



Scope of rural marketing for F.M.C.G Company

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As now a day's market is filled with a number of FMCG Companies; Every company want to increase our market share. Due to lot of competition in the urban market and urban market is saturated. Every company want to captured the wide rural market. Because about 70% of our country population live in the rural market. Various FMCG like HLL, ITC etc implement our strategies to captured the rural market are discussed. And what their impact and also the problems and challenges faced by the various FMCG companies are discussed. And the Opportunities for the FMCG Companies in the future.

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Introduction

The rural market of India is fascinating and challenging at the same time. It offers large scope on account of its sheer size. And, it is growing steadily. Even a modest growth pushes up the sales of a product substantially, in view of the huge base. It is attractive from yet another angle. Whereas the urban market is highly competitive, the rural market is relatively quiet. In fact, for certain products, it is totally virgin market. Simultaneously, the market also poses several problems and hurdles. The firms have to encounter them squarely and put in a great deal of effort, if they have to get a sizeable share of the market.

Efforts to capture the market with due thought and focus on the constraints with streamlined strategies to overcome the same will tend to define the path ahead for rural marketing in India.

A Hindi poet has rightly said, “ Bharat mata gram vasini” which means Mother India lives in her villages.

According to the 1991 census, India's population was 850 million, of which 75 percent lived in villages. This are average statistics. There are states like UP, MP, Rajasthan, Kerala, Bihar and Orissa where the rural population varies from 80 to 90 percent. The spread of population in 4,200 cities and towns is to the extent of 25 percent, and of the remaining 75 percent is in 5,76,000 villages. This sheer base defines the volume and scope of rural marketing.

Marketing in India has for a long time meant urban marketing. But now rural marketing is being widely researched and discussed. If market potential is considered, the rural market is big with approximately 70 percent of the population still residing in rural areas and with 40 percent the Gross National Product emanating from agriculture. The following transactions, (which broadly outline the landscape of rural marketing) can be categorized as follows:

- Marketing of agricultural inputs like fertilizers, pesticides, farm machinery etc;
- Marketing of products made in urban centers and sold to rural areas like soap, toothpaste, television sets, etc;

- Marketing of products made in rural areas sold to urban centers like khadi cloth, hand crafted products etc; and
- Marketing of products made and sold in rural areas like milk and milk products, locally manufactured toothpowder, cloth etc. The over all objective of the thesis is to throw light on Scope of Rural Marketing for FMCG Company in India.

Scope of the study

The Indian rural market with its vast size and demand base offers great opportunities to marketers. Two-thirds of countries consumers live in rural areas and almost half of the national income is generated here. It is only natural that rural markets form an important part of the total market of India. Our nation is classified in around 450 districts, and approximately 630000 villages which can be sorted in different parameters such as literacy levels, accessibility, income levels, penetration, distances from nearest towns, etc.

The success of a brand in the Indian rural market is as unpredictable as rain. It has always been difficult to gauge the rural market. Many brands, which should have been successful, have failed miserably. More often than not, people attribute rural market success to luck. Therefore, marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern.

While the rural market certainly offers a big attraction to marketers, it would be naive to think that any company can easily enter the market and walk away with sizable share. Actually the market bristles with variety of problems. The main problems in rural marketing are:

- Physical Distribution
- Channel Management
- Promotion and Marketing Communication

The problems of physical distribution and channel management adversely affect the service as well as the cost aspect. The existent market structure consists of primary rural market and retail sales outlet. The structure

involves stock points in feeder towns to service these retail outlets at the village levels. But it becomes difficult maintaining the required service level in the delivery of the product at retail level.

One of the way could be using company delivery vans which can serve two purposes- it can take the products to the customers in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only the bigwigs can adopt this channel. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution.

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 focussed 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.

RURAL MARKETING ENVIRONMENT

The rural market environment need a separate examination as it varies significantly from that of the urban market. We shall deal with the subject under the three headings :-

1. The rural consumer.
2. The rural demand.
3. Other aspects of the rural market environment.

(A)-THE RURAL CONSUMER : A Detailed Profile :-

Size of Rural Consumer Group

In numerical terms , India's rural market is indeed a large one ; it consists of more than 740 million consumers. 73% of India's total population is rural . The rural market consists of more than 12 crorer households, forming over 70%of the total households in the country.

Characteristics of Rural Consumer Group:-

- LOCATION PATTERN :-

Rural Market of India is a geographically scattered market. The rural population is scattered across 5,70,000 villages . And, of them , only 6300 villages , have a population of more than 5,000 each . More than 3 lakh villages, are in the category of 500 people or less.

□ SOCIO-ECONOMIC POSITION :-

Rural Consumers continue to be marked by low per capita income/ low purchasing power. Similarly, they continue to be a traditional -bound community, with religion, culture and tradition strongly influencing their consumption habits. Nearly 60% of rural income comes from agriculture.

Rural Prosperity and discretionary income with rural consumers are thus linked to a sizeable extent with agricultural prosperity.

□ LITERACY LEVEL :-

Rural India has a literacy rate of 28% compared with 55% for the whole country. The adult literacy programmes launched in the rural areas are bound to enhance the rural literacy rates in the years to come . The rate is certainly on the low side.

□ LIFESTYLE :-

The rural consumers are marked by a conservative and tradition-bound lifestyles. But this lifestyle of a sizeable segment of rural consumers has already changed significantly in recent years .The changes can be attributed to several factors such as:

- Growth in income and change in income distribution .
- Growth in education.
- Enlarged media reach (particularly television).
- Growing interaction with urban communities.
- Marketers effort to reach out the rural market.

□ BUYING BEHAVIOUR :-

Buying behaviour of rural consumers have been effected by the following factors:-

INFLUENCE OF CULTURE Rural consumers perception of products are strongly influenced by cultural Factors . For example-the preference in respect of colour, size and shape is the result of cultural factors.

GEOGRAPHIC LOCATION:-

Rural consumer behaviour is also influenced by the geographical location of the consumers. For example , nearness to feeder towns and industrial projects influenced the buying behaviour of the consumers in respective cluster of villages.

EXPOSURE TO URBAN LIFESTYLES:-

Extent of exposures of rural consumers to urban lifestyles also influences their buying behaviour.

THE WAY THE CONSUMER USES THE PRODUCT:-

The situation in which the consumers utilize their the product also their buying behaviour.For example – Lack of electricity automatically increase the purchase of batteries by rural consumers.: since the rural consumers cannot use washing powders /detergents powders that much, as they wash their clothes in streams or ponds , they go is more for washing bars and detergents cakes.

PLACE OF PURCHASE:-

Different segments of rural buyers buy their requirements from different places \ outlets. Some buy from the village , shopkeepers; some from village markets/ meals; other buy from the town that serves as the feeder to the rural area.

MARKETERS' EFFORT TO REACH OUT THE RURAL

MARKET :-

Many corporate have been trying hard to develop a market their products in rural areas , investing substainlly in these areas. Developmental marketing has created discriminating buyers demand in the rural market. This has brought about some change in the way buyers purchase different product.

(B)- THE RURAL DEMAND :A Detailed Profile :-

Steady growth

Rural demand has grown steadily over the years. Not only has the market grown in quantitative terms , but qualitative terms too it has undergone a significant change.

Change in the composition of Rural Demand

The composition of rural demand has also been changing significantly in recent years Many new products have entered the consumption basket of the rural consumers. and the relative shares of the different categories of products in the consumption basket .The upper segments, in particular , have started buying and using a variety of modern consumer products, which were till recently unknown in the rural market.

Several products already well established in the rural market

Marketers cannot now assumes that rural India consumes only certain traditional/ essential products and that its share in other product category is meager. It is perhaps well known that products like packaged tea , bath soaps and washing products, including detergents/detergents cakes , are popular items of consumption in rural market .Products like shampoo ,toothpaste and talcum powder , and durables like electric irons , bicycles , mopeds, scooters and motorcycles have joined this category in recent years. The rural demand for electric irons , mopeds and motorcycles have note between 30 and 50 percent of the all-India demand.

In many products , rural consumption accounts for a larger share than urban:-

In many products , rural consumption now accounts for a larger share than urban . In washing soaps (cakes/bars) , the rural share is over 60 per cent .

In popular bath soaps , it is more than 50 per cent and in batterie4s ,it is more than 56 per cent .similar is the case with packed tea and hair oils.

Among durable, the rural market now accounts for a larger share of the total sales in

- Sewing machines.
- Radio/ transistors.
- Tape Recorders.
- Wrist watches.
- Black and White Television sets.
- Cassette recorders.
- Bicycles.
- Table Fans.
- Pressure Cookers.

In Many Products, the rural markets has overtaken the urban in growth rate:-

A survey by NCAER shows that the rural market is growing faster than the urban market several products . These includes packaged tea, detergent powder , washing shop, and detergent cake. Growth of motorcycle too has been more in the rural market than the urban market.

Position of durables

According to NCAER survey , Rural India's market for consumer durables is estimated at Rs . 4500 crore , with an annual growth rate 8 per cent .

OWNERSHIP OF DURABLES BY RURAL CONSUMERS

Product	No. of owner per 100 households
Bicycles	53
Fan (ceiling)	19

Fan (table)	13
TV(B&W)	16
Pressure cooker	13
Wristwatch(mechanical)	76
Radio/Transistors	42

It can be seen from above table that now every other other rural household has a bicycle, every third households has a fan , every sixth has a black and white televisions set, and every seventh a pressure cooker. Also , nearly 80 per cent of rural holds own a mechanical wrist watch and 42 per cent a radio/transistor .Rural India now purchase a third of the colour television sets, a fourth of the mixers/ grinders and fifth of the refrigerators sold in the country.

Factors Behind the growth and Diversification in Rural Demand:-

Variety of factors , acting in concert , have brought about the big growth and welcome changes in the rural demand, a few of them such as growth in income , changes in income distribution , changes in lifestyles, and the expectation.

New income due to agricultural /rural development:-

The technological break through ,popularly known as the GREEN REVOLUTION, which took place in Indian agriculture from the mid 1970 onwards, has added to the prosperity of rural India considerably. Moreover, in recent years , as part of the new farm policy , high support prices are offered for farm products. As a result , there is now more money in the hands of the owner-farmers in the rural areas.

The expectation revolution:-

The ‘rising expectations’ of the rural people have greatly influenced the rural market environment . It has enlarged the desire as well as awareness of the rural people ; it has strengthen their motivation to work ,earn and consume. The rise income provide substance to the aspiration.

Rural Demand is More Seasonal:-

Rural demand is more seasonal compared to urban demand .The pre-dominance of agriculture in the income pattern is one main reason for this. The relatively greater influence of marriages and festival on the purchase pattern is the another. After all, agriculture in many parts of India is still depends on the vagaries of the monsoon.

TAPPING THE RURAL MARKETS :-

While rural India does constitute an attractive and sizeable market, firm have to strive hard for securing a share of it. Practically in every task of marketing , rural marketing poses some unique problems.

The major tasks that need unique handling in rural marketing are:

- Segmentation and targeting.
- Product management.
- Physical distribution.
- Channel management.
- Marketing communications.

A. SEGMENTATION AND TARGETING :-

The rural consumers are not a homogeneous lot in economic conditions, or literacy, or lifestyles, or buying behaviour. It would, therefore, firm to assume that the rural market as a whole can be served by a single offer or a single product -price-promotion combination. firm have to analyses the consumers in –depth, carry out thorough market segmentation and select relevant segments as target markets. And they have to develop a distinctive positioning and a distinctive marketing mix for each target segment.

Geographical Segmentation:-

The rural market can be segmented geographically, using different geographical bases.

Climate and level of irrigation:-

Climate can be one of them; regions endowed with favorable climate are usually more prosperous compared with climatically handicapped region. Level of irrigation can be another base; irrigated areas and dry land areas pose different economic and marketing environments.

Nearness to a feeder town:-

Firms can also segment the rural market using ‘nearness to a feeder town’ as the base. Consumers located close to a feeder town visit it at least once a month to sell their product and/or to buy their requirements, and in buying habits , they differ from those living in the interior

areas. It will thus be meaningful to segment the rural market in to consumers located closer to a feeder town and consumers located away from them .

Demographic segmentation:-

The rural market can be segmented demographically too. In fact, there are many possibilities of segmenting the rural market demographically.

Population concentration:-

It can be one base. About 40 percent of the rural population live in 7 percent of the villages in the country and remaining 60 percent in the other 93 per cent of the villages. Thus, the market can be segmented on the basis of different size classes with regard to population.

Age:-

In particular, the youth in the rural areas can be picked up as a separate market. There is a population of more than 20 crore in the age group of 16-30 years in the rural market. Surveys have revealed that the younger generation dominates the purchase in the rural market. The rural youth differ from their elders in their buying behaviours .It will thus be meaningful to segment the rural youth as a separate market.

Literacy level:-

It can be another demographic base for segmenting the rural market. Though rural India, is characterized by low literacy ,there are wide variations in the matter of literacy within rural India . for example- The rural literacy rate in Kerela is 80 Per cent , that in Bihar is only 15 per cent.

Income:-

The rural consumers can be segmented in to different income classes. The rural consumers can also be segmented into regular income and demand .All rural consumers are not characterized by seasonality of income .There is a sizeable salaried class in the rural areas . There is also a sizeable self-employed group, consisting of shopkeepers and service providers. There is nothing seasonal about the income of such people .Obviously, those with regular income will differ in buying habits compared with those whose income is seasonal.

Buying behaviour segmentation:-

Rural consumer differ in their buying behaviour from their urban counterparts as well as among themselves. This fact too could be factored in to segmentation exercise . firms should ,however , generate relevant data on the rural consumers and their buying behaviour , perception and attitudes ,and then segment them using their buying behaviour as the base.

Thompson rural index:-

Hindustan Thompson Associates have developed the ‘Thompson rural market index’ based on 26 variables , including area of the concerned district , demographic pattern occupational pattern , agriculture –related data , rural electrification data and commercial bank data . The index can be used in segmentation.

B. PRODUCT STRATEGY :-

The first decision to be made in product strategy in the rural context is whether the product that is sold in the rural context is whether the Product is sold in the urban market can be supplied to the rural market as it is , or whether it must be adapted . it depends on the situation and the nature of the product .Basically , the firm must find out what kind of product is actually required by the rural consumer and then decide if it should make an altogether distinct product or adapt the existing product.

Economic and income realities of the market should certainly be considered while developing the product strategy for the rural market . when products are designed reflecting both these influences ,the chance of success is greater.

Lower priced product versions do help in many cases in the rural market ,but no generalization can be made in this regard . Many companies try to reduce the prices of their products for the rural market by creating smaller size ,m or by decreasing the quality . The approach works sometimes and with some products, but not all times, with all products.

Specifically – Designed Products:-

Specifically –designed product to help in many cases

TRACTOR /TRAILEIER :-

The tractor /trailer is an apt example. It is a product specifically designed for the rural market. It is designed as a replacement for the plough as well as a vehicle for transporting both men and material in rural areas.

EVEREADY'S JEEVAN SATHI TORCH:-

Eveready 's Jeevan Sathi brass torch is another example of successful rural specific product strategy. Initially Eveready's brass torch was not picking up well in the rural areas . Union carbide launched a market research study for locating the reasons. The study by the ad agency OBM found that the rural folks rejected the torch since all of its parts are not made of brass .the design , developed abroad, had given the product certain plastic parts, like the reflector. The Indian rural consumer felt that the plastic parts would not durable . OBM also found that the rural people were prepared to pay high prices for the same torch if it were made 'all brass'. Eveready then introduced for the rural market the all brass torch designed to last life long and positioned it 'Jeevan Sathi' as a 'life long ' companion.

MODEL VARIANT:-

Models developed specifically for the rural market have found more takers in the market . For instance, Motorcycles that are designed to take on the rig ours of rural roads have succeeded more in the rural market.

COLOUR VARIANT :-

The rural consumer differ from their urban cousins in colour preference . in case of some products , colour may matter vary much . firms can exploit this fact to their advantage . For example , ASIAN PAINTS understood the substantial difference between the rural buyer in the colour preference . Asian Paints introduced paints with bright colours for the rural markets . Asian Paints also communicated the feature well through its communication campaigns.

Different products/ models , Different brands, packing, pricing and different positioning:-

By and large, the rural market can be tapped better through different products / models , different brands, different packaging and different positioning.

PACKAGE DESIGN AND PACK SIZE:-

In some case , the product can be the same , but the package and pack size may have to be different for the rural target group. Package design and colour help identification of brands by rural buyers . Many rural consumers are not quite conversant with various brands .All the same, they manage to pick the brand that they want . They recognize the brands by its packaging . This the reason why a number of local brands in rural areas imitate the packaging of big national brands.

As regard pack size , as a general , it can be stated that smaller packs are more suited to the rural areas . Low purchasing power and limited availability of cash for shopping force the rural consumer to go in for smaller packs with low unit price. In some cases ,they also prefer small packs so that they can make a beginning on small scale and after trial and satisfaction go in for regular purchases.

In recent years , sale of shampoo brands were priced at Re 1 or below per sachet helped the trail and adoption. The 5-gram Vicks Vapourb tin and the small –size Lifebuoy soap are other such examples.

HLL, has deepened coverage of many of its products in the rural market through such combination. It has come up with a series of small pack sizes/saches that specially cater to low – end consumers.

Logo , Symbols and Mnemonics :-

Image is far more potent the rural market , which in many cases is an uninitiated market. Symbols, therefore , add value to brand recall and brand personality in the rural market.

Asian Paints' Gattu:-

Asian Paints Gattu though equally well known in urban and rural market , has greater effectiveness as an identity tool in the rural market .Actually in many rural parts of India , Asian Paints is referred to as the bahahawala or chokrawala company.

The Nirma Girl:-

The Nirma Girl in Frock on the packs of Nirma washing powder has become the mnemonic for effective and good value in washing powders.

The Dettol Sword and the Mortein Genie:

For the same reason , Reckitt& Colman has been focusing on the Dettol Sword and the Mortein genie in its rural communication.

Brand Decisions :-

Branding too needs skillful handling in the rural market. The rural consumers have already graduated from generic products to branded products. Today, the brand name is the surest means of conveying quality to rural consumers. In other words, brand is the key to confidence building among the rural consumers. Besides quality, it conveys that the manufacturer is going to show sustained interest in those products and markets. Whether the same brand is used in both urban and rural market, or appropriate variants of the brand must be adopted for the rural market, is a matter for conscious decisions by the individual firms depending on the context. In quite a few cases, the 'same brand' is providing right and cost effective. In some cases, however, the brand name that is suited to the urban market may not be quite suitable to the rural market. Low priced variants seem to work better in majority of cases in the rural market. It will, however, be incorrect to assume that rural consumers prefer local brands to national brands.

Sell Value Brands, Not Cheap Brands;-

While brands specifically developed for the rural market and low – priced variants may work better in many cases, the strategy should be one of selling value brands. HLL's Lifebuoy, for example, is a low –priced carbolic soap that is often the first choice of bath soap by a rural consumer. HLL, however, does not sell it as a cheap soap. Instead, sell it as a hygiene brand. It communicates the value of the brand to the target market. It also tries to enhance the value of the offer by giving suitable 'add-ons'. For example, while targeting rural students for the soap, it distributed height charts along with the soap and conveyed its concern for their health and well being. Rural marketers would do well to add some value to their products in this fashion if they are keen to secure the loyalty of the consumers.

C. PHYSICAL DISTRIBUTION :-

The problems faced by the marketer in the Physical distribution in rural context are as follows:-

The Problems in Transportation and Warehousing :-

It is well known that transportation infrastructure is quite poor in rural India. Though the country has the fourth largest railway system in the world, many parts of rural India remain outside the rail network. As regards Road transport, nearly 50 per cent of the 570,000 – odd villages in the country are still not connected by proper roads. While some improvement is taking place on account of the various rural development programmes, many areas still have only KACHA roads and most of the interiors have hardly any roads worth mentioning. As regards transport carriers, the most common ones are delivery vans and the animal drawn carts. Because of the difficulty in accessibility, delivery of products and services continues to be difficult in rural

areas. In warehousing too, there are special problems in rural context. Business firms find it quite difficult to get suitable godowns in many part of rural India.

Cost –service Dilemma Becomes more Acute :-

The firms can not simply rely on ‘trickle down of stocks ‘to the rural buyers. They need a network of clearing and forwarding (c&f) agents and distributors at strategic locations for facilitating proper distribution of the products in the rural market. They have to commit themselves to servicing the villages will help not only the availability of the product, but product promotion as well.

In the matter of transportation, combining different modes can be cost –effective. Trucks for medium distance movement and delivery vans and bullock carts for local haulage may serve the purpose better. Water transport too has a role in specific areas. Bullock carts have a special role on rural distribution, especially in tertiary transport. They are cheaper; they are available in plenty and are ideal for the rural roads.

The Delivery Van :-

The delivery van has a key role in rural distribution. The companies concerned and their C & F agents /stockist / distributors operates these vans. Companies like Hindustan lever and ITC , who are pioneers in rural marketing in India, have a fleet of company delivery vans for rural distribution . The van take the products to the retail shops in every nook and corner of the rural market . It enables the firms to establish direct contact with rural dealers and consumers. It also help the firm in promotion . But the cost of operating such vans is quite high . Firms like HLL and ITC had the resources as wells the wisdom to consider van as initial investment in the market. Through the van , they were not only solving their transportation problem of the rural market, but were also developing the market for their products.

D. Channel Management :-

Organizing marketing channels is the second part of the distribution task .

Multiple tier add to the cost :-

The distribution chain in rural context usually requires more tiers, compared with the urban distribution chain . The distance between the production points and the rural market , and the scattered location of the consumer make it necessary . At the minimum, the distribution chain in the rural context need three tiers i.e. The village shopkeeper, the distributor , and the Whole

seller/ stockist/ C&F agent in the town .in addition it involves the manufactures' branch office operations in the territory.

Producers who can reach the customers through the shortest distribution chain can do better in this market.

Non-Availability of Dealers :-

Firms find that availability of dealers is limited and the scope for appointment fresh / exclusive dealers of the company is equally limited in view of the low demand and non-availability of suitable candidates.

Poor viability of the outlets :-

A good number of retail outlets in the rural market suffer from poor viability . A familiar paradox in rural distribution is that on the one hand the manufacturer incurs additional expenses on distribution and on the other hand , the retail outlets find that the business is un – remunerative to them. The additional funds the manufacturers pumps into the system are used by the scattered nature of the market and the multiplicity tiers in the distribution chain.

Inadequate banking and credit facilities :-

Distribution in rural markets is also capped due to the lack of adequate banking and credit facilities. It is estimated that there is only one bank branch for every 50 villages. Rural outlets need banking support for two important purposes:

- (1)- For remittances to principals and to get fast replenishment of stocks .
- (2)- For securing credit.

Firms have been in search of a low- cost system of distribution with the wholesaler serving all the retailers , including the ones at the tail –end , and the latter servicing the consumer . This is the strategy followed by Nirma to compete with HLL. Nirma relies on the wholesaler network . HLL is trying to get around the problem by giving credit to the distributors.

E. Marketing Communication:-

In marketing communication and promotion too, rural markets pose many problems.

The literacy rate among the rural consumers being low, the scope for using the printed word is rather limited. The traditional bound nature of the people and heir cultural barriers add to

difficulty of the communication task. Marketing communication in the rural areas has to be necessarily in the local language and idiom.

Rural communication is quite expansive. Rural communication has to go through the time consuming stages of creating awareness, altering attitudes and changing behavior. In addition, it has to break the deep- rooted behaviour pattern.

Managing the communication task:-

The rural communicator will do well to choose a combination of formal and non formal media. The possibilities are indicated in below table:-

POSSIBLE MEDIA MIX IN THE RURAL CONTEXT	
Formal / organised media	Non-formal /Rural -Specific Media
TV	Audio-Visual/Publicity Vans
Cinema	Rural specific art forms like puppet show and HARIKHATHA.
Radio	Demonstrations
Print Media-Press	Meeting ,Announcements, Processions
Other Print Media	Caparisoned elephants and decorated bullock carts carrying advertisement panels
Outdoor	Music records.
POPs	

Selecting The Media Mix :-

TV :-

With the increase in coverage and increase in TV ownership in rural areas, TV is gradually becoming the prime media for rural communication.

Cinema :-

The cinema is a useful medium in rural context. Most large and medium villages have one or more cinema houses. Also, more than one-third of all rural people do see cinema as a matter of regular lifestyle. Advertisement films, short feature films, with disguised advertisement messages, and documentaries that combine knowledge and advertisements, can be employed for rural communication.

It has been estimated that 33 per cent of the total cinema earnings in the country come from rural India.

Radio:-

The radio is well-established medium in rural areas. A big expansion in broadcasting facilities has taken place in the country over the years. The availability of radio sets has also expanded. While radio as a medium cannot match TV in potency and effectiveness, in the existing context, it can certainly play a significant role in rural communication.

Print media too has some scope :-

The role of print media is certainly limited in the rural context. Even the remotest rural parts have a small group, which is literate. Moreover, while the group may be numerically small, its members usually happen to be the opinion leaders, influencing the purchasing behaviour of the large segment of the rural consumers. So, it would be unwise to assume that the print media has no scope at all in the rural areas. Moreover, the younger generation in the rural areas is comparatively more literate. With the new trend of increasing rural literacy, the scope for using print media in rural communication will increase further.

Outdoor:-

The outdoors, which include hoardings, wall paintings, illumination and other displays, also lend well for rural communication. In fact, many companies are using the outdoors in the rural communication mix.

POPs(point of purchase) :-

The POPs – Point of purchase promotional tools- are also quite useful in the rural markets. The POPs meant for the rural market should be specially designed to suit the rural requirements. Symbols, Pictures, and colours must be liberally in POPs meant for the rural market. Colour is of particular significance. As a general rule, the rural people love bright colours. The effective Communicator utilizes such cues.

Audio-visual / publicity vans :-

The AV unit or the publicity van is very useful for the rural communication .The van is a comprehensive mobile promotion station at the exclusive command of the concerned firm. The firm can exhibit its films and other audio-visual presentations, such as slide shows, sound and sight presentations, puppet shows etc. from the instant promotion station. A potable shamiana or Platform often forms a part of the van. Even public meeting can be organised using the potable shamiana . The van can also be used for the sale campaign. It can also be used for Product demonstration.

Naturally, the AV vans are quite popular with rural marketing firms' .Practically all firms in the agri – inputs business have their own AV vans followed by those marketing consumer durables.

Colgate-Palmolive has supply vans that offer the free samples and screen video films on oral hygiene. It has an on – going rural van programme, which cover on an average 80 million rural consumers per year. Vans are supplemented with bicycle vendors, who go to villages not accessible by the vans.

Godrej has vans that play music and announce free gifts in the village square. The van than goes to few shops in the villages to sell the product.

Syndicated AV vans :-

In recent years, rural AV vans have become a sharable service. Firms which can not afford to operate vans of their own, utilize syndicated AV van service offered by independent agencies.

Multi-purpose vans: Jain TV's Video -on-wheels :-

Recent years have witnessed the emergence of tools that are more innovative than the AV van. Jain TV's Video – on- wheels is one of them.

Puppet shows, Harikhatha :-

Popular entertainment programmes like puppet show , dance, dramas, and Harikathas , specially developed for the product- promotion purpose , are now being used in rural markets. The traditional art forms readily render for communication with rural society . Village fairs , festivals and melas are ideal venues for projecting these programmes. In certain cases , public meeting too many be used for rural promotion.

Music Cassettes :-

Music cassettes are another effective medium for rural communication. It can be reached is an appealing and a comparatively inexpensive medium. Different language groups can be reached with low budget. They can be played in cinema houses or in other places where rural people assemble.

HLL rural specific communication for Surf :-

For propagating 'Surf', Hindustan Lever brought out separate advertisement films for the urban and rural audience. In the film meant for the rural audience, the company took particular care to demonstrate step-by-step the method to be adopted in washing with surf for getting the best whitening effect. The company knew that an elaborate demonstration was essential for the rural audience.

In order to carry out any research investigation there is a need of a Systematic method and to adopt a well defined procedure for each and every research there is also a need of methodology . Methodology of any research constitutes the selection of representative sample of the universe or the general population ,application of the appropriate research tools and the techniques.

There is an old saying in Spain "TO BE A BULLFIGHTER YOU MUST LEARN TO BE BULL" means you never really understand a

Person until you consider things from his point of view . In the same way to meet and satisfy the target customer the study of customers behaviour of crucial important because he is king. Customer behaviour studies , how individuals , groups and organizations selected buy use and dispose of goods , services, ideas or experiences to satisfy their needs and desires.

According to JAMES F. FUGAL, "Customers behaviour consists of the acts of individuals in obtain and using goods and services including the decision process that precede and determine these acts.

The research involves the following steps:-

1. DEFINE THE PROBLEM AND RESEARCH OBJECTIVE:-

If the problem is clearly defined, it is half solved .The problem /Objective here to assess the scope of rural marketing for FMCG sector.

2 - COLLECT THE INFORMATION :-

The information is collected from secondary sources- websites, magazines, newspapers, and magazines.

3- ANALYZE THE INFORMATION :-

The next step in the marketing research process is to exact findings from the collected data.

4-PRESENT THE FINDINGS AND CONCLUSIONS :-

As the last step, the findings and conclusion of whole research are presented in the end .

INTERPRETATION

Rural Marketing Becomes Attractive To Corporate :-

A variety of factors have rendered the rural market quite attractive to corporate in recent years.

The growing opportunity in the rural market is no doubt the prime factor. The rural demand has been growing rapidly and its composition has been changing for the better in the recent years. The increased income/ purchasing power of the rural consumer and the improved income distribution has enhanced rural demand for several products. Better access to many modern products/brands has added to this growth.

The heat of competition in the urban market actually serves as the stronger driver behind the growing interest of cooperates in the rural market. The fact that the rural market is still largely an untapped as well as the early entrants can tap it without having to face intense competition as in the case of the urban market, makes the rural market all the more attractive to them.

Corporate have been finding the going increasingly tough in the urban market , especially for the products in respect of which penetration levels are already high . For example penetration level for the toothpaste in the urban market has now reached close to 80 per cent. In contrast, it is below 30 per cent in the rural market. Moreover in the urban market many consumers have been using a toothpaste for quite some time and have settle

down to the brand, its flavour , and other characteristics .They can not be expected to switch their brand very easily . In contrast, in rural markets, there a lot of first time users of toothpaste whom the company can tap from the scratch.

Corporate find that the highly penetrated urban markets allow little room for volume growths for most of what are called, ' necessity products' (toothpaste, bath soap, washing products, tea etc). Growth opportunity for many of the 'emerging products' (coffee, shampoo, talcum powder etc) too is rather low in the urban market . The rural market thus becomes essential for companies with strong aspirations. Not comprising in the rural market keep them out of about half of the country's market for the 'necessity products' and the one-third for the 'emerging products' by value .It is but natural that in these circumstances, corporate set their sights on the rural market

Many company have already taken to the market in a Big Way :-

EXTENT OF RURAL SALES BY SELECTED COMPANIES

Company	Rural Sales(% share)
HLL	50
COLGATE	50

GODREJ	33
CADBURY	25
SMITHKLINE BEECHAN	25
HEINZ	20
GLAXO	25
CIPLA	18
RANBAXY	17
HERO HONDA	40
KINETIC	30

SOURCE:Economic times

EXTENT OF RURAL SALES BY SELECT INDUSTRIES

Company	Rural Sales
AUDIO	40%
REFRIGATORS	24%
CTVs	22%
PHARMA	20%
CEMENT	10-20%
PAINTS	10-12%
WASHNG MACHINES	9%

SOURCE:Economic times

Above tables shows that the extent of rural sales by select companies/Industries. Many companies/ Industries have already taken to the rural market in a big way.

It can be shown from above table that in the FMCG Category, half of the revenue of HINDUSTAN LEVER and Colgates Come from the rural market . In the case of another companies too, the countryside accounts for a substantial part (25-30) per cent of the total sales. It can also be seen that about One-Fifth of Pharma sales occur in rural India . Kinetic sells about 30 per cent of its scooters. Hero Honda 40 percent of its bikes.

Strategies adopted by different FMCG companies in rural marketing

ITC's e-choupal initiative is changing the lives of farmers on a scale no other venture has ever done. The company is entering more than 30 new villages a day, every single day of the week, 365 days a year.

Take a remote village. Go to the smallest farmer there. Educate him in the best farming techniques. Inform him of daily weather conditions and price movements in the market. Make available to him at his doorsteps the best possible seeds, pesticides and fertilizers at the most competitive prices. And when his crop is ready, help him find the best buyer.

Imagine doing all of this in 30,000 villages across six states season after season, year after year. Doing it at no cost to the farmer and yet making money for yourself. Impossible, would be the most obvious verdict to such a proposal.

Yogesh Chander Deveshwar, chairman of Rs 12,000 crore ITC, said when S. Sivakumar, chief executive of its agri-business, approached him with an equally ambitious idea in 2000. Knowing that he was asking for the moon, Sivakumar initially requested Rs 50 lakh to test the idea among soya farmers in Madhya Pradesh. Deveshwar granted him Rs 10 crore. The rest, as they say, is history. ITC's e-choupal network has already reached 3.1 million farmers, and is expanding into 30 new villages a day-making it corporate India's most ambitious rural initiative ever. Partnering ITC in the network are 37 companies, NGOs and state governments, together creating a new ecosystem for villages and establishing a direct link between what consumers eat and what farmers grow.

THE POWER OF 'e'

The e-choupal redefines choupal, the Hindi word for village square where elders meet to discuss matters of importance. The all-important letter in the word is "e". It stands for a computer with

an Internet connection for farmers to gather around and interact not just among themselves but with people anywhere in the country and even beyond. It begins with ITC installing a computer with solar-charged batteries for power and a VSAT Internet connection in selected villages. The computer's functioning is freed from the notorious power and telecom facilities at the village level. A local farmer called sanchalak (conductor) operates the computer on behalf of ITC, but exclusively for farmers. The e-choupal offers farmers and the village community five distinct services.

Farming methods specific to each crop and region, soil testing, expert advice-mostly sourced from agriculture universities-all for free.

Purchase: Farmers can buy seeds, fertilisers, pesticides and a host of other products and services ranging from cycles and tractors to insurance policies. Over 35 companies have become partners in the e-choupal to sell their products through the network.

Sales: Farmers can sell their crops to the ITC centres or the local market, after checking the prices on the Net.

Development work: NGOs working for cattle breed improvement and water harvesting, and women self-help groups are also reaching villages through e-choupal. In some states farmers can even access their land records online, sitting in their village. Access to health and education services through e-choupal begins next month.

In many villages e-choupals have become the axis around which the local community revolves. Be it for accessing newspapers online in the mornings (many villagers have discontinued their newspaper subscriptions) or checking the supply of products they ordered on the Net, or watching movies on farming techniques in the evenings, farmers frequent e-choupal at all times of the day. Each e-choupal covers between five and six villages.

EMPOWERING THE SMALLEST

Indian farmers typically buy at retail prices and sell their produce at wholesale prices, losing out on both ends of the deal. By virtually aggregating them, e-choupal brings the power of scale to the smallest of farmers. ITC ensures that there are at least two suppliers of all products sold through the e-choupal. Farmers can pool their demand, compare prices and place orders on the Net. Bargain and choice-two key virtues of competition-are delivered to the farmers right on their doorstep.

When it is time to sell the produce, e-choupal helps the farmers by breaking the monopoly of local markets that are controlled by trade cartels. In most mandis, farmers are cheated at several stages-arbitrary pricing, under weighing, delayed payments. In Uttar Pradesh, farmers lose between 10 and 30 per cent of their income to such malpractices. ITC is setting up its own purchase centres in the six states covered by e-choupals. The farmers' response has been overwhelming. In 2001-2, the company purchased 60,000 metric tonnes of crop through e-choupal. By 2003-4 the purchase increased to 2,10,000 tonnes and in four months of 2004-5, the company picked up 1,80,000 tonnes of farm produce.

For farmers it is a win-win situation. Sitting in their village, they can check the prevailing purchase price at the mandi and the ITC centre through e-choupal and sell wherever they wish to. ITC's entry into crop purchase invariably means a rise in mandi rates too, benefiting even those farmers who can't sell to ITC. In places where ITC rates aren't higher than the mandi rates, farmers are drawn to ITC centres because the company uses electronic weighing, better quality testing and ensures spot payment.

ITC'S E- choupal achievement

It's achievement :-

- (1)- 5,050 choupals, 29,500 villages, 3.1 million farmers.
- (2)- Using e-choupal to source a range of farm produce (foodgrains, oilseeds, coffee, shrimps).
- (3)- Marketing a variety of goods and services through e-choupal(agri-inputs, consumer goods, insurance, market research).
- (4)-Transactions:\$100 in (2003).

STRATEGY ADOPTED BY HLL

Hindustan Lever to expand Project Shakti reach the rural market:-

FMCG major Hindustan Lever will take its Project Shakti, the rural direct-to-home distributor model, national and reach out to 100 million people in four years' time. The project is at present on in Andhra Pradesh but will be soon be rolled out to other remote villages across the nation. The target is to establish access with 100 million people in 3-4 years' time. The importance of the project is rural economy had immense potential and they were the consumers of tomorrow.

Supported by micro-credit, the women from self-help groups were HLL's rural direct-to-home distributors.

The idea behind Project Shakti was to help the company reach, penetrate and communicate with rural consumers. The initiative benefited women in more than 4,750 villages.

VISION OF THE PROJECT:-

The vision was to change the lives of women in 100,000 villages by making them Shakti dealers. This would provide economic opportunities for the underprivileged while creating a distribution and communication channel for brands to access untapped rural markets with a consumer base of 100 million rural Indians.

STRATEGY ADOPTED BY COCO-COLA

Coca-Cola India doubled the number of outlets in rural areas from 80,000 in 2001 to 160,000 in 2003, which increased market penetration from 13 per cent to 25 per cent.

It brought down the average price of its products from Rs 10 to Rs 5, thereby bridging the gap between soft drinks and other local options like tea, butter milk or lemon water.

It doubled the spend on Doordarshan, increased price compliance from 30 per cent to 50 per cent in rural markets and reduced overall costs by 40 per cent.

It also tapped local forms of entertainment like annual haats and fairs and made huge investments in infrastructure for distribution and marketing.

Result: the rural market accounts for 80 per cent of new Coke drinkers and 30 per cent of its volumes.

The rural market for Coca-Cola grew at 37 per cent over the last year, against a 24 per cent growth in urban areas. Per capita consumption in rural areas has doubled in the last two years.

The launch of the Rs 5 pack has reaped rich dividends in terms of sales and the bottles are expected to account for 50 per cent of the company's sales in 2003.

Coca-Cola is just one example. A lot of fast-moving consumer goods and consumer electronic companies are aggressively targeting rural consumers. The necessity arose because the growth rates of consumer products were slowing down not because the markets were getting saturated in terms of penetration.

While overall volumes continue to grow reasonably well, there are too many players eating into each other's market share.

The companies, therefore, reduce prices in urban areas and invest heavily in sales promotion, intensifying the battle for market share.

The companies, therefore, reduce prices in urban areas and invest heavily in sales promotion, intensifying the battle for market share.

Operating margins come under pressure and new growth markets have to be explored. This is where the rural markets play an important role.

The rural market was tempting since it comprised 74 per cent of the country's population, 41 per cent of its middle class, 58 per cent of its disposable income and a large consuming class, Coca-Cola India CEO Sanjiv Gupta said.

Today, real growth is taking place in the rural-urban markets, or in the 13,113 villages with a population of more than 5,000.

Of these, 9,988 villages are in seven states -- Uttar Pradesh, Bihar, West Bengal, Maharashtra, Andhra Pradesh, Kerala and Tamil Nadu.

For manufacturers of consumer goods, these are the markets to look out for. While the 1980s saw a boom in Class I towns with the spread of television, the Class II towns showed strong growth in the 90s propelled by reforms.

According to the National Council for Applied Economic Research, the millennium belongs to the Class III and IV rural-urban towns.

It estimates that an average rural Indian household will have five major consumer appliances by 2006, almost double of what it had five years ago.

In order to efficiently and cost-effectively target the rural markets, the companies will have to cover many independent retailers since in these areas, the retailer influences purchase decisions and stock a single brand in a product category.

In such an environment, being first on the shelf and developing a privileged relationship with the retailer is a source of competitive advantage to consumer good companies.

Most of the companies have started tinkering with pack sizes and creating new price points in order to reach out to rural consumers since a significant portion of the rural population are daily wage workers.

Thus, sachets and miniature packs, as in the case of shampoo sachets priced at Re 1 and Rs 2 or toothpaste at Rs 10, have become the order of the day in hinterland India and help improve market penetration.

Yet, driving consumption of goods in rural areas is not just about lowering prices and increasing volumes but also about product innovation and developing indigenous products to cater to their demands.

For example, soap makers use advanced technology to coat one side of the soap bar with plastic to prevent it from wearing out quickly.

Also, the companies need to turn to innovative methods of advertising like fairs or haats to reach their potential customer base.

Two years ago, many companies congregated at the Ganges river for the Kumbh Mela festival, where about 30 million people, mostly from rural areas, were expected to come over the span of a month.

The companies provided 'touch and feel' demonstrations and distributed free samples. This proved to be extremely effective in advertising to the rural market.

SWOT ANALYSIS FOR THE COLGATE IN RURAL AREAS:

The swot analysis is very important tool for knowing the competitor strategy. The swot analysis for the Colgate in rural areas is given.

STRENGTH:

- (1) The qualified staff-as company is today dealing with best available staff having good selling techniques.

- (2) Strong financial backup.
- (3) White gel-it provides maximum freshness in the mouth and also helps in fighting against bacterial action.
- (4) White crystals provide instant freshness help in removal of plague.
- (5) It provides 12 hour protection help in prevention of tender germs.

OPPORTUNITIES:

- (1) Large investment – as they are easily available with large investment due to their past sales, they can easily fulfill their financial needs or can make huge investment.
- (2) Intensive distribution – product they are producing & of nature or the daily usable commodity so the company is using intensive distribution which provides opportunities for the company.
- (3) Stable economic condition – company is having stable economic condition which helps in boosting the growth of the product.
- (4) The technology factor being used by Colgate Company is at its BANG.
- (5) Today the world is becoming a global village – so taking it is an opportunities.

WEAKNESS:

- (1) Giant competitors like pepsodent and close up...The company has been facing immense competition from organized as well as unorganized players. HLL is the closest rival of Colgate with a share of 34% with its pepsodent and Colgate.
- (2) High taxes – due to highly taxation policy the prices of the tube rises which sometimes creates a hurdle in the growth of the company.

THREATS:

- (1) Chance of failure – as the company produce different types of paste in Colgate brand like in gel form or in crystal form or the orange gel, so the product is new to the market may be the people accept .the new taste in the toothpaste field or maybe they may reject it . Company has no idea of success.
- (2) Many companies are there to compete the same product in the market. There are high rate of the competition in the market.
- (3) Sometimes due unstable political condition as the different government provides different subsidies.

RECOMMENDATION & SUGGESTION

1. Advertisements on rural media like radio, press media has been increased .
2. Physical Distribution channel must be made strong.
3. Awareness about the product must be increased among the peoples.
4. Profit –margin percentage of the product for the retailers should be increased.

5. The rural customers are usually daily wage earners and they don't have monthly incomes like the ones in the urban areas have. So the packaging is in smaller units and lesser-priced packs that they can afford given their kind of income streams. Then a thing like the colour that attracts him is also important.

6. A difference in the kind of media mix that is used to convey the messages to the rural customers. We need to use different models and means to reach them as what appeals to the urban customer may not appeal to him due to varying lifestyles. The communication and the design of it are also different as what attracts one need not attract the other as well. So again, even if the media reaches him, there might not be an impact as it may fail to attract him as fails to connect to it due to the lifestyles being different.

7. Infrastructure like- road, electricity facility must be improved because most of the MNC's tap the rural market due to such difficulties.

8. In advertising local languages can be used to attract more and more viewers.