

## Brand Management in Rural Markets

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### Abstract

According to C. K. Prahalad also "four billion poor can be the engine of the next round of global trade and prosperity." As in India maximum numbers of poor is still dual in the rural market and most of the companies like Mahindra & Mahindra, HLL, ICICI, ITC, IFFCO, etc. are focusing their operations in rural India, a new market has emerged out of the blue . In this market the customer is not only becoming aware what is available but a long term bond between the company and the consumer is developing. This relationship is taking away the traditional "features and benefit" marketing toward creating experiences for their consumers. India has more than 0.6 million villages, housing two third of its people, earning one-third of the national income. All the income groups consume FMCG products though brands will be different. They prefer to purchase form the Haats, which is good channel of distribution .Moreover some youths, are also influenced by City culture and it is also reflected in their purchasing decision. The marketer should understand the psychology of rural customers before entering into the market. The objectives of the study are to know the brand preferences of rural customers, the mode of communication in rural markets, and penetration rates for various consumer durables and non-durables.

### Introduction

Lux, Surf, Dalda, Walkman, Yahoo, Amazon, Coca-Cola. They've all got it. A name you not only recognize, but you know who they are and what they do, and it's all because of branding.

So just what is a brand? Marketing strategies seem to all be about "building a brand," but if you ask an average group of people, most would likely not be able to define what that is. The definition of a

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brand is kind of one of those, "I know it but I can't articulate it" kind of things.

There are lots of definitions out there of what a brand is. David Ogilvy, one of the venerable fathers of modern advertising, defined it this way: "The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised."

According to Jared Spool, a web site usability expert "Branding means creating an emotional association (such as the feeling of success, happiness, or relief) that customers form with the product, service, or company."

On the Brand.com web site, they describe a brand as, "the proprietary visual, emotional, rational, and cultural image that you associate with a company or a product."

Here are things that a company should do if it wants to develop a strong brand identity pick a strong name, associate what you are and what you do in the viewer's mind, associate certain emotional attributes with your deliverables but outside influencers also play a role: timing (some of the strongest brands were first to market), circumstances (President Clinton was photographed sipping a

frozen concoction in a Starbucks Cafe — think that helped their brand image any?), the situation, and word of mouth are a few.

At the basic level, a brand is made up of all the marketing elements that can be trademarked—logo, symbols, slogans, packaging, and signage and so on. Building and managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets. The reward of having strong brands translates into customer loyalty and profits. Creating a brand is again only half the task - sustaining and growing it is another thing altogether! Very few managers are able to step back and assess their brands particular strengths and weaknesses objectively. Most have a good sense of one or two areas in which their brand may excel or need help. But if pressed, many would find it difficult even to identify all of the factors that they should be considering. When you're immersed into the day-to-day management of the brand, it's not easy to keep in perspective all the parts that affect the whole.

India has more than 0.6 million villages, housing two third of its people, earning one-third of the national income. The steep rise in size of the rural market has been the most important marketing

phenomenon of the nineties, providing volume growth to all the leading consumer goods as well as agri-input companies. Higher rural incomes and increasing penetration of television and other mass media have induced propensity to consume branded and value added products in rural areas. According to NCAER the rural consumers represent more than 50 percent of India's 'Consuming Classes' and have become the prime target market for consumer durable and non-durable, food, construction, electrical, electronics, automobiles, banks and other sectors. Rural market accounts for almost hundred percent consumption of agri - input products such as seeds, fertilizers, pesticides, farm machinery etc. and is fast growing for both, agri and consumer products.

### **Review of Literature**

According to Bhaskar Bhat MD, Titan Industries this is the right time to focus on India's hinterland as the "rural demand for lifestyle products is bound to grow if there is a value proposition". HLL tries to reach the rural consumer through projects like Swasthya Chetna and Shakti. "At HLL, we have been at the forefront of experimenting with innovative methods to reach the rural consumer through indirect

coverage, Operation Harvest, Cinema van operations and Single Distribution Channel." (HLL website)". The E-Choupal model has been specifically designed to tackle the challenges posed by the unique features of Indian agriculture, characterised by fragmented farms, weak infrastructure and the involvement of numerous intermediaries, among others. E-Choupal' also unshackles the potential of the Indian farmer who has been trapped in a vicious cycle of low risk taking ability > low investment > low productivity > weak market orientation > low value addition > low margin > low risk taking ability". (E-Choupal website). The purpose of tapping rural market is to provide experiences which become the part of life of the rural consumer as they want products, communications and campaigns that dazzle their senses, touch their heart, stimulate their minds and improve their standard of living.

With the increasing disposable income with rural population, their per-capita consumption is also increasing. They deserve best quality products, correct information about the product and a door step delivery (Ahmed, 1991). Bhattacharya (1998, p.17) observed that Multinationals are focussing to tap an untapped opportunities in the rural

market. This creates a high volume- high value market. The purpose of tapping rural market is to provide experiences which become the part of life of the rural consumer as they want products, communications and campaigns that dazzle their senses, touch their heart, stimulate their minds and improve their standard of living. The marketing environment governing the rural market has been undergoing vast changes in the last decade (Ramaswamy, 1995, p.37). For example, tape recorders were practically unheard of in the Indian rural market twenty years ago. Today, they are seen

everywhere in rural areas, even all brands of CD and DVD players are seen in the remotest of hamlets.

### **Objectives of the Study:**

The objectives of the study are to know the brand preferences of rural customers, the mode of communication in rural markets, and penetration rates for various consumer durables and non-durables.

### **Research Methodology**

The research design is exploratory in nature. The data is collected by means of secondary sources.

### **Analysis and Findings**

#### **Penetration Rates for 22 Consumer Non-Durables items among Rural Households:**

Table-1 shows the penetration rates for 22 Consumer Durables items among rural customers.

**(Table-1):(Purchasing households per 1,000households)**

<b>Consumer Non-Durables</b>	<b>No. of Households</b>
Body Talcum powder	368.5
Cigarettes	186.8
Face Cream	148.2
Cooking Medium (Oil)	898.2
Cooking Medium (Vanaspati)	365.5
Electric Bulbs	475.9
Electric Tubes	109.6
Footwear (Casual)	639.7

Footwear (Leather)	502.9
Footwear (Sports)	241.7
Hair Oil/Cream	731.4
Health Beverages	51.6
Lipstick	11.8
Nail Polish	31.4
Packaged Biscuits	231.1
Shampoo	81.0
Tea	835.8
Toilet soap	979.2
Toothpaste	329.7
Tooth Powder	370.3
Washing Cake	918.2
Washing Powder	553.7

Above-mentioned data clearly indicated that fast moving consumer goods frequently i.e. rural customers not only buy the basic products but also accepted these products for personal care and hygiene.

### **Brand Preferences of the Rural Consumer**

A marketer does not perceive an opportunity in the rural market when he is aware that the rural consumer buys unbranded items. It is useful to have a good understanding of the purchase behavior of the consumer in order to guide decisions in rural markets. In as many as 18 product categories, consumption of branded items account for 80 percent of sales. These are always not national brands, regional or locally manufactured brands also have good sales. This indicates the potential for national brands if they can find a way to package their offering to compete effectively with regional brands. (Table-2)

**Table-2 : Preference for Brands**

<b>Percent Branded</b>	<b>&lt;20 %</b>	<b>21-40%</b>	<b>41-60 %</b>	<b>61- 80 %</b>	<b>81-100 %</b>
Necessity	Non-refined oil		Iodized salt Tea Washing	Biscuits	Toilet Soaps Washing Cakes Powder
Popular		Coconut oil		Blues	Analgesics Safety razor blades Tooth pastes Shampoos
Premium				Vanaspati Bulbs Hair oils	Batteries Rubs and Balms SkinCreams Tooth powders
Super -Premium		Refined oil	Home Insecticides		Tooth brushes Antiseptic Creams Antiseptic liquids Chavanprash Digestives Mosquito Repellents Shaving preparations Tube lights

The attitude of the rural consumers favors quality products and brands but brand pricing has to take into account both the income level and income flow of the consumers. There are consumers who can afford high priced brands, a group of rural consumers can not only afford, but also are also willing to buy, high priced brands. (Table-3)

**Table-3 : Penetration of high priced brands of Washing Powders and Toilet Soaps**

Brands	Penetration (% of households)
Surf	6.7
Wheel	15.0
Nirma	45.7
Lifebuoy	31.9
Breeze	10.3
Lux	2.4
Pears	1.2

**Brands with highest penetration in rural areas**

Table-4 shows the brands having the highest Penetration in Rural areas.

**Table-4**

Category	Category Penetration (%)	Brand with higher Penetration
Toilet Soap	91	Lifebuoy
Washing cakes/bars	88	Wheel

Edible oil	84	Double Herian Mustard
Tea	77	Lipton Tea
Washing powder/ liquids	70	Nirma
Salt	64	Tata Salt
Biscuits	61	Parle G

**Communication in the Rural Market**

The rural customers are generally the daily wage earners and thus they don't have the monthly incomes like their urban counterpart has. So it makes sense, packaging in smaller units and lesser-priced packs to increase their affordability. Color that attracts them is also important. Convenience is the other key word. Here Colgate is the apt example. First of all it made sachets as was required by their income streams. Secondly –since many households don't have proper bathroom and only have a window similar things so it made sense to cap these sachets for convenience of storage while use. Britannia with its Tiger brand of biscuits with its low priced and conveniently packaged products became some of the success story in rural marketing.

Mass media is able to reach only to 57% of the rural population. Creating awareness then, means utilizing targeted, unconventional media including ambient media. For generating awareness, events like fairs and festivals, Haats etc. are used as occasions for brand communication. Cinema vans, shop-fronts, walls and wells are other media vehicles that have been utilized to increase brand and pack visibility. Ideas like putting stickers on the hand pumps, walls of the wells putting on tin plates, on all the tree surrounding the pond are some of the innovative media used by personal wash like Lux and Lifebuoy and fabric wash items like Rin and Wheel. Idea was to advertise not only at the point of purchase but also at the time of consumption.

As a general rule, rural marketing involves more intensive personal selling efforts compared to urban marketing. Marketers need to understand the psyche of the rural consumers and then act accordingly. To effectively tap the rural market a brand must associate itself with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be

associated with the myriad rituals, celebrations, festivals, melas and other activities where they assemble.

One very fine example can be quoted of Escorts where they focused on deeper penetration. In September-98 they established rural marketing sales. They did not rely on T.V or Press advertisements rather concentrated on focused approach depending on geographical and market parameters like fares, melas etc. Looking at the 'kuchha' roads of village they positioned their mobike as tough vehicle. Their advertisements showed Dharmendra riding Escort with the punch line 'Jandar Sawari, Shandar Sawari'. Thus, they achieved whopping sales of 95000 vehicles annually.

One more example, which can be quoted in this regard, is of HLL. A year back HLL started 'Operation Bharat' to tap the rural markets. Under this operation it passed out low-priced sample packets of its toothpaste, fairness cream, Clinic plus shampoo, and Ponds cream to twenty million households.



Table-5

## Extent of exposure of Respondents to different media (N=400)

Media	Extent of exposure			Mean	Total
	Low	Medium	High		
Press	296	99	15	1.35	400
Radio	128	22.6	4.6	1.79	400
Cinema	205	183	15	1.52	400

**Source: J.E. Joseph: "Mass Media and Rural Development" Rawat Pub. New Delhi**

Table-5 shows that the reach of television is less in rural areas compared to urban areas, although it has the largest reach to other media, like the press or radio. Television is popular media with an increasing number of the rural population. Almost half the rural population can be reached by the total mass media i.e. (television, press, radio and cinema).

### Conclusion

Rural markets form an important part of the total market in India. Consumer research in the rural markets is the need of the day to understand about brand preferences, attitudes, perceptions, purchase pattern and post purchase feelings of consumers. The successful marketing strategy for rural consumers should relate to the needs and wants of the target group and must have a clear understanding of the various forces influencing purchase decision and choice behavior According to the NCAER Indian Market Demographics Report 2006, the

consuming class households (annual income between Rs 45,001 and Rs 215,000) in rural areas equal the number in urban areas, which means more disposable incomes in rural areas, as the cost of food, shelter, primary education and health is much lower. Despite high reach of mass media 'word of mouth' publicity and 'touch and feel' are important mediums in rural communications. Thus the best way to effectively reach out to large number of rural consumers is by way of participation in rural haats, melas and exhibitions, which not only serves in brand building but also in counter selling.

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