An Analytical Study of ICT Strategies for Rural Marketing: A Case Study of Small Merchandise Shops in Hingoli District of Marathwada Region in Maharashtra State

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Abstract:

Today rural market is important for all companies producing consumer products. This is because most urban markets are becoming competitive and saturated. Rural markets are tomorrow’s market and the marketers should know how to penetrate these markets. This is not just because 70% of India’s population still lives in rural areas, but because of sweeping changes that are occurring here. These changes are being fueled by the cable and satellite television as also by the advent of internet and telecommunication facilities. This has enhanced rural consumer’s awareness and aspirations.

For the rural consumer, access to product or services is more critical than just its ownership. Rural marketing therefore requires an innovative approach. It involves changing the value paradigm by altering product’s price performance relationship. It also involves designing products that can deliver in sub optimal conditions and despite infra-structural constraints. Companies will however have to establish strong distribution networks and grapple with unwieldy logistics as there are not enough dealers or distributors with access to rural markets and no proper retail outlets.

Reasonable pricing would have to be the key factor. Companies would have to concentrate more on “no frill products” for the rural consumer. In other words, they have to offer good quality functional products although it may not be equipped with features present in high-end models. However, advertisers have to follow the principle of “thinking global and acting local” and even brand ambassadors have to be picked judiciously for reaching out to the rural consumers.

This paper attempts to study how the ICT strategies of 4P’s are implemented in the rural market and whether implementing the right strategies for the right product will really help the marketers to boost the business. A structured questionnaire was administered to find out the strategies of 4P’s and 7P’s should be adopted by the companies.

Introduction: The Indian rural market is at once fascinating and challenging. It offers large scope on account of its size and potential. It is also steadily growing, whereas the urban market is highly competitive, the rural market is fairly quiet. In fact, for certain products, it is totally a virgin market. As such, firms can certainly reap big rewards from the rural market. The catch is that market also poses several problems and hurdles. The firms have to face them squarely. They must recognize that rural marketing is primarily is developmental marketing and must be willing to take an approach of ‘market seeding’ in the initial stages. It is often said that marketers are made, not found. This is particularly true of the rural market of India. It is a market meant for the
truly creative marketer. The rural markets have some characteristic features which the corporate and government must analyse properly. They are as follows:

1. **Huge And Scattered Market:** The rural market of India is large and scattered in the sense that it consists of over 63 crore consumers from 5,70,000 villages spread throughout the country.

2. **Major Income From Agriculture:** Nearly 60% of the rural income is from agriculture. Hence, rural prosperity is tied with agricultural prosperity.

3. **Low Standard of Living:** The consumer in the village area do have a low standard of living because of low literacy, low per capita income, social backwardness, low saving etc.

4. **Traditional outlook:** The rural consumer values, old customs and tradition, they do not prefer changes.

5. **Diverse Socio-economic Backwardness:** Rural consumers have diverse socio-economic backwardness. This is different in different parts of the country.

6. **Infrastructure facilities:** The infrastructure facilities like roads, warehouses, communication systems and financial facilities are inadequate in rural areas. Hence, physical distribution becomes costly due to inadequate infrastructure facilities.

**Indian Rural Markets and Its Potential:** Rural markets in India have acquired significant growth and resulted into substantial increase in the purchasing power of the rural communities. Some impulses to go rural are large population, rising rural prosperity, growth in the market, impact of globalization. These markets as part of economy have untapped potential. There are several difficulties confronting the efforts to explore them fully. The concept of rural markets in India is still in evolving stage, and the sector poses a variety of problems like under-developed market, lack of proper physical communication facilities, lack of media for rural communication, many languages and dialects. Further, the markets are dispersed, low levels of literacy, prevalence of spurious brands and seasonal demand hindered the growth of rural market.

Brand consciousness is not so important in the rural market as the choices are limited. (For example Chick shampoo and lifebuoy soap, Nirma bar and detergent powder are very popular brands in the rural market as compared to urban market. The success of brands in the rural market is as unpredictable as rain. Many brands, which should have been successful, have failed miserably. This is because most firms try to extend marketing plans that they use in urban area to the rural markets. The unique consumption pattern, tastes, perception, and needs of the rural consumers should be analysed at the product planning stage so that they match the rural people. Marketers need to understand the psyche of the rural consumers and then act accordingly. Rural marketing needs more intensive personal selling efforts than urban marketing. Firms should refrain from designing goods for the urban market and subsequently pushing them in the rural areas. Firms should be very careful in choosing the vehicle to be used for communication in the rural market. The advertisement has to be done in the local languages. This gives a powerful impact
on the minds of the rural people, grabs their heart by inducing local elements and flavors to the product so that they have some emotional attachment to it. More personalized and relationship based experience should be emphasized in rural marketing.

**Marketing Mix for the Rural Markets:** Marketer will need to adapt his/her marketing mix to suit rural conditions and the maximum adaptation will have to be in the distribution and media mix.

**I. Product Decision:** Products for the rural market will have to be simpler, an easy to use, service, or maintain. The product literature should be simple and well illustrated for the rural customer. Besides, it should be dispensable in single units. A typical rural buyer buys one unit of match box unlike an urban consumer who may buy a full pack of ten or twelve match boxes. Sachet packaging is one alternative which has been successfully used by tea, shampoo and pan masala. Brand identity in rural market is often created through the visual logo of a product, the colour of the product, or the taste of the product.

For example, in one rural market survey, a buyer of Thums Up recognized through its logo and mentioned it as sweet black water that came in a bottle. The generic name was “soda water”. But he didn’t want just any aerated soda but Thums Up that had a fizz in it and hence he called “soda water”. Likewise, Coca-Cola’s “Thanda” campaign with Aamir Khan delivered results more than any other slick advertising campaign. Further, price-performance relationship of the product needs to be examined closely. The marketer must attempt to maximize performance in the rural customer’s environment without sacrificing any feature which is available to the urban customer.

**II. Pricing Decision:** The rural consumer is price sensitive because of his relatively lower income level. The marketers will have to examine the methods by which he can make the product more affordable for the rural consumer. In the case of consumer durables, one way is to work through rural banks and offer hire purchase terms to the customer. Tractor, pump sets, and even televisions have been marketed through this approach.

Another way is to offer a smaller unit or pack size, at a lower price. Toiletries are marketed in rural areas in smaller unit sizes, thus making them more affordable. Thus, while in the urban stores Lux toilet soap is available in 25 gm or even bigger sizes, in rural markets same brand is available in 10 gm sizes at almost half the price. This strategy can help a large firm pass on the benefits of lower costs of a small firm to the customer in the form of lower prices.

**III. Promotion Decisions:** As far as rural market is concerned, visual copy has a much greater appeal than just the audio and the print. It is important to note that well-known film stars and models representing the common men, or the man next door, are able to successfully communicate the message. Jingles, folklore, and music can combine to make a message and the brand name memorable. Visual copy has a much greater appeal than just the audio or the print. In terms of the media, television, wall paintings, and even roof painting are effective. So are bus panels and hoardings. Wall hangings and other point of purchase material like stickers and shelf display are also effective in getting the marketer’s message through to rural consumers. Rural
fairs (mela) haats, Mandi have a special place in the rural consumer’s life. Firms like Bajaj Electricals, Hindustan Lever, Parle and ITCs have successfully used them to promote their brands. Personal selling is also important here. But there is no aggressive sales person. Research shows that a simple and subtle salesman can deliver better results here. Hence, many companies use local young people to sell the product.

IV. **Distribution:** Distribution is the key to penetrating rural markets. It is here that a firm has to deploy a mobile distribution strategy. The firm may either have its own fleet of vans or hire the services of a distributor having one. This is crucial because, today, a firm can no longer afford to wait for the rural buyer to come to the city to buy his requirements. Competition is driving firms to reach out to the buyer. And since no single village can consume the entire van load of products, the firms can derive economies by covering several villages in a single van cycle. Another key to effective distribution is the weekly rural market or haat. It is important that the firm’s products are available here either through small petty traders or through its van. The firm should also link the village grocer with the nearest wholesale distributor so that the market is not starved at any given time. Further, the marketer can even consider using the post offices, ration shops, bank branches available in the rural areas for distributing his products. The rural postman and postal vans or vehicles can even be considered for marketing purposes. However, the marketer cannot afford to ignore the development of organized retail stores ITC’s Chaupal Sagar, Mahindra and Mahindra’s Shubh Labh Stores and Waranabazaar in Maharashtra. These developments may mark the end of the rural dealer. The marketers need to break the paradigm that urban and rural retail outlets differ in terms of number of product categories stocked by them. The only difference between the two is that urban outlets serviced by more number of companies as opposed to rural markets.

**Three Extended P’S of Marketing Mix**

**People:** Customer service and satisfaction lies at the core of service Industries. Even in service Industry, there are some services which involve lot of interaction between the customer and front end employees. BSNL is the best example of service Industry which is doing great job even in the villages. Because of its marvelous job for the villagers and its focus in this particular area, its connectivity to even small villages has taken the place in the heart of rural India. In services, the most important element is people. It is true for the services in which customer interaction is more.

**Process:** Process includes the procedure, flow of activities or mechanism of work. For a customer, if the products are not delivered on time, customer may get disappointed. To deliver the product or service on time is an important marketing activity. To ensure customer satisfaction in service organization, there are a number of processes involved in making marketing effective. It also involves standardization of service. This is another area where marketers can concentrate on. Marketers can definitely get a wide scope if they focus on the speed and standardization for service which includes insurance, communication industries, hospital, educational institutions, transportation, even restaurants.
Physical Evidence: The environment, or the surrounding of the retail stores, its ambience may bring a positive change in the minds of the rural customers. Marketers should certainly help the store owners to focus on the physical evidence of the stores. And because of the physical evidence, rural people are attracted towards the urban market. Examples are record stores, clothes shops, hair dressing salons by maintaining cleanliness and hygiene etc. not only do they find their way around the store, but they can also offer a good presentation. Though marketers have not paid much attention on the extended P’s of the marketing mix in the rural market, one cannot deny the scope of these P’s in the near future.

Marketers need to focus on 4P’s and 7P’s of marketing. It is necessary to implement the right strategies for each element of the marketing mix. For this, marketers need to understand the buying behavior of the rural consumers and at the same time their psychology. For this a structured questionnaire was administered to find out the strategies adopted by the marketer. Twelve villages in the Hingoli district have been randomly selected and kirana store owners of these villages were asked to fill the questionnaire.

Research Methodology
Research Objective:
To study the strategies of 4P’s and 7P’s of the marketing mix elements in the rural market.

Data Collection Method:
Type of Data: Primary data has been used for the research.
Sources of Data: Primary data was collected directly from the ‘Kiranas’ of various villages of Hingoli district using a questionnaire.
Research instrument: Questionnaire
Sampling Unit: Small Kirana stores in Hingoli district.
Research Area: Twelve villages of Hingoli district was selected at random and based on the population of these villages, Kirana stores are selected.
Sample Size: 32 Kirana stores

Data Representation
1) To study whether rural customer are price sensitive or not.

<table>
<thead>
<tr>
<th>Price sensitivity</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>91</td>
</tr>
<tr>
<td>No</td>
<td>03</td>
<td>09</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation
91% of the respondents say customers are price sensitive and 9% respondents say customers are not price sensitive.

2) To study whether rural customer prefer branded products.
### Prefer branded products

<table>
<thead>
<tr>
<th>Prefer branded products</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>75</td>
</tr>
<tr>
<td>No</td>
<td>08</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Interpretation**
75% of the respondents say customer want branded products and 25% respondents say customer do not want branded products.

3) To study the availability of the products throughout the year.

<table>
<thead>
<tr>
<th>Product availability</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>07</td>
<td>22</td>
</tr>
<tr>
<td>No</td>
<td>25</td>
<td>78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Interpretation**
22% of the respondents say that products are available throughout the year and 78% respondents say that products are not available.

4) To study the promotion activities carried out by companies.

<table>
<thead>
<tr>
<th>Promotional activity</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>Mobile vans &amp; Posters</td>
<td>17</td>
<td>53</td>
</tr>
<tr>
<td>Road shows</td>
<td>05</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Interpretation**
31% of the respondents say that television helps in brand promotion, 53% respondents say that companies mobile vans & posters helps brand promotion whereas 16% respondents say that road shows help in brand promotion.

5) To study whether product display helps rural customer to select the product.

<table>
<thead>
<tr>
<th>Product Display helps in purchasing</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>69</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Interpretation

69% of the respondents say that product display helps rural customers to select the product and 31% respondents say that product display do not help rural customers to select the product.

Findings

1) 91% customers are price sensitive.
2) 75% customers prefers branded products.
3) 78% respondent says that distribution is not consistent.
4) 53% respondent say mobile van & posters helps to improve brand promotion.
5) 69% respondents say product display helps product selection easy.

Conclusion

1. It is observed from the findings that, rural customers are price sensitive. Therefore, marketers should adopt appropriate pricing strategy like offering the product in small sachet, reducing the price of the product by focusing on the economy packs etc.
2. Rural customers prefer branded products, but these products are not available in the kirana stores and also price of the branded products are high which affects the purchasing decision of the rural customers.
3. It is observed that the products in the rural markets are not available throughout the year. Due to non-availability of the products, customers have no choice for their preferences. Due to poor connectivity of the roads, rail-roads and air, the marketers cannot distribute their products in the rural markets. Therefore, more emphasis has to be given on the infrastructural development which will help the marketers to enhance their businesses, which in turn help the nation to raise the economy and the development of rural India as well.
4. It is observed that visual displays of the posters and banners help the customers to purchase the products. In addition to this, mobile vans also play an important role in promotion of the product.
5. Kirana stores in the rural areas can go for the product displays in the shops which helps the rural people to know about the product and its information. Merchandising plays an important role in marketing the products like urban market, it helps in attracting the rural customers too.

References: