Sturdy products: Sturdiness of a product is an important factor for rural consumers. The product should be sturdy enough to stand rough handling, transportation & storage. The experience of torch light dry battery cell manufacturers supports this because the rural consumers preferred dry battery cells which are heavier than the lighter ones. For them, heavier

weight meant that it has more over and durability. Sturdiness of a product either or appearance is an important for the rural consumers.

5. Brand name: For identification, the rural consumers do give their own brand name on the name of an item. The fertilizers companies normally use a logo on the fertilizer bags though fertilizers have to be sold only on generic names. A brand name or a logo is very important for a rural consumer for it can be easily remembered.

BRAND NAME:

A GIFT FOR THE NEW MILLENIUM-

SWADESI

COOKING OIL

CATEGORY: COOKING OIL

Promotion strategies

Customized promotional media & messages need to be developed by the organizations to effectively target the rural market. The following strategies can be considered while developing promotional campaigns for the rural markets:

Think Global Act Local

Rural population is diverse, but the commonalities of their ethos & simple living habits need to be understood for advertising to succeed. For that, the theme of the advertisement needs to revolve among universal themes, such <https://assignbuster.com/a-study-in-tribal-areas-of-jharkhand-marketing-essay/>

as family-love. But the context, storyline, language & idioms should be such that the rural audience of different rural market segments can relate to.

Think in Local Idiom

This is the need of the advertising professionals who can think like the rural people. The only we can have insights like ' Thanda matlab Coca Cola'. There should be the use of language writers who understands the rural & regional pulse better.

Simplicity & Clarity

All promotional messages targeted at rural audience need to be simple & clear, which can be easily understood, & they should not include any confusing elements. It is preferable that it has only a few propositions at a time. Bombarding rural consumers with too much, in less time can easily confuse them & leave them bewildered. Promotional message should highlight only the functional values of the product & explains how those values can make the consumer's life even better & solve any of his problems.

Distribution Strategy

Many companies view the rural markets as great opportunity for expanding their sales but find distribution as a major problem. Unfortunately, it is almost impossible to transplant strategies which work successfully in urban markets onto rural markets, namely, extensive retailing and sustained pull generation through mass media advertising.

The road blocks to reach the rural customers are:

Lack of adequate transport facilities.

Large distances between villages.

Lack of pucca roads connecting villages to nearest townships.

Lack of proper retail outlets

Lack of mass media infrastructure.

The marketers were of the opinion that the villagers would come to nearby towns and buy the products that they want.

What has been found is that if we have to serve the rural consumer we will have to take our products to him through the channels that he is using and some innovative ways of getting to him.

The following distribution strategies formulated for the rural category.

1. Coverage of villages with 200 and above population: Ideally, coverage of villages with up to 200 and above population could be the break-even point for a distribution setup. By doing so the percentage of villages covered comes to only 10% of all the villages, but the rural population covered will be substantial, to the extent of about 40 to 45 percent. With a distribution network in about 55, villages, which have a population of 2000 persons & above each, one can cover about 25 lakh rural consumers. This strategy is good to begin with & then subsequently, villages with lesser populations can be added.

2. Segmentation: the number of villages in Jharkhand is huge & it is not viable to contact & serve all villages directly. Therefore, companies or distributors can carefully examine the market potential of different villages & target the villages that can be served in a financially viable manner through an organized distribution effort.

. Distribution up to feeder markets/mandi towns: Keeping in view the hierarchy of markets for the rural consumers, the feeder markets and mandi towns offer excellent scope for distribution. The rural customers visit these towns at regular intervals not only for selling the agricultural produce but also for purchasing cloth, jewelry, hardware, radios, torch cells and other durables and consumer products. From the feeder markets and mandi towns the stockiest or wholesaler can arrange for distribution to the village shops in the interior places. This distribution can be done by mopeds, cycles, bullock-carts, camelbacks etc. depending upon the township.

7. Shandies/Haaths/Jathras/Melas: These are places where the rural consumers congregate as a rule. While shandies/heaths are held a particular day every week, Jathras and melas are held once or twice a year for longer durations. They are normally timed with religious festivals. Such places attract large number of itinerant merchants. Only temporary shops come up selling goods of all kinds. It can be beneficial for companies to organize sales of their product at such places. Promotion can be taken, as there will be ready captive audience. For convincing the manufacturing and marketing man with regard to the importance of these places from rural marketing point of view a visit to such places is necessary.

. Personal Selling Network: It is very successful distribution channel being developed by compan