



Rural Marketing



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About the Tutorial

Rural marketing involves a bunch of processes that includes developing, pricing, promoting, distributing rural specific product and service which satisfies the consumer demand and also achieves organizational objectives as expected from the target market.

This is a brief introductory tutorial that explains the strategies applied in the rapidly growing area of rural marketing. This tutorial also throws some light on the programs and measures for rural development.

Audience

This tutorial will be useful for those who wish to acquire knowledge and understanding of the motives of consumer behavior that helps an organization in seeking better and more effective ways. Professionals of marketing, especially rural marketing, aspirants of rural marketing, regardless of which sector or industry they belong to, can use this tutorial to learn how to apply rural marketing strategies in their respective organizations.

Prerequisites

To understand this tutorial, it is advisable to have a foundation level of marketing. However, general students who wish to get a brief overview rural marketing may find this tutorial quite useful.

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1. Rural Marketing – Introduction

Marketing may be described as the process of **defining, anticipating and knowing customer needs**, and managing all the resources of the organization to satisfy them. The satisfaction of customer's needs and wants provides the existence for the organization. The consumer's behavior comprises the acts, processes and social relationships shown by individuals, groups and organizations with products and services.

Knowledge and understanding of the motives of consumer behavior helps an organization in seeking better and more effective ways to satisfy the consumers. It helps to select appropriate sales and advertising strategies to plan marketing program in a more efficient manner.

The rural market of India started showing its potential from the 1960s and the 70s and 80s showed its steady development. During 90's, there was a steady growth of purchasing power of rural India, and there are clear indications that the 21st century is going to see its full blossoming.



In our country, where research on consumer behavior has been limited to names only, not much synchronized information is available about the rural consumers. Only a few big companies known for their marketing orientation, for example Hindustan Lever,

Philips India, Asian Paints, Larsen and Toubro, TATA group have made concrete efforts in this direction.

There are many aspects that affect rural marketing, for instance, the rural buyers are not very discriminating. Once they are persuaded to buy a particular product, they develop a strong feeling for it, and become brand loyalists. As a result, Indian manufacturers generally prefer selling fewer items at higher prices than selling more items at lower prices.

Another thing is that the rural buyers are not particularly keen about quality and packaging because of which consumer research is not accurate for entering the rural market.

In recent years, the rural sector gives a unique opportunity to expand their market since the urban segment is showing clear signs of saturation. The nature and characteristics of rural market is quite different than the urban market. Therefore, it is necessary to understand the rural area characteristics and environment and take action accordingly.

Rural Market and Marketing

India is a land of diversity and about **70% of the population lives in villages**. To a large extent, villages contribute towards the economic development of the nation through the production of food grains, vegetables, fruits etc. Export of these agricultural products generate capital and earnings from foreign exchange.



There are approximately 600,000 big and small villages in India according to rural market researchers. 25% of villages account for 65% of the total rural population. So we can calculate 65% of 700 million populations by from only 150,000 villages – which becomes a huge potential of this market.

If we go by statistics, around 70% of the Indian population lives in the rural areas. This accounts to almost 12% of the world population.

To expand the market by making inroads into the countryside, more number of MNCs are getting into India's rural markets. Among those are the bigshot companies like Hindustan Lever, Coca-Cola, Pepsi, LG Electronics, Britannia, Philips, Colgate Palmolive and the foreign-invested telecom companies as well.

Rural marketing involves a bunch of processes that includes developing, pricing, promoting, distributing rural specific product and service which satisfies the consumer demand and also achieves organizational objectives as expected from the target market. It is basically a three-way marketing stage where the transactions can be:

- **Urban to Rural:** It is a process of selling the products and services by urban marketers in rural areas. These products mostly include pesticides, FMCG products, consumer durables, etc.
- **Rural to Urban:** It is a process where a rural producer sells his products in urban market. This may or may not be direct, but mostly there are middlemen, agencies, government co-operatives etc. who take initiatives in the successful running of the selling process happen successfully in an appropriate price.
- **Rural to Rural:** It is a process which includes selling or exchange of agricultural products, tools, cattle, carts and others to another village in its proximity.

Nature and Characteristics of Rural Market

There is a saying that the proof of the pudding lies in eating it, like this the proof of all production lies in consumption or marketing. The speed of technological improvement increases the buying capacity in people. They prefer more and better goods and services. The globalization of the Indian economy has given an advantage to production and mass distribution of goods and services.

Taking these into consideration, there may arise a question whether marketers can concentrate their activities in urban India consisting of metros and large industrial townships only, or extend their activities to rural India. The heart of India lies in its rural parts.

Rural market is different from urban market with respect to its economic and functional characteristics. The characteristics, purchasing and consumption pattern of rural people are completely different from the urban people. Due to the impact of globalization there is a fast change in rural environment. The composition of supply and demand has also changed significantly.



To understand this development process in the rural areas, awareness on current environment is very necessary. Knowing the exact change in consumption of durables is also very important for the marketers to deal with rural consumers.

Rural market in India is not a different entity in itself, but it is highly influenced by the sociological and behavioral factors of the country. The rural market in India brings in bigger revenues for the country, as the rural region consists of a maximum number of consumers in this country. The rural market in Indian economy generates revenue almost more than half of the country's annual income

2. Rural marketing — In Indian Economy

Rural marketing in Indian economy can be classified mostly under the following two categories:

- the markets for consumer durables consists of both durable and non-durable goods
- the markets for agricultural products which include fertilizers, pesticides, seeds, and so on.

Rural marketing in India is sometimes mistaken by people who think rural marketing is all only about agricultural marketing. Rural marketing determines the carrier of business activities from urban sectors to the rural regions as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

The following are the characteristics of rural markets:

- Here agriculture is first and also the main source of income.
- This income is seasonal in nature and fluctuates as it depends on crop production.
- Though it is large, the rural market is geographically scattered.
- It shows religious, cultural and economic disparities.
- The market is not much developed, because the people here exercise adequate purchasing power.
- These markets have their orientation in agriculture, with poor standard of living, low per capital income and backwardness.
- It shows sharper and different regional preferences with distinct predictions, habit patterns and behavioral aspects.
- Rural marketing process is an outcome of the general rural development process initiation and management of social and economic change in the rural sector is the core of the rural marketing process.

Challenges in Rural Market

There are various challenges that hinder the progress of rural market. Marketers face a number of problems like physical distribution, logistics, no proper and effective sales force and no effective marketing communication when they enter into the business of rural markets.

The following are the major problems faced in the rural markets:

Standard of Living

A large part of the population in rural areas lies below poverty line. Thus the rural market is also underdeveloped and the marketing strategies have to be different from the strategies used in urban marketing.

Low literacy levels

The low literacy levels in rural areas leads to problem in communication with the market and the print media has less utility as compared to the other media of communication.

Low Per Capita Income

In rural market, agriculture is the main source of income and hence expense capacity depends upon the agricultural produce. Demand may or may not be stable.



Transportation and Warehousing

Transportation and supply chain management are the biggest challenges in rural markets. As far as by road transportation is concerned, about 50% of Indian villages are connected by roads to the nearest big cities. The rest of the rural markets do not have proper road linkage to other cities which causes problems in physical distribution.

Many villages are located in hilly remote areas which is difficult to connect with them through roads. Warehousing is another major problem in rural areas, as there you will hardly get any organized agency to look after the storage issue. The services given by central warehousing corporation and state warehousing corporations are limited only to urban and suburban areas.

Ineffective Distribution Channels

The distribution chain is not organized and also requires a large number of intermediates, which in return increases the cost. Due to lack of appropriate infrastructure, manufacturers are giving back steps to open outlets in these areas. That is why they need to dependent on dealers, who are rarely available for rural area which increases the challenges for marketers.

Many Languages and Diversity in Culture

Factors like different behavior and language of every respective area increases difficulties to handle the customers. The sales force is required to match the various requirements of the specific areas according to their culture.

Lack of Communication System

Quick communications facilities like computer, internet and telecommunication systems etc. are the need of rural market which is a biggest problem due to lack of availability. The literacy level in the rural areas is quite low and consumer's behavior is kind of traditional, which is a cause of problem for effective communication.

Dummy Brands

Cost is an important factor for rural consumers which determine purchasing decision in rural areas. A lot of fake brands or products that look similar to the original one are available, providing low cost options to the rural consumers. Most of the time, the rural consumers may not be aware of the difference due to illiteracy.

Seasonal Demand

Demand may be seasonal in rural market due to dependency on seasonal production of agricultural products and the income due to those products. Harvest season might see an increase in disposable income and hence more purchasing power.

Opportunities in Rural Market

To solve the problems of rural market and rural marketing in India, the following points need to be considered by marketers:

Physical Distribution and transportation

Regarding the problems of physical distribution, the marketers may have stockiest/**clearing-cum-forwarding (C&F)** agents at strategic location for facilitate the physical distribution for its products in the rural market. The important advantage of this scheme is that the costs of physical distribution can be shared between the companies and stockiest.

The different modes of transportation based on availability of tracks should also be beneficial to the companies. Even to this day, bullock-cart plays a very vital role in physical distribution where the roads are not available. Some of the leading MNCs use delivery vans in rural areas. These delivery vans take the products to the retail shops in

every corner of the rural market and enable the companies to establish direct sales contact with majority of the rural consumers. This in turn helps in sales promotion.



Rural Market and Retail Sales Outlets

The rural market consists of a number of retail sales outlets along with low price shops under the public distribution system. The government should take initiatives to encourage private shopkeepers and cooperative stores to come forward and establish their business in rural areas.

Fertilizer companies should open their outlets for proper distribution of fertilizer to the farmers. In addition, the companies dealing in consumer goods can also apply this model and appoint a number of retailers in rural market and attach them to the stockiest who distributes the goods to the retailers as per the potential demand of the market. This approach will help the companies penetrate into the interior areas of the rural markets.

Sales Force Management

To solve the problems of sales force management, the company takes due care in the recruitment and selection of sales people because the traits they require are different from that of the urban sales persons. These sales people must be fluent in the local/regional language and also have patience to deal with rural consumers.

Controlling and operating of such a large and scattered sales force, supervising them in sales calls, guiding and attending to their official and personal problems, and motivating

them for getting better results should be an exciting and challenging task for the sales manager. Thus, the people operating in rural areas should have an inherent zeal to serve the rural peoples and to connect with them.



Marketing Communication

For marketing communication in rural areas, the companies should use organized forms of media like TV, Radio, cinema and **POP (point of purchase)** advertising. In recent times, television is gaining popularity in rural areas but due to lack of supply of electricity, radio is performing quite better.

The rural people need demonstration, short-feature films and direct advertisement films that combine knowledge and perform as better rural marketing communication. The companies now also use audiovisual publicity vans that sell the products with promotion campaign directly. Companies can also organize village fairs, drama shows, and group meetings to convince the rural consumers about the products and services.

For the rural markets, those sales people are preferred for selection who are willing to work in rural areas like Sarpanch, Pradhan's and other elderly persons. Marketers can also approach them to propagate their messages, because these persons could be effective communicators within the rural peoples.

Demand Base and Size

Indian rural market has a vast demand base and size. Rural marketing involves the process of developing, promoting, distributing rural area specific products and service exchange between rural and urban market which satisfies customer demand and also achieves organizational goals. As a part of development program economic development is concern, government is making continuous efforts towards rural development.

Coca Cola Base in Indian Rural Market

The case focuses on the rural marketing initiatives undertaken by the cola major - Coca Cola in India. The case discusses the changes brought about by Coca Cola in distribution, pricing and advertising to make inroads into rural India.

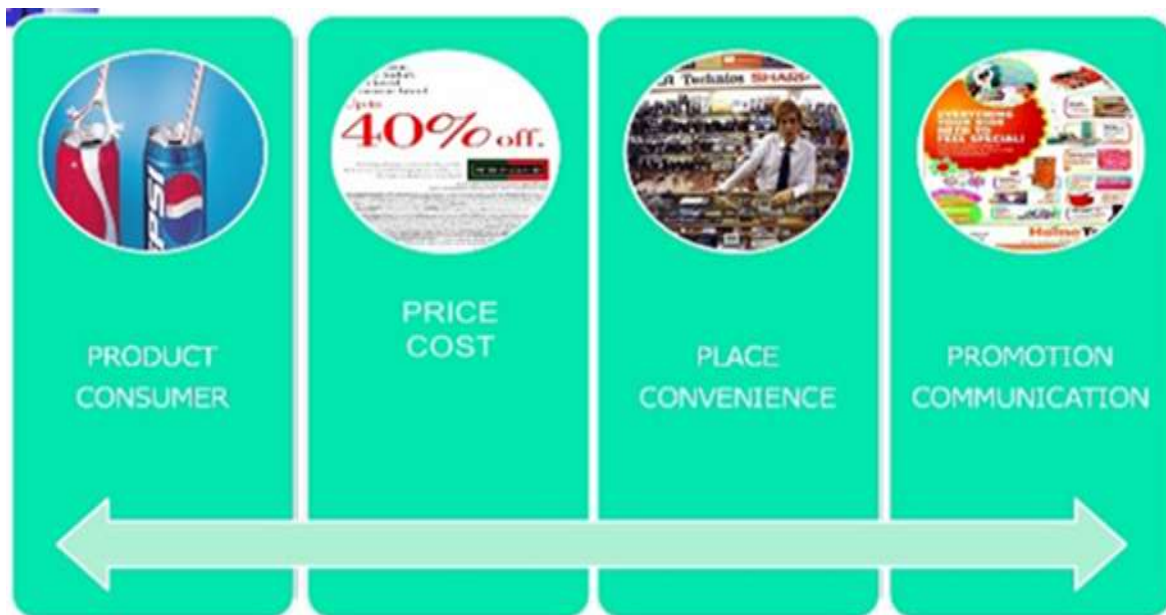
The case also discusses the concept of rural marketing, the hidden opportunity and its characteristics in a developing country like India. Further, it also provides details about its biggest competitor PepsiCo's rural marketing initiatives.

3. Rural Marketing — Influencing Factors

India in last twenty years showed a remarkable shift in its economic, social and technological environment. By the liberalization and privatization policies and the subsequent phenomenon of globalization have led to huge inflow of foreign investments and entry of large MNCs in India.

Many domestic Indian organizations of the field those in ICT, automobile, textile and engineering products have expanded their operations into overseas markets. As products and markets are turning global, organizations are facing competition both in the domestic as well as in the international markets.

Task of marketers has become more challenging due to shift in the demographic profile and demands of consumers. Organizations of industries such as FMCG, telecom, insurance, financial services, consumer durable and automobiles are nowadays employing innovative marketing practices for their survival and also to increase their market share.



These organizations are now shifting their focus from the saturated metros and tier-I cities to the rural and semi urban towns, to increase their revenues and market. But rural areas have their own limitations in terms of number of villages with low population density, accessibility, infrastructure, telecommunication network, illiteracy, social and cultural backwardness and low income.

Besides this almost seventy percent of Indian population stays in the rural areas and the revenue generated by the agricultural sector in the total GDP is less than seventeen percent. The maximum of rural population has comparatively low income as well as consumption rate compared to their urban areas. Still yet they have aspirations and wants for most of the urban products.

The factors that have created rising demands among rural buyers are increase in literacy levels, migration to urban sectors, growth in media and telecommunication, availability of bank credit schemes, globalization of market, low price technology products (such as television, mobile, fridge, camera, etc.), government sponsored employment generation, and tax concessions and loan waivers.



Rural people nowadays are no longer ignorant and resigned to their fate. Today a rural buyer not only has purchasing power but he is also better informed about the price and demand of the products for which the money is being spent. They are looking for better quality, durability and multi utility of the products and services offered in the market to them.

Socio-cultural Factors

Socio-cultural environment is an important part of environment — culture, traditions, beliefs, values and lifestyle of the people within a limitation of society constitute the socio-cultural environment.

The following elements play a big role in the decision making stage to a large extent as to what the people will buy and how they will consume.

Culture

Culture is the combination of factors like religion, language, education and upbringing. Accurate information on the consumption habits, lifestyle and buying behavior of the rural people can be obtained through a survey of the socio-cultural environment.

Cultural shifts carry the marketing opportunity as well as threats and also carry the cultural dynamics, the needs and feelings of rural people which need to be understood.

Social Class

Social class is one of the main concepts in **socio-cultural environment**. A society consists of different social classes and all social classes are determined by income, occupation, literacy level etc. of its members. Each class has its own class values according to lifestyle, behavior etc. These values have a strong consumption pattern and paying behavior of the member of the class.

Social and Cultural Environment

The society and polity across the country varies between different religions, castes and linguistic groups. Common socio-cultural behavior has been mapped as distinct socio-cultural regions, which may be spread across political boundaries. The influence of social practices shows itself in consumer preference for product features, product size, shape and color.

The source of information also gets influenced by social practices. Along with cultural dynamics, the needs feelings of rural people also need to be understood. Marketers would first understand this and then design and launch products accordingly. For example, Cadbury's has launched Chocobix, a chocolate- flavored biscuit, on the basis of research theory and understanding that rural mothers will always opt for biscuits instead chocolates for their children.

Caste System

Indian Society had a scheme of social gradation, with the Brahmins at the head of the hierarchy, followed by the Kshatriyas, the Vaishya's and the Shudras at the bottom. The castes in themselves have sub-castes which are claiming social supremacy over the other.

Marketers have to be sensitive towards the caste systems and accordingly products in rural areas. While developing advertisements, brand communication and promotion plans, marketers should have to be sensitive to ensure relevance of characters and message which doesn't affect any caste system.

Population

India is the largest democracy in the world occupying **2.4 percent of the world's geographical area** and supports 16 percent of whole world population. More than 72 per cent of the total population of our country resides in rural areas.

The estimated size of India's rural consumers can be estimated from the following table. This table highlights the rural and urban population of India between 1981 and 2001:

| | 1981 | 1991 | 2001 | Increase over previous decade | |
|-----------------------------|-------|-------|------|-------------------------------|-------|
| | | | | 1991 | 2001 |
| Rural population (in crore) | 50.20 | 60.21 | 66.0 | +10.01 | +5.79 |
| Urban population (in crore) | 15.62 | 24.18 | 32.6 | +8.56 | +8.42 |
| Total | 65.82 | 84.39 | 98.6 | 18.57 | 14.21 |

According to this table, around 72 percent of the total population of our country lives in rural areas. This provides the marketers a larger market as compared to the urban market. So, growth in population is the main contributing factor that leads the marketers to have an eye on this particular segment.

In terms of the number of the people, the Indian rural market is almost twice of the entire market of the USA and the USSR. But we have to consider other factors while studying rural marketing environment like occupation pattern, spending pattern, economic reforms, source of income generation and infrastructure facilities etc.

| Census year | All India | | | |
|-------------|----------------------|--------|---------|---------------------|
| | Population(in lakhs) | | | Decadal Growth Rate |
| | Rural | Urban | Total | |
| 1901 | 2125.4 | 258.5 | 2383.9 | - |
| 1911 | 2261.5 | 259.4 | 2520.9 | 2.3 |
| 1921 | 2232.3 | 280.9 | 2513.2 | -0.31 |
| 1931 | 2455.2 | 334.6 | 2729.8 | 11.00 |
| 1941 | 2745.1 | 441.5 | 3186.6 | 14.22 |
| 1951 | 2986.5 | 624.4 | 3610.9 | 13.31 |
| 1961 | 3602.9 | 798.4 | 4392.3 | 21.64 |
| 1971 | 4390.5 | 1091.1 | 5481.6 | 24.80 |
| 1981 | 5238.7 | 1594.6 | 6833.3 | 24.66 |
| 1991 | 6286.9 | 2176.1 | 8463.0 | 23.86 |
| 2001 | 7416.6 | 2853.6 | 10270.2 | 21.34 |

The above table shows you the population and its growth between 1901 and 2001 and also how it is now growing rapidly.

Though the proportion of rural population to total population of country is showing a slight decrease over the years, but in absolute numbers rural population is increasing at a higher rate than the urban population. The increasing rate of population in rural areas provides scope for marketing of consumer durables goods and services.

Occupation

Occupational pattern of rural people also has an impact on the nature of income generation, which will in turn affect the expenditure pattern. Purchase behavior of the rural consumers depends upon the nature of occupation and the consistency in the generation of income.

| Occupation | Proportion of rural population |
|--------------------------|--------------------------------|
| Agriculture | 50 |
| Agriculture Labour | 27 |
| Business | 10 |
| Non- Agricultural Labour | 9 |
| Salary Earners | 2 |
| Not gainfully employed | 2 |
| Total | 100 |

A major section of the rural population relies on agriculture and allied activities for occupation. So, the income in the hands of rural people is very much conditioned by the status of agriculture and other allied activities.

Literacy Level

The literacy level of rural people has a considerable impact on the marketing strategies to be adopted by the marketing team especially in communication with the rural people. Higher the level of literacy, the easier it becomes for companies to penetrate into rural areas.

| Sex | 1971 | | 1981 | | 1991 | | 2001 | |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban |
| Male | 34 | 61 | 41 | 66 | 58 | 81 | 57.9 | 81.1 |
| Female | 13 | 42 | 18 | 48 | 31 | 64 | 30.6 | 64 |
| Total | 24 | 52 | 30 | 57 | 45 | 73 | 44.7 | 73 |

From the table, we can make out that there has been a rise in the literacy rate during the last two decades, changes in the literacy rate from 1991 was only marginal. It can be further noticed that only 45 percent of rural people are literate in our country even today.

Land Distribution & Use

One of the main obstacles for marketers to exploit the rural market potential has been the largeness of rural markets in terms of the areas it covered. It is much easier to divide it according to the needs of the urban population because of concentration, but it is very difficult in the case of rural market because of their widespread nature.

The following table shows the distribution of villages in India:

| Population | No. of Villages | Percentage to total |
|-----------------|-----------------|---------------------|
| Less than 200 | 114207 | 17.9 |
| 200-499 | 155123 | 24.3 |
| 500-999 | 159400 | 25.0 |
| 1000-1999 | 125758 | 19.7 |
| 2000-4999 | 69135 | 10.8 |
| 5000-9999 | 11618 | 1.80 |
| 10000 and above | 3061 | 0.5 |
| Total | 638365 | 1000 |

This clearly shows that **rural population is distributed in almost about 638365 villages**. It is also noted that villages are not uniform in size. About 42 percent of the villages in India has population of less than 500 people in it.

4. Rural Marketing — Rural Markets

Businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be growing faster than urban consumer markets. These days, there is better networking among rural consumers and their tendency to proactively seek information via multiple sources to be better informed while making purchase decisions.

Mainly, the wider reach of media and telecommunication services provides information to India's rural consumers and influencing their purchase decisions. According to general trend, rural consumers are evolving towards a broader notion of value provided by products and services. This involves aspects of price combined with utility, aesthetics and features, and not just low prices.



The lands in India consist of about 650,000 villages. These villages are enclosed by about 850 million consumers making up for about 70 per cent of population of our country and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to as equal as the consumption patterns of urban areas.

Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favorable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for

private companies. India's per capita GDP in rural areas has grown at a **Compound Annual Growth Rate (CAGR) of 6.2 percent since 2000.**

Market Structure

The structure of the rural market can be defined by interlinking the Product and Consumer flow processes as mentioned in the illustration below. We have taken the buyer and seller to define different systems in rural markets.

| | | |
|-------|---|--|
| | Seller | |
| | Rural | Urban |
| Buyer | | |
| Rural | I (RS – RB) (Intra Rural) All Products | II (US – RB) (Urban Seller – Rural Buyer) Consumer Goods/ Services/ Agro inputs/ Farm |
| Urban | III (RS – UB) (Rural Seller – Urban Buyer) Farm and Non-Farm | IV (US – UB) (Intra Urban) All Products |

Quadrant I: It explains a situation in which both the buyer and seller are from rural area. This is a constant economy system in which all rural produce is consumed within the system.

Quadrant II: It explains that the majority of people concentrate on Quadrant II situation, which unsustainably is tried by marketers to sell urban products in rural markets.

Quadrant III: It is necessary to develop an urban-rural marketing linkage, so that both urban and rural products can freely move across both the markets. Marketing should work as a process of motivation to deliver and improve standards of living of rural people and consumption rural products by urban people.

Quadrant IV: It explains a situation in which both the buyer and seller are from urban area. This is a constant economy system in which all urban produce is consumed within the system.

Market Segmentation

Rural India accounts for a total of 55% of the manufacturing GDP. They were host to nearly 75% of the new factories built in the last decade. Rural consumption per person has increased by 19% yearly between 2009 and 2014.

Rural marketing strategies include the following:

- **Segmentation:** This includes heterogeneity in rural market, prerequisites for effective market segmentation, degrees of segmentation, basis of segmentation and approaches to rural market segmentation.
- **Targeting:** This shows the evaluation and selection of segments, coverage of market segments.
- **Positioning:** This identifies, selects, develops and communicates the positioning concept in market.

The following are the degrees of segmentation:

- **Mass Marketing:** In this, all the consumers are being treated the same. It allows the company to target the maximum number of consumers. For example, HUL has offered only one detergent that is "Surf" to all consumers but Norma entered the market and grabbed a sizeable market share because of which HUL woke up and introduced wheel.
- **Segment Marketing:** Marketers determines the potential of the market and its consumers segments which are substantial enough to target and respond by offering low-priced products and products that are designed appropriately.

Rural and Urban Market Analysis

Consumer behavior is a crucial area to be delved upon by the companies. The mindset of the rural consumer is completely different from that of the urban consumer. In urban market, to buy an electronic item, the customer thinks of brand and its updated feature, whereas in rural market a buyer thinks of money, durability, buying capacity and so on. The bottom line is that the mindset makes a lot of difference in both the markets.

Market is a place where buyers and sellers exchange goods/Service for some value in return such as money. So, the market is same everywhere. But, the difference is in the behavior of the consumer. There will be different buyers in each market. This is because of different factors which Influence them, the same way there is a difference between rural and urban market.

The factors are so many to differentiate in all the marketing variables. That is where most of the companies' approach with different marketing mix strategies to rural market. The **strategies differ from urban to rural market**. The companies which have understood the phenomena of rural market have succeeded in the market.

India has been acknowledged as one of the most promising and fastest growing economies of the world. Besides urban and semi-urban areas, rural India has a huge potential. Many foreign brands are dominating in consumer durables category. The purpose of the study is to understand the comparative behavior of rural and urban Indian consumers towards the foreign products against Indian products.

Rural consumers were found to be more interested than their urban counterparts in foreign products in terms of maintenance, services, technical advancement, prestige, durability, performance, and wide choice of size and variants. No significant differences were observed between rural and urban consumers in terms of style and appearance. Indian producers in the coming times are going to face very strong threat from foreign brands, particularly in consumer durable category because of the consuming behavior.

The competition in the market for brands and companies always differ as in rural markets, it is always the channel Partner and Retailer plays a vital role. But where as in Urban Market Brand plays a great role.

5. Rural Marketing —Rural Consumers

Let us now understand the characteristics and classification of rural consumers.

The rural consumers are classified into the following different groups based on their economic status:

The Affluent Group

They are mostly cash rich farmers and are very few in number. They have affordable but do not form a demand base large enough for marketing firms to depend on — wheat farmers of Punjab and rice merchants of Andhra Pradesh fall in this group.

The Middle Class

This is one of the largest segments for manufactured goods and is fast expanding — farmers cultivating sugar cane in UP and Karnataka fall in this category.



The Poor

This constitutes a huge segment. Their Purchasing power is less, but strength is more. They receive the grants in various ways from government and reap the benefits of many such schemes and may move towards the middle class. The farmers of Bihar and Orissa fall under this category.

Changing Profile of Rural Consumers

Rural consumers are mostly dependent on agriculture and were not very literate about products and services available in the market till some time back. This scenario is slowly changing due to an increase in literacy and disposable income.

Long ago, rural consumers went to a nearby city to buy branded products and services. Only selected households used branded goods, be it tea or jeans. Earlier, big companies flocked to rural markets to establish their brands.

Rural markets are these days very critical for every marketer, may be it for a branded shampoo or a television. Earlier marketers thought of van campaigns, cinema commercials and a few wall paintings to entice rural masses under their folds. Today a customer in a rural area is quite literate about branded products that are on offer in the market place, thanks to television and telecommunication media.



Many companies are entering into the rural markets and educating them on newer products, their features and services and also about their maximum utilization. The rural youth today are playing a far more significant role in influencing the purchase decisions.

They frequently travel out of the village and are the drivers of purchase decisions regarding radios, television (black and white as well as color), automobiles and other goods. They may not be the end users but often these are the people who influence the purchase decision of high value products and they also decide on which brands to choose.

The consumption level of consumer durables in the rural sector has risen dramatically over the last two decades or so. Even the rural woman is coming out of the house and also exercising her choice in selecting categories — the choice of brands may still be with the males of the household. The final purchase decisions still rests with the chief male of the family. In other words, the “**chief wage earner**” still applies in the rural markets.

Influencing the Rural Consumers

The biggest challenge faced by marketers today is to develop a model to influence the rural consumers’ mind over a large period of time and keep it going. This needs to be achieved in a minimum of limited or a reasonable budget. That’s where the marketers who really need to understand rural markets and advertising agencies can make a difference and develop a communication model.



The mass media has the drawback that the time gap between the point of exposure and the time of purchase is long. So it is very difficult and risky to use it in rural communication.

The most important element in rural communications is that the marketer has to integrate the following three things in communication:

- Exposure of a message
- Trial or demonstration
- Final sale

There is minimal brand loyalty in rural consumers. This is mainly due to a bigger problem of brand recognition. There are a lot of looks alike in the rural market. The challenge is to create communication that would help the rural consumer in recognizing brands, logos, visuals, colors, etc., so that he or she actually buys the actual brand and not something else.

Desh Ki Dhadkan – Hero Honda

The case discusses the rural marketing initiatives of Hero Honda Motors Limited (Hero Honda), a leading two wheeler company in India now known as Hero Motor Corp. In late 2007, Hero Honda started putting emphasis on the rural markets.

To strengthen its network in rural areas, the company started sales, servicing, and spare part outlets in several small towns and villages across the country. The company recruited local people as sales executives and trained them to market its products to rural consumers.

In the fiscal year 2008-09, the sales of Hero Honda from the rural market amounted to 40 percent of the total sales compared to 35 percent during the fiscal year 2007-08.

6. Rural Marketing — Rural Marketing Mix

Marketing mix comprises of various controllable elements like product, price, promotion and place. Success of any business enterprise depends on marketing mix and these four elements are like powerful weapons in the hand marketers.



Since behavioral factors of rural consumers are different and almost unpredictable in nature, the marketers have a challenging task to design marketing mix strategies for the rural sectors. Due to considerable level of heterogeneity, marketers need to design specific programs to cater needs and wants of specific groups.

Product Mix

Product is a powerful tool of an organization's success. The products must be acceptable to rural consumers in all significant aspects. The firm must produce products according to the needs and future demands of rural buyers. The product features like size, shape, color, weight, qualities, brand name, packaging, labeling, services, and other relevant aspect must be fit with needs, demands and capacity of buyers.



Product must undergo necessary changes and improvements to sustain its suitability over time. The effectiveness of other decisions like pricing, promotion and place also depends on the product.

Price Mix

Price is the central element of marketing mix, particularly, for rural markets. Rural consumers are most price sensitive and price plays more decisive role in buying decisions.

Pricing policies and its strategies must be formulated with care and caution. Price level, discounts and rebates, then credit and installment faculties are important considerations while setting prices for rural specific products.

Normally, the low-priced products always attract the rural buyers, but rarely some rural customers are quality and status conscious.

Promotion Mix

Rural markets are delicately powerful to cater to the rural masses. The promotion strategies and distribution strategies and Ad makers have learned to leverage the benefits of improved infrastructure and media reach.

Most of the companies advertise their products and services on television and they are sure it reaches the target audience, because a large section of the rural India is now glued to TV sets. Marketers have to decide on promotional tools such as advertisement, sales promotion, personal selling and publicity and public relations.

The method of promotion needs to meet the expectations of the market. Vehicle campaigns, edutainment films, generating word of mouth publicity through opinion leaders, colorful wall posters, etc. — all these techniques have proved effective in reaching out to the rural masses.

Village fairs and festivals are ideal venues for projecting these programs. In certain cases, public meetings with Sarpanch and Mukhiya too are used for rural promotion. Music cassettes are another effective medium for rural communication and a comparatively less expensive medium.



Different language groups can be a **low budget technique** and they can be played in cinema houses or in places where rural people assemble. It is also important that in all type of rural communication, the rural peoples must also be in the loop. The theme, the message, the copy, the language and the communication delivery must match the rural context.

Eventually, the rural communication needs creativity and innovation. In rural marketing, a greater time lag is involved between the introduction of a product and its economic size sale, because the rural buyer's adoption process is more time consuming.

Nowadays, educated youth of rural area can also influence decision-making of the rural consumers. Rural consumers are also influenced by the western lifestyle they watch on television. The less exposure to outside world makes them innocent and the reach of mass media, especially, television has influenced the buying behavior greatly.

Place Mix

Rural market faces critical issues of distribution. A marketer has to strengthen the distribution strategies. Distributing small and medium sized packets through poor roads, over long distances, into the remote areas of rural market and getting the stockiest to do it accordingly.

Both physical distribution and distribution channel should be decided carefully to ensure easy accessibility of products for rural consumers. Choosing the right mode of transportation, locating warehouses at strategic points, maintaining adequate inventory, sufficient number of retail outlets at different regions, and deploying specially trained sales force are some of the critical decisions in rural distribution.

Normally, indirect channels are more suitable to serve scattered rural customers. Usually, wholesalers are located at urban and semi urban to serve rural retailers. Not only in backward states, but also in progressive states, local rural producers distribute directly to consumers.

For service marketing, employees of rural branches can do better jobs. Various sectors like banking, insurance, investment, satellite and cable connection, cell phone, auto sales and services etc. — the market for these sectors is booming in villages of some states in a rapid speed. Service industries are trying to penetrate into rural areas by deploying specially trained employees and local rural area agents.

Nowadays, online marketing is also making its place gradually in rural areas of the progressive states. Marketers must design and modify their distribution strategies time to time taking into consideration the nature and characteristics prevailing in rural areas, may be quite differently than that of urban markets.

7. Rural Marketing — Strategies

The concept of rural marketing differs from different things to different persons who are active participants in marketing. This confusion leads to distorted understanding of the problems of rural marketing and, more often perceptions. However, rural markets and rural marketing have special features as compared to urban markets.

Rural markets offer great scope for concentrated marketing effort because of the recent increase in the rural per capita incomes and the likelihood that incomes will increase faster because of better production and higher prices for agricultural products.

The rural market has drastically changed in the past one decade. A decade ago, the rural market was more unstructured target location for corporate. Very less agro-based companies were concentrating in these markets. Illiteracy and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst rural peoples.

Gradually the corporate realized that there was saturation and stiff competition in the urban market, but a demand was building up in rural areas. Seeing the vast potential of 72 percent Indians living in rural areas, many corporates started focusing on these unexplored and high-potential areas.

Companies came up with special products which are only meant for rural people, like Chik Shampoo sachets @ Re 1, Parle G Tikki Packs @ Rs 2 and customized TVs by LG, Shanti Amla oil by Marico etc.



Packaging and FMCGs

Let us now understand packaging in FMCGs. The following are the different packaging strategies:

Small Units

This packaging strategy is now widely adopted by every FMCG company is successful not only in rural area but also in urban area especially among the middle and lower income

groups. Large packs are out of reach for rural consumers because rural people have very less cash reserve with them.

Rural people make purchases in small lots to meet their day to day requirements. Now many companies sell their products in quantities; products such as hair oil, biscuits, and fairness creams. These companies have joined the race of **Low Unit Packs (LUP)** not only to penetrate into the rural market but also to motivate people to try the new brand.



Refill Packs

The concept of refill packs of toothpaste, 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 they need not purchase a whole new bottle for their next use. They can just refill the bottle with refill packs which comes in poly packets. The price of such refill packs is lower than the price of the products that are available in bottles. Such strategy works well in case of toothpaste, powder, spices, health drinks etc.

Storage of the Products

Because of interrupted power supply in rural areas; it is also a point to work on for marketers to make proper arrangements for storage of products which require special storage like ice creams and cold drinks etc.

Companies now provide ice boxes to retailers of remote areas for storage of cold drinks, ice creams etc. Those ice boxes are usually made of thick thermocol and keep the products always cool and also increases their shelf life.

Consumer Durables

Most rural families don't yet have consumer durable products like televisions, washing machines, gas stoves, refrigerators, etc. So there is a big potential market waiting to be served. But this all huge market will not accept existing models of these consumer durable products because of the following reasons:

Supply of Electricity

In India, most of the villages do not have reliable supply of electricity. Many villages may be connected to the grid but the supply is very erratic.

Reluctance

Most rural families are reluctant to buy consumer durable items because they have the mindset that they will not be able to use them. These products have to be built to run on batteries which last for long periods and get charged without being taken to cities.



Different Uses of Consumer Durables

Rural life is completely different from urban life and hence the consumer durable products will be used differently. For some instance, rural consumers will not use refrigerators for storing fruits and vegetables because they pluck these from their farms when they require, but they may have surplus milk that they may need to preserve.

Refrigerators with special cooling mechanisms for preservation of milk products will be more attractive to rural consumers than the basic all-purpose refrigerators. Simple products like fans also have to be different for rural peoples.

Variation in Product Requirement

People in villages don't like sleeping in closed rooms, because they prefer to sleep in the open or in verandas which are open at least from one side. Fans which may work well in closed rooms may not be effective in open areas. The idea is that different types of products have to be designed for rural consumers because they will use these products differently.

Pricing Strategy for Consumer Durables

Rural people have been managing their lives with or without these consumer durable products and most of the rural people consider such products to be for luxury. To make them buy these products, these products have to be priced low. The best way to enter rural markets is by offering them simple, functional and less price products.

Primary Services

There is a huge market in rural areas for services like telecommunication, health, education, transport, drinking water, housing, electricity etc. Many organizations still believe that these services cannot be provided profitably to rural consumers and these services can be provided only by the government.



It also defines the logic that the organizations consider the rural consumers to be prosperous enough to buy consumer durables, automobiles etc., but they do not

consider the same rural consumers rich enough to send their children to private schools or to buy an apartment or to avail expensive medical treatment.

All these services can be profitably distributing in rural areas because rural consumers are now eager to go for these kinds of services. Good private schools in cities attract children from the outskirts too.

Rural consumers have now realized that government provides them free services but they are not of good quality. These days they do not want to send their children to the local village primary schools because they know that teaching quality does matter for the development of their children.

They also do not want to take any risk when it comes to the health of their loved ones. They would rather get examined at a private hospital instead of going to the local government run hospitals and risk wellbeing.



The less efficiency and ineffectiveness of government as a service provider has opened up the rural market as a huge scatter market for primary services for the private organization. Because the rural people want these services as equally as urban people and are willing to pay the right amount for them.

Rural markets are the most attractive markets for service industries. The Jajmani system which was prevalent in many villages a few years back — where lower castes performed various functions for upper castes and received grain in return created a big vacuum in the rural service sectors. In some villages, it has become a hard task to have a haircut or a shave, if the local barbers have left the villages.

It is difficult to conduct a marriage ceremony in a village, because all the traditional service providers have left and professional services are still not completely available.

The traditional rural family members are not extending any unsolicited help to each other that they provided in the past, especially during celebrations. Rural family members are likely to become isolated just as the urban families in the near future.

Professional services would now be required in most of the rural areas very soon. It is important that service companies like those in hospitality industry and event management should take a look at the rural market as a big opportunity in the near future.

Agricultural Inputs

There is a requirement of farming equipment like tractors and farming products like fertilizers in rural markets. Due to growth in rural population, the land owned by ancestors' families is also decreasing.

Just a generation back these undivided families could buy tractors or at least have a few pairs of bullocks to do farming in their land. But after division of the land, the new generation later cannot afford to buy even a pair of bullocks or a tractor. These families make use of tractors available on rent to practice farming on their lands.



There is also this problem of finding labor to work in fields. They are not as easily available and also charge high which was very unlikely in the past. In some rural areas where Naxalite movement is strong, land has not been farmed for years because laborers are not willing to work. Some agriculture work like sowing paddy is so intensive that these crops cannot be grown if laborers are not available.

There is a huge opportunity for companies in these type of areas for farm mechanization to design equipment's practically work for all farming work like sowing and harvesting, which was being done manually. They can create small equipment and make them

available on lower prices. This will not burn a hole in the pockets of the farmers. These farmers and their families should be able to do all the farming works by themselves.

The farm equipment companies also have to manage the leasing of these equipment to small farmers, because there is a big market where farmers are looking out for mechanization of farming.

The current generation of farmers own smaller pieces of land. But they are keen to improve their living conditions. They are also enthusiastic about providing quality education to their children. Probably they do not want their children to become farmers.



Since many of them are also educated to some extent, they are very open to new methods of farming that will improve their level of income from farming. They are also ready to make a change in the crops that they have been growing traditionally in their farms and are willing to grow crops which give them more income. In the pursuit of great income from their farms, they are willing to do experiment in their farming traditions.

Companies that produce seeds, fertilizers, pesticides, irrigation equipment etc. have a huge opportunity to penetrate into the rural market in a big way. They should come up with high yielding variety of seeds, better fertilizers and pesticides in the market and make profitable partnerships with the farmers who are eager to use their products.

E-Chaupal – A New Era in the Indian agro Sector

A private initiative has been taken by ITC Ltd in the state of Madhya Pradesh. It has helped the farmers in many ways, such as developing of local leadership, shared ownership of the assets created in this initiative, access to the latest knowledge for the agro-sector, sustainable income levels and skill development for productivity improvement.

This initiative from ITC has become a benchmark today in the ICT initiatives in agro-sector. Several best practices can be learned from this initiative, namely:

- ease of replicability and scalability
- customization to meet the specific local needs and
- organizational commitment

The success of e-chaupal has heralded a new era in the Indian agro-sector. The work needs to be carried forward and replicated in the other untapped areas. Creating business channels that can create a win-win situation both business and farming community has enormous economies of scope.

8. Rural Marketing — Promotion Strategies

Let us now understand the different promotion strategies involved in rural marketing.

Personal Selling

It is a process of face to face interaction between the salesperson and the prospective customer. Through a proper training and guide, a salesman can be a valuable medium between the marketer and the prospective customer.

A good salesperson is the one who has thorough knowledge about the product he is about to sell and tries to strike a common point of link between the product and the customer needs.

Personal Selling in Rural Region

Most of the marketers think personal selling is not feasible in rural areas because of various reasons ranging from scattered population to a 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 etc.



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 their salesperson:

- **Familiarity with the Rural Area:** It is difficult for the salesperson to be familiar with rural area. As the population of rural region is scattered, it becomes a lot more important for the salesperson to have sufficient knowledge about rural area which he is supposed to cover.
- **Proficiency in Local Language:** Fluency in the local language is another key skill that must be present in the salesperson. It acts as a major communication point in converting prospective customer into an actual one.
- **Acquaintance with the Rural Folks:** It is a common tendency among rural people that they only pay attention to those people whom they can consider as a part of their social group. Thus, if the salesperson belongs to the particular rural district, in that case his job not only becomes easy but also chances of success in achieving his sales target increase strongly.
- **Be Persuasive but not Pushy:** A good salesperson is one who is persuasive but not pushy in nature. Rural people are always skeptical in nature about the new product and strongly hesitate to purchase it due to lack of faith.

Here a salesperson needs to remove the doubts of the prospective customer and make him believe to purchase the product. But being too pushy in his approach can ruin the chances of sale of the product.

- **Public Relations:** Public relations in case of marketing promotions in case of rural areas are highly important so as to create the formal relationship with the newly acquired customers. Also, dissemination of information concerning the rural folk is possible only through 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 health campaigns.

Sales Promotion

It is a short term tool adopted by the marketer to increase the sales of the particular product / service in a particular area for a particular period of time.

According to marketers, sales promotion includes those sales activities that supplement both personal selling and advertising, and coordinating. It also involves making the advertisements effective, such as displays, shows and exhibitions and demonstrations.

Types of Sales Promotion

The following are the different types of sales promotion:

Push-up Sales Promotion

It is the technique where marketers persuade third parties i.e. intermediaries like dealers, retailers etc. to stock the products of the respective company and push them towards the ultimate customers.

Marketers started providing various incentives, pop material etc. to the intermediaries which encourage them to sell the products to the customers. To increase product sales ratio push-up sales promotion is the important part of promotion efforts taken up by the companies.



In case of rural marketing the companies also follow push-up sales promotion strategies. The commonly followed push-up sales promotion strategies include:

- **Free display materials:** 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, refrigerators etc. are distributed among shopkeepers who help in visual merchandising and 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:** It is to motivate dealers to stock the company's products and promote sales, and lucky draw contest are organized among dealers.
- **Free gifts:** It is a common strategy adopted by the companies and free gifts are often distributed among dealers during festive seasons to increase the consumer base.
- **Pull-up sales promotion:** As the name suggests, pull-up sales promotion is the tool where marketer pulls the customers towards their product through various promotional strategies and advertising.



Customers come through schemes like Buy 1-Get 1 Free, discounts, exchange offers etc. These schemes attract customers towards the product and the customers end up purchasing the products. In context of rural marketing, the following pull-up sales promotional strategies can work well:

Free Distribution of Samples

Distributing free samples among rural people not only popularize the product but also gain huge acceptance among them. When the company decides to enter into new market and 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 consumers because they have lack of faith about the new products. Free samples encourage trial purchase among consumers.

With-pack Premiums

Here, a free product is given either inside the pack or outside the pack. This attracts the rural customers to purchase the product. This is successful only when the free product is either complementary or useful to the consumers. For example, a free toothbrush that comes complementary with toothpaste.

Price-off Premiums

This refers to the cut-price technique for a product. This is useful not only in case of FMCGs but also in case of consumer durables if the discount is appropriate.



Money Refund Premiums

It refers to the price of the product, which is partially refunded to the consumers on the repurchase of same product by showing of proof of previous purchase like cash memo, empty wrapper, poly packs etc.

Exchange Premiums

It is quite similar to the above strategy, under which instead of refund of money a new product is given to consumers on showing of proof of previous purchase.

Interactive Games

Innovative fun-filled games generate interest among the rural crowd. The winner of the game can be rewarded with the product of the company which sponsored such games.

Sometimes such games ensure high customer involvement and also increase the interaction between the marketer and target customers.

Fairs and Exhibitions

Fairs are a part of rural people's life. For the rural people, they are the source of entertainment and a good opportunity to launch their products for the marketers in the rural market. It has mass appeal as several villagers come to fairs.

Customers may be attracted by using the mass media like organizing folk songs competition, folk dances, magic shows, puppetry shows, street theatre, acrobatic skills, juggler, etc.



Another important thing is the use of vibrant colors in the company's stalls. This pulls the crowd towards buying the product.

Village Haats

Haats are the weekly markets from where rural people buy the items of daily necessities, garments, farm inputs etc. They are the source for rural people and a place of social get-together. The existence of haats can be traced back to ancient times — the times of Chandragupta Maurya.

Haats provide to the marketers an opportunity to display their products. Consumers are ready to try the product by overcoming all inhibitions and can get the touch and feel of the product and this will further generate sales as most of the people come to the haats with an intention to buy.

Melas

Melas are again the essential element of India's culture and pull masses. In a trade mela, one can find variety of products. Melas are held usually in festive seasons like Dussehra, Diwali, Holi, Eid etc.

During melas, marketers get to interact with a large number of consumers and encourage for trial purchase. These melas help the marketers target large audience.

Mandis

Mandis are the place for agricultural produce and inputs. 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.

Pricing Strategy

In rural India, financing at zero interest can persuade customers to purchase consumer durables like television, washing machine etc. and increase the sales.

- **Increasing the term of payment of loan:** Banks which grant loans to rural consumers for the purchase of expensive consumer durables can increase the time period for repayment of loan. Because consumers often worry less about the interest rate of a loan and more about whether they can afford the monthly payment or not.
- **Financing at low interest:** This strategy applied by marketers in urban area is also suitable for the rural counterparts. By this consumer's will buy high priced consumer durables under finance schemes and make the payment usually on monthly basis as 'EMI'. In this pricing strategy instead of reducing the price of product, companies charge lesser or zero interest.
- **Positioning of the product:** Positioning creates favorable image in consumers' minds regarding the products and services. Even in case where the prices of products are kept high by the marketers, positioning the product as value for money and relating the high price with the quality of product that can justify the price of the product and also can push-up for sale.
- **Flow of income and consumption basket pricing:** A farmer has a good amount of money after harvesting of crops and also goes for the purchase of consumer durables after harvesting. Pricing is thus, determined not only by the level of income of the target consumers but also by the surplus income that a consumer has.
- **Psychological pricing — a common pricing strategy:** In this pricing strategy, marketers can play the trick with consumer's psychology by pricing the product for Rs.99 or Rs.199 or Rs.999 and so on. In rural India, this pricing strategy is still being practised as people there are still not much aware about the tricks that works behind this kind of pricing.

This strategy works mainly for two purposes. Firstly, customer may consider the product as affordable for him, if he perceives that it is priced within his budget. For example, a product priced at Rs.999 may fall within budget rather than one which is priced at Rs.1010. Secondly, customers feel delighted if they get back some rupees in return.

LG: Rural Marketing in India

LG Electronics India Private Limited (LG) step forward into the Indian market in 1993. After two failed joint ventures and the subsequent de-licensing of the consumer electronics industry, LG Electronics India Private Ltd. was formed in 1997 at a time when the market was grooming with intense competition and new product activity.

Under such tough conditions LG emerged as the market leader in washing machines, air conditioners and microwave ovens. The company then set its eyes on the untapped rural markets to grow further.

9. Rural Marketing — Attitude of Rural Market

Attitudes influence behavior and have an impact on the perception of objects and people, and also exposure to information, choice of friends, co-workers etc. Attitude has been comprehended in different ways by various researchers and defined as both conceptual and operational. It is also common to define attitude as affect toward an object.

Attitude as Set of Readiness

Attitude was first conceived as a tendency to respond to some social object. It was conceived that all the definitions of attitude had the component of readiness/disposition to act. According to this, the following is the definition of attitude:

Attitudes are mental states of readiness, organized through experience, exerting a dynamic influence upon an individual response to all objects and situations with which it is related. This point of view considers attitude as a response to certain stimuli.

Attitude as Effect and Evaluation

Many researchers define attitude in terms of their effects and evaluation. Some of the definitions highlighting this point of view are:

- Attitude is an enduring operation of motivational, emotional, perceptual and cognitive processes with respect to some aspect of the individual world.
- Attitude is also a tendency to evaluate an object or symbol of that object in a certain way. That evaluation consists of attributing desirable and undesirable qualities to an object.

Although these definitions closely relate, but there is a difference between them. While attitude is often seen as a disposition of act, an opinion is generally considered as an expression of someone's judgment of a particular set of facts and an evaluation of the circumstances presented to him.

In simple words, opinions are expressions of attitudes may be observed that the attitudes are basic to opinions and can influence them. A belief is an organization of perception and cognition about some aspects of an individual's world. It is a cognitive component of attitude and reflects in the manner in which an object is perceived.

For an example, cow is a sacred animal for the Hindus. They have had a high positive attitude towards the animal over centuries. Their attitude is expressed in their opinions to respect and look after the animals.



Consequent to the attitude, that they do not want to hurt or kill this animal, which is expressive of their sacred belief. For a marketer, all three i.e. the opinion, attitude and belief are important because they have a role in the buying and decision making process.

Attitude and Socialization

Consequent to attitude and belief system, certain social classes exhibit a **high degree of participation** in social and community life while certain societies are individualistic and have low community affection. The role of influencers varies in such societies and also can influence the buying process of individuals.

Marketers study the importance of socialization and relate it with buying processes. Some of the characteristics in which attitudes shape up the socialization of an individual are his identification with the reference groups, family, role and status. Each of these identifications has an influence on one's purchase and consumption behavior.

Reference Groups

An individual's reference group consists of all the persons that have a direct or indirect influence on the person's behavior. In rural markets, people mostly belong to the direct groups and cherish personal relations.



Marketers should take these relations to their advantage. They can take the help of opinion leaders such as the sarpanches or community leaders to push forth their products.

Family

Family is the most influential reference group. Family consists of people related by blood, marriage and adoption. The influence of family in India still continues to influence purchase behavior significantly.

Family influences utilitarian effect, value expression and interpretation of information. In rural markets, the male members, particularly the head of families have a very strong influence on the purchase decision-making process. The marketers have to understand this and design their strategy accordingly.

Role and Status

The person's position in each group can be defined in terms of his/her role. A role consists of the activities that a person is expected to perform according to the persons around. Role is an indicator of a person's position and people often express it through their purchase process.

Rural people are very sensitive of their role and status and work very hard to preserve the same. They might go to every extent to maintain their position in the society. For example, Punjabis have a high propensity towards show off. They purchase expensive brands to maintain their status. This explains why there is a highest penetration of

mobile phones, big cars and luxury items in rural Punjab. Marketers should understand these cues and design the strategies accordingly.

Rural Consumer Behavior

Attitude occupies a central position in the process of transforming the work needs into efforts and it has a profound influence on one's behavior. Attitudes serve the following four functions of an individual:

- Instrumental function
- Ego defensive function
- Value orientation function
- Knowledge function

Instrumental Function

Attitudes serve as means to reach a desired goal or to avoid an undesired goal. Instrumental attitudes are made by the activation of need that are associated with the attitude objects and arouse favorable or unfavorable feelings.

For example, most traditional Indian people do not think the soft-drinks as very good for health. Their propensity to cause acidity reinforces the attitude. When the news came that there are pesticides in the soft-drinks, most people stopped their consumption because they derived their cues towards such behavior from the unfavorable characteristic of the product.

On the basis of this function of attitude, the marketers should design their communication in the form of advertisements and make use of the right media and motivate the rural consumers to showcase a favorable behavior.

For example, Honda motorcycles has a very high penetration in rural markets. It has designed its message of durability of their bikes, even on bad rural roads and the superstar message. Their distribution network ensures easy availability of the product. In certain areas, their easy finance has helped in enabling the consumers to purchase the same.



With the initial penetration, the word-of-mouth communication helped in making a rapid inroad into the market. The attitude has been highly instrumental in eliciting the desired response from the consumers. It is the entire marketing strategy, which has worked for achieving the results and not just a few activities of the company.

Ego-defensive Function

The ego-defensive function of attitude shows the importance of psychological thoughts. Attitudes may be required and maintained to protect the person from facing threats from becoming aware of his own unacceptable impulses.

Ego-defensive attitudes may be external or internal threats, frustrating events, to build up of the impulses and suggestions by authorized sources. The attitudes influence one's behavior by affecting one's perception of the situation accordingly.

For example, popular cigarette manufacturer '**Red and White**' had instituted a bravery award keeping in consideration the ego-defensive role. By this type of attempt to relate bravery as a characteristic of the smoker of their brand, they were trying to create a positive attitude.



Rural people are very particular about protecting their ego and any suggestions to this matter can work against the marketers. It is important to note that rural consumers tend to exhibit a collective ego, where the role of the group becomes very important.

The marketing strategy must not be suggestive of anything that influences the ego-defensive aspects carried out negatively. The rural people do not show their expressions of liking as well as disliking. This characteristic makes them accept as well as reject a product.

Value Orientation Function

The value orientation function takes into consideration the attitudes, which are held because they express an individual's values and enhance his self-identity. These attitudes arise by conditions that threaten the self-concept, restart the person's self-image by the cues that increase the person's value and make them salient to him.

For example, most Indians are not comfortable to purchase contraceptives openly. By the advertisements, the marketers are trying to project the consumers that there is nothing bad to purchase them and get the advantages of safety and birth control.

Another example is the marketing of eggs NECC. Traditionally, Indians are not eager to consuming eggs on certain days or in certain seasons considering their beliefs. By influencing people to eat eggs daily, they are being motivated to give their value system and adopt a more rational approach towards such behavior.



As was in the case of ego-defensive function, the rural consumers also influence collective value systems. The marketers must understand the social satisfaction and segment their markets accordingly.

Knowledge Function

This function is based on a person's need to maintain a stable, organized and meaningful structure of life. Attitudes that provide a standard by which a person evaluates every aspect of the world around him serve as the knowledge function as well.

For example, despite a massive and lots of campaign by the Government for the caste system, the Indian psyche is till filled with it. This is because people take the messages with their pre-dispositions and it might take a long time before these are modified.

These functions of the attitude influence an individual's interpretation of the information he has. Since attitudes intervene between the work needs and the work response, information about how people feel about their purchase can be quite useful in predicting their response to work.

Thus, knowledge of attitude can help the marketers to devise means to make more compatible policies for their customers and get more profit out of them.

10. Rural Marketing — Rural Culture

Culture comprises of values and shared beliefs, ideas and other meaningful symbols that help individuals to communicate and evaluate as members of society. The cultural factors are said to exert the broadest and deepest influence on consumer behavior.

Since, attitude shapes the beliefs of an individual, when they become characteristic of the entire society, they are said to become culture.

Attitudes are also influenced by external environment; they also are keeping the culture dynamic. Being expressive of the group beliefs and attitudes, culture shapes the consumption pattern and decision-making process of individuals throughout their lives.

Sense of Self and Space

Culture significantly influences one's self concept and space. Some cultures might have, strong and emotional type self-concept while others might impart a more, intellectual and rational one. Marketers need to understand this and position their products accordingly.

In rural markets, sincerity, sturdiness and group conformance are more cherished values than a fast-track career growth and individual development. Consequently, durability is a dominant characteristic if any advertisement is to be targeted towards rural markets.

Similarly, the influence of opinion leaders is modified to suit the needs of the marketers. Culture also influences the sense of space. Societies that preserve individuality look for wider space around them while individuals in some societies might contend with lesser space.



Knowledge of space helps marketers in deciding the most acceptable levels of customer proximity. In rural markets, although people live in vast open spaces, their individuality often identifies itself with the group. The products targeted for these markets respect the individuality of these people.

People like big bikes, big vehicles, big rooms to live in and bigger size televisions. They also purchase larger packs of things, not only to reap economies of scale but also to satisfy their voluminous spheres of individuality.

Communication and Language

Culture has a direct impact on communication and language of individuals. This helps the marketers in designing their advertisements and sales promotion strategies. The correct choice of words can have a significant role in effective communication.

For example, most advertising campaigns for the rural markets are designed in local languages such as Punjabi, Gujarati or Odia in order to make the customer understand them and getting attract towards the product.

Dress and Appearance

Dress and appearance also plays a major influence of one's culture. The dressing habits of individuals are also a mirror to their self-image and personality. An understanding of the dress code is vital for promotion of several product categories such as suiting and shirting etc.



For example, in most offices in north India, people prefer to be formally dressed and in southern and western India, people are usually dressed in informal even at work place. Marketers of shirts position their products as formals in North India and as casuals in South and West India. This turns out to be profitable for them.

The products associated with dress and eating habits are targeted in a manner in which the consumers would be most receptive. For example, the advertisement of McDonald's burger is launched in local language, with the models talking in a typical rural tone. This is only to get into the mindset of rural people, and remove the notion that burger is an alien food.

Food & Feeding Habits

Food and feeding habits are also unique to every culture in rural market. Some cultures might be primarily vegetarian while others are non-vegetarians. Similarly, people have their own preferences for the nature food and its ingredients. Those selling food products need to know what people of a culture needs and offer them products accordingly.



Not only the marketers of food products, other industries such as furniture, household appliances, buildings etc. also need to understand the feeding habits across cultures and design their products accordingly because people's feeding habits influence their purchasing behavior.

Time Consciousness

The level of time consciousness **varies across cultures**. Some culture might look upon time as a valuable resource and may not consider wasting it. In such cultures, marketers need to offer products in a manner such that a customer has to spend little time in acquiring and using it.

Some cultures might not treat time as valuable and prefer to work with leisure. In such areas, marketers should not force customers to make quick decisions as this might evoke unfavorable response. In rural markets, people are not very fast decision makers.

The marketers have to go their pace and not impose their pace of decision making. Rural customers spend a lot of time in gathering information, particularly from the endorsements by their opinion leaders. An enthusiastic marketer may be rejected by them, if he tries to exert too much of his pressure. They should be allowed their own time to arrive at decisions.

Relationships

Relationships are also specific to cultures. The urban areas comprise of small families, so the influence of uncles, grandparents etc. might be less in comparison to people living in rural areas, where people might be living in joint families. Marketers need to understand such relationships in order to identify the influences and decision makers of the buying process.



In rural markets, relations are given high value. Once the rural people rest their trust on someone, they keep the faith for a long time. If anyone breaks their trust, they reject him, and might even punish him for that.

The firms aspiring to be successful in the rural markets have to master the art of relationship building for long-term success. For example, companies like HLL, Philips have patiently worked for years to win their confidence and establish a kind of personal relations with the rural customers.

11. Rural Marketing — Rural Development

Let us now understand the concept of rural development. We will also go through the measures and programs for rural development.

Programs for Rural Development

The aim of the plan is to remove obstacles for regional rural development while at the same time allow sustainable development, so that the characteristics, heritage and qualities of the rural settlement may be preserved.

Plans that receive assistance are master plans and outlines, both regional and topic related, as well as settlement specific plan and detailed designs for carrying out environmental and landscape development. Typical plans have already received assistance — these plans include plans for open spaces, stream improvement, bike and hike trails, tourism, and biosphere regions.

Maintaining the Character of Rural Settlement and Its Legacy

- Retaining cooperative agricultural frameworks and councils.
- Non-agriculture related construction that preserves and develops the rural settlements while maintaining their unique character.
- Development of rural and agro-tourism that is compatible with agricultural activity and rural character.
- Organic demographic growth that is manifested in expansion of already existing settlements while strengthening both veteran and new communities.
- Quality of life in the rural landscape.
- Renewal of the rural settlement emphasizing the creation of a community that preserves its heritage reflects its past and the history of its development as the basis for its growth.



Preservation of Open Spaces, Agrarian Culture and Landscape Values

- Construction for agricultural purposes within settlements and in open space.
- Incorporating the principles of sustainable development into decision making processes in land committees.
- Agricultural land cultivation – development while maintaining the agricultural foundation and open space.
- Land preservation and drainage to maintain the value of soil for agriculture.
- Support and development of the agricultural landscape.

Preservation of the Nature-Agriculture Relationship

- Preventing or minimizing damage caused to farmers.
- Refraining from importing foreign and exotic organisms both animal and vegetable with the potential of becoming an aggressively intruding species.

- Strict prevention of agricultural contamination into protected and valued areas.
- Setting population limits for restriction on species that are intrusive both to natural wildlife and to agriculture.
- Active involvement in the preservation of biodiversity.
- Contributing to the preservation of the Israeli nature's genetic resources, especially concerning plants with agronomic potential.

Development of Rural Landscape

The purpose of this program is developing an inclusive and worthy infrastructure for the rural landscape that will ensure its development and renewal alongside continuing agricultural activity. In addition to that, it's also about creating conditions for the sustenance of a population and all types of sustainable rural settlement which will secure a reasonable level of public services, a multi-generation society and a diverse and stable economy.



Let us now study the other features of rural development.

- Stabilizing and developing peripheral regions while giving special aid to settlements that have not yet managed a minimal threshold of socio-economic independence.
- Developing projects, initiatives and ideas to reinforce the rural landscape and raising awareness.

- Government support in promoting a diverse economic rural activity in addition to agriculture, such as tourism and vacationing, agronomic processing, industry and various services.
- Conserving agricultural areas as a main element in open space planning, legislation and funding new and developing technologies, while encouraging using of appropriate materials and environmentally friendly methods.
- Utilization of alternative assistance tools to develop infrastructure, alternative occupations, research, professional training, environmental protection and open space conservation.
- Increasing the rural landscape's accessibility to population and information centers through improvement of transportation and communication.
- Strengthening settlements in the center of the country and ensuring their continued existence as rural and agricultural entities within the context of the broader urbanized region.

Improve Rural Environment

Adhering to environmental protection codes will improve sanitation and veterinary conditions. For example, the removal of chicken coops from communities in the North of the country is expected to have a positive influence on the rural settlements. Apart from the hygienic necessity, this will fundamentally improve the rural quality of life, by enabling new development opportunities for rural tourism and employment.

Let us now see the steps taken to improve rural environment:

Poultry Farm Reform

The objective is to relocate chicken coops that are in proximity to residences in rural agricultural cooperatives, thereby removing this environmental nuisance from residential areas. Based on economic incentives to this sector from government allocated grants, the chicken coops are to be moved to designated areas.



Relocation of traditional animal breeding from villages

The intention is to align traditional agriculture with the demands of environmental protection and sustainable development, while the goals are to improve the quality of lifestyle in the village and the quality of the livestock breeding to internationally acceptable levels.

Dairy-farming Reform

Now entering its final stages, the program has resulted in a reduction in the number of inefficient dairy cowsheds and improved compliance with environmental standards.



Development of Local Communities

Each community, the population of which usually does not exceed 2000, is managed by a local committee which sends representatives to the administering regional council. An important step in the right direction was the Municipalities Ordinance which obligates the appointment of an environmental committee in each local authority, responsible for activities in areas that relate to the environment and sustainable development.

To facilitate the move of local authorities toward sustainability, the Ministry of Environmental Protection has formulated 10 Principles for a Sustainable Local Authority. The ten principles, accompanied by concrete suggestions for action, are meant to expedite the transition from vision to action.

These are the first steps in the transformation of a local authority into a sustainable local authority. Of course, such a transformation will only be successful if based on a consensus-building process in which all local stakeholders come together to formulate a joint vision and action plan.

Implementation of the following ten principles laid the foundation for a comprehensive process toward local sustainability:

- Rational management of natural resources (water, sewage, land, energy)
- Public participation in decision making and municipal action
- Protection and enhancement of open spaces
- Development of transport systems which are environmental and accessible to all
- Minimization of the volume of municipal waste

- Promotion of the local economy
- Adoption of a policy of environmental and social justice
- Advancement of environmental/social education and education for health
- Environmental management of the municipality and its institutions
- Advancement of partnerships to advance the environment

Initiatives taken by HUL to Reach the Rural Consumer

HUL was the first company to step into Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market through its urban network stockiest and distributors.

HUL proactively engaged in rural development in 1976 with Integrated Rural Development Program in Etah district of Uttar Pradesh. In 1990, HUL launched 'Operation Streamline' for distribution of products to inaccessible rural markets with high potential using unconventional transport like bullock carts, tractors and bicycles and appointed rural distributors and star sellers.

In 2000, HUL started **Project Shakti** to reach inaccessible low potential rural markets. This project has reached 100,000 villages. HUL embarked upon **Project Samuriddhi** in 2003 to create sustainable villages in Dadra and Nagar Haveli.