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## RURAL PR

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**An eminent personality once asked a gathering - *If you see a woman in a village milking a cow, do you see an opportunity?***

Most did not reply and the ones who did reply, replied in the negative. But that is exactly where Dr. Varghese Kurien saw an opportunity and it gave birth to one of the most successful organizations of India - **AMUL**

The Indian rural market with its vast size and demand base offers great opportunities to Companies. Two-thirds of Indian 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.

According to the National Council of Applied Economic Research (NCAER), with about 74 per cent of its population living in its villages, India has perhaps the largest potential rural market in the world. It has as many as 47,000 *haats* (congregation markets), compared to 35,000 supermarkets in the US. Plus, of the total FMCGs demand in India, nearly 53 per cent comes from the rural market. For consumer durables, the figure is 59 per cent.

In 2001-02, the rural market accounted for 55 per cent of Life Insurance Corporation of India's (LIC) total policy sales. Of Bharat Sanchar Nigam Ltd's (BSNL) two million mobile connections, as many as one million subscribers are in small towns and villages. It is much the same story for wristwatches, dry cells, cassette recorders and so on.

Like any market that has seen a demand and awareness boom, rural India has been witnessing considerable rise in purchasing power and brand 'recognition' (not to be confused with 'awareness'). A change in consumption patterns and access to communication media have made the rural market a vital cog in the sales-growth wheel, especially with demand for many categories plateauing in the urban markets.

Hindustan Lever Ltd., India's most admired FMCG company (A & M's Most Admired Marketing Companies survey) and a company whose products have among the deepest penetration in rural India, saw sales of about Rs 9,954 crore in year 2000, in the rural market.

Yet, as often as one hears about the huge potential rural India can offer, one hears about how very few categories and brands have seen substantial product penetration., and how very few marketers have actually tapped the market for what it's worth. Yes, there are tremendous growth opportunities, and they require investment in terms of distribution, product realignment, product-variant creation, etc. In fact, a conference on Rural Marketing and Communications, organized by FICCI, highlighted the issues that potential marketers to rural India need to take heed of, or need to address.

Companies have to counter a number of challenges as well - understanding the pulse of rural consumers, physical distribution of products and services as well as communicating to a heterogeneous rural audience.

For instance, propensity to buy differs among urban and rural consumers in the same income bracket, because the rural mind is troubled by daunting uncertainties, which may seem irrelevant in the urban context. In spite of that, there are a huge number of success stories, products that have prospected the challenge and turned it into an opportunity. They include Lever's Breeze soap and A1 Tea, Britannia's Tiger biscuits, LG's Sampoorna television set and, recently, 502 Pataka Chai, the tea brand.

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, companies 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 a sizable market share. Actually the market bristles with a variety of problems.

### ***Physical Distribution & Channel Management***

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 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 thereby facilitating 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.

### ***Promotion & Marketing Communication***

In the area of communication, companies have perhaps failed to recognise that a rural consumer may be buying a particular brand or even the product category itself (particularly durables) for the first time. With hardly any key influencer within the village and few sources of information (since print and electronic media have limited reach), the rural consumer feels inhibited and ill equipped to buy confidently.

To communicate effectively with rural audiences, it is important to understand the aspirations, fears and hopes of rural customers, in relation to each product category, before developing a communication package to

deliver the product message. Hence, there is a strong need to build reassurance and trust about product quality, service support and company credentials in the minds of rural consumers. ***This is best done through the face-to-face 'below the line' touch, feel and talk mode at haats, melas and mandis.***

**PHILIPS INDIA LTD. - ELECTRONIC ENTERTAINMENT EQUIPMENT**

**Objective** - promote Phillips Electronic Entertainment products, viz., Stereos and CTVs, among the rural population of Tamil Nadu.

**Communication Strategy** - Based on information regarding buyer behaviour 'Phillips Super Shows' were conducted in five district headquarters with the intention of motivating dealers as well as opinion leaders to generate word-of-mouth publicity, as a first step.

This was followed by extensive van operation in 5000+ population areas with audience participation techniques for mouthing the brand, supported by mass media campaign in regional press (district wise edition), rural cinemas, radio, wall painting and intensive merchandising activities.

**Result** - Between October '97 and January '98, Philips achieved a 61 per cent growth in Audios, 28 per cent in Colour Televisions and a 7per cent growth in B&W over sales of the corresponding period in 1996-97, in Tamil Nadu, in a sluggish consumer electronics market. They were able to sustain the growth rate in the following year too.

Language and regional behaviour variations should be considered while developing rural communications strategy. Advertising and Public Relations agencies should entrust development of rural communications packages to professionals hailing from small towns, as they would have a better connect with rural mindset.

Although the reach of television in rural India is high, frequent power-cuts restrict viewing time considerably. With the licensing of FM channels to cover all district headquarters, the power of radio to deliver a localised message in a local language will soon be available to advertisers as a cost-effective way to reach rural masses. Rural India has a very high ownership of transistor radios and as these run on batteries, radio can once again be expected to become a popular medium for reaching rural masses.

***As a general rule, rural marketing involves more intensive personal selling efforts compared to urban marketing.*** Companies 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 community does. This can be achieved by utilizing the various media in rural areas to reach out to their readers 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.

An interesting example that can be looked at is that of **MRF Bullock Cart Tyres** where the focus was on educating farmers about the advantages of using Nylon tyres for bullock carts and building an image for the MRF brand. MRF achieved this through a unique nylon cord-breaking contest with real life pahalwans, thus effectively demonstrating the strength of MRF Bullock Cart Tyres. MRF Bullock Cart Tyres became the Brand leader in the segment within three years of the launch campaign and continues to lead the category with 35 per cent share of the market.

**Escorts & Yamaha** too focused on deeper penetration in the rural markets without relying on television or press advertisements but concentrating on a focussed approach depending on geographical and market parameters like fares, melas etc.

Another example which can be quoted in this regard is that of **HLL's '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. Today, these brands have a flourishing market in rural India.

Thus, when looking at the challenges and the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

## **SOME PROMINENT SUCCESS STORIES**

### **1. Marico Industries - Parachute Coconut Oil Pouches**

With the objective of creating awareness for Parachute Coconut Oil pouches in towns with less than 20,000 population in Tamil Nadu, and in order to convert loose oil buyers into Parachute pouch customers, Marico Industries launched a **van campaign**. The communication Strategy focussed on getting women out of their homes to participate in the van campaign, which was aimed exclusively for them and for the first time conducted by women.

**Result** - A study by Marico showed a 25per cent conversion from loose coconut oil usage to Parachute Pouch Pack, post van campaign and a substantial increase in sales from the campaign areas

### **2. ACC Limited - ACC Suraksha Cement**

In a market dominated by graded cements in the semi urban/rural areas of Karnataka, ACC Cement ventured out to establish the superiority of ACC Suraksha blended cement and build an image of a Premium Cement for the brand.

To reach the opinion leaders viz. Architects, Engineers, Contractors, etc., the assistance of the **regional local press** was sought and other **Direct Marketing efforts** such as field meetings with small groups of masons & customers were used.

**Result** - A post-campaign study initiated by ACC revealed tangible improvement in off-take in the state of Karnataka and an extremely positive response from dealers, who believed that the campaign helped in strengthening their hands.

Source: Anugrah Madison Advertising Pvt. Ltd.

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