

## **Executive summary of the UGC Approved Minor Research Project**

**Entitled: Market for Consumer Durables in Rural India-A Study on Consumer Behavior with Special Reference to Puttur Taluk of Dakshina Kannada District of Karnataka**

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The **First chapter titled “Research Design”** provides a brief idea of the subject matter of the thesis, statement of the problem, objectives, hypotheses, research methodology, scope of the study, nature and limitation of the study and the chapter scheme.

History of mankind is replete with developments resulting from a gradual process of evolution. Modern marketing is no exception to this rule. In the early races of Homo Sapiens (modern man), man was a nomadic hunter and food gatherer subsisting in a hostile world. During the Neolithic period of the new stone age, the requirements for food, clothing, shelter etc., of the early man were duly met by the available supply of these things in nature. This period is, therefore, characterized by the absence of marketing. As the time passed, the concept of division of labour and specialization began to evolve. This led to excess production of commodities making it necessary to search a common place for “exchange”.

The invention of money contributed to a large extent to the marketing process by solving problems of barter system. Industrial revolution, in 18<sup>th</sup> century resulted in mass market. The economic revolution since 1990 has, in large part, been a marketing revolution. Earlier, the typical attitude of the businessman towards marketing was the sales department will sell whatever the plant produces. Today, it is increasingly to produce what the market needs. Thus, marketing has developed in an evolutionary rather than a revolutionary fashion.

Any economy, developed, developing or underdeveloped, is a market oriented economy. The production and marketing are the two pillars of an efficient economy, whereas, production and consumption are the two wheels of an efficient economy which are linked by the powerful belt of marketing. A business organization may produce goods and services by adopting efficient management techniques. But, mere production does not bring

any profits. It has to market goods and services and only marketing will generate revenues, all other activities result in expenses.

Marketing promotes economic development by finding out the right type of product that the firm has to produce, the right place where it is to be made available for use, right price at which it is to be made available and the right channel through which it is to be brought to the notice of the consumers.

Marketing in India was, for a long time, meant urban marketing. Till recently, the focus of marketers in India was the urban consumers and by and large no specific efforts were made to reach the rural market. The urban market was attractive because of reasons like high density of population per square kilometer of space, high infrastructural level, frequency of income receipts at regular intervals, high advertisement exposure, high brand-awareness, more convenient buying, high market reach, employment in government, business, industry and service organizations and the like.

In 1991, Government of India liberalized the economy. This made MNCs to enter Indian economy with massive investments. Intensified competition in urban market increased cost and reduced market share. These, finally, resulted in the near saturation of urban market. This forced both Indian companies and MNCs to look for greener pastures. All eyes turned to the most promising potential market-rural market.

Rural marketing as it exists today is a result of evolution over many decades. Before, mid 1960s, rural marketing referred to marketing of rural products particularly agricultural produce in rural and urban areas. During the period between 1960s and 1990s, rural marketing represented marketing of urban produced agricultural inputs in rural market and marketing of rural produce in urban areas. After mid 1990s, the effects of green revolution, white revolution, blue revolution and economic liberalization have transformed the rural economy into a vibrant and growing economy with rapidly increasing incomes. Seeing this opportunity, many marketers, including MNCs producing consumer durables who have experienced near saturation in urban market, began to view the rural population as potential consumers. Thus, today, rural marketing concept is viewed as flow of goods and services from rural to urban areas and the flow of goods and services from urban to rural areas as well as the flow of goods and services within the rural areas.

As per the Census of India 2011 population totals of rural – urban distribution in the country, of the 121 crore Indians, 83.3 crore live in rural areas, while 37.7 crore stay in urban areas, showing rural-urban distribution is 68.84% and 31.16% respectively. As per 2001 Census data, 70 percent of population in India live in rural areas showing 69 percent growth from 1971 Census, 46 percent growth from 1981 Census and 16 percent from 1991 Census. In the distribution of population between rural and urban, one can easily understand that rural sector dominates over urban. Later, a decrease in this trend is observed, might be due to increased employment opportunities in urban sector which resulted in migration from rural areas. Even then the rural sector has domination over urban. Increase in incomes, rising non – farm employment opportunities, higher aspirations and the Government’s focus on rural sustainability schemes are major factors that have been driving the rural markets’ growth. Since 1951, when the 5 year plan was introduced, number of steps have been taken by the government of India to improve the quality of life of rural people. Development of infrastructure and strengthening of communication links, change in terms of trade in favour of agriculture, growing literacy, improved banking facility, development of positive attitude among rural consumers towards savings and credit and above all greater penetration of T.V. and other mass media have dramatically changed the nature and character of rural markets. All these evidence rural market is growing and becoming more potential.

The rural market in India is changing and becoming more potential for consumer durables. But, the marketers can successfully tap the potential rural market only when they understand behaviour of rural consumers which is influenced by number of factors. Understanding the special characteristics of rural consumer is key for the marketers to succeed in rural market. Understanding consumer -behaviour and knowing consumers is not that easy. The product attributes that arouse interest, desire and finally action are sometimes entirely different among customers who dwell in different parts of the same country. While some give preference to durability and quality of durables and some others may give priority to maintenance cost and after sale services. Again, rural consumer behaviour towards consumer durables is different from urban consumer behaviour. So, successful urban marketing strategies may not be effective in a complex rural market. Therefore, it is important for marketers to recognize why and how rural people make their consumption decisions so as to make better strategic marketing decisions. No doubt, marketers who understand consumer- behaviour have greater competitive advantage in the market place.

Based on an extensive **review of literature in second chapter**, it could be stated that several demographic and dispositional characteristics of individuals and many other factors tend to influence the purchase behaviour of consumers and are quite varied and complex over time and across space. Going through the available literatures, it is found that, most of the research work carried out related to the marketing of durables or consumer behavior in general. The research work relating to the study of the rural consumer behavior towards consumer durables is very much limited and restricted to very few items. Moreover, the consumer buying behavior towards consumer durables differs from country to country and from region to region. Hence, the present study tried to bridge the gap in the research on the study of rural consumer behaviour towards consumer durables as there was no study carried out so far covering the rural consumers of Puttur Taluk of Dakshina Kannada district of Karnataka. It is in this backdrop, a study on rural consumer behaviour is found essential to design suitable marketing strategies, appropriate to the diverse religious, social, economic and cultural characteristics of the consumers of rural Puttur Taluk Dakshina Kannada district. Hence, the present study titled, **“Market for Consumer Durables in rural areas- A study on consumer- behaviour with special reference to Puttur Taluk of Dakshina Kannada district of Karnataka”** is taken up with the following **objectives**:

1. To analyze and describe socio – economic, demographic and psychographic profile of rural consumers in Puttur Taluk.
2. To know fast moving brands of Consumer Durables in the study area.
3. To identify the major information sources to go for Durables and to analyze the extent of use and importance of these sources in the purchase decision of rural consumers.
4. To know the extent of influence of opinion leaders on buying decision.
5. To identify and analyze the various factors influencing rural consumers in their purchase of Consumer Durables.
6. To assess the level of consumer satisfaction.
7. To suggest some strategies for marketers for better marketing of their consumer durables in Rural India.

To give specific focus to the objectives, the present study is based on the hypothesis **“individual and household characteristics tend to influence the buying behaviour of rural consumers.”**

In the light of above hypothesis the following **hypotheses** have been developed to test the validity and applicability of the findings of research survey.

1. Necessity and convenience motivate most the rural consumers to go for consumer durables.
2. Rural consumers prefer to buy consumer durables from cities or regional retailers.
3. Rural consumers decision to buy consumer durables is influenced by the opinion leaders.

The present study is restricted to rural areas of Puttur Taluk of Dakshina Kannada district of Karnataka state only. Puttur Taluk located in Dakshina Kannada district of Karnataka is one of 5 Taluks of Dakshina Kannada district. There are 66 villages and 2 towns in Puttur Taluk. As per the Census India 2011, Puttur Taluk has 59,569 households, population of 2,87,851 of which 1,43,116 are males and 1,44,735 are females. The population of children between age 0-6 is 29,817 which is 10.36% of total population. The sex-ratio of Puttur Taluk is around 1011 compared to 973 which is average of Karnataka state. The literacy rate of Puttur Taluk is 77.11% out of which 81.56% males are literate and 72.7% females are literate. The total area of Puttur is 1,027 sq.km with population density of 280 per sq.km. Out of total population, 78.85% of population lives in Rural area and 21.15% lives in Urban area. Rural and urban distribution of population shows more scope for rural marketing.

The present study is based on both primary data and secondary data. To know and analyse the behaviour of rural consumers of Puttur Taluk in Dakshina Kannada district one set of comprehensive and structured questionnaire is used. The primary data is collected by personally administering the questionnaire to selected 1000 consumers residing in rural areas. Published articles, journals, periodicals, news papers and reports are also referred to gather necessary secondary data. The respondents consisted of agriculturists, manual labourers including beedi- rollers, housewives, employees of public and private sectors, professionals, and businessmen of rural Puttur Taluk. The sample of 1000 rural respondents has been selected on the basis of stratified and purposive random sampling technique. Statistical tools like Chi-square test, Karl Pearson test, Binomial value test, Garret scoring ranking technique, weighted average and percentage analysis have been used in order to test the hypotheses.

The study is exploratory in nature. Efforts have been made to investigate the problems by developing hypotheses and gathering information with the help of questionnaire. The study is relatively at macro level, because the study is based on an area having unique

features of its own i.e., Puttur Taluk of Dakshina Kannada district. The observations made with reference to the area covered by this study may not be fully applicable to other areas because of socio-structural and economic differences. Nevertheless, a general picture of the rural consumer behavior and the key determinants of such behavior can be had from this study.

The **Third chapter titled, “Rural Consumer Behaviour – Theoretical and Conceptual Dimensions”** gives information about factors affecting rural consumer behavior, profile of rural consumers and features of rural consumers. Consumer behaviour in rural market is complex because of lack of homogeneity. In rural India influences like traditions, social customs and caste determine consumer behaviour in everyday life. However, in urban India, these factors have limited influence. Using a single factor to understand rural consumer behaviour or assuming that rural consumer is not different from his urban counterpart is a great mistake on the part of the marketers leading to failure in rural marketing.

The profile of the rural consumer which determines his overall behaviour towards consumption is traditional outlook and more value for old customs and tradition. In rural markets colours, sizes and shapes are interpreted differently. A rural consumer is very conscious of value for money. The rural consumer’s concept of technology and quality means long lasting solid products that are useful and have less cost maintenance.

The **fourth chapter titled “Profile of Puttur Taluk of Dakshina Kannada District and rural respondents in Puttur Taluk of Dakshina Kannada District”** \_\_ is fully devoted to describe the socio- economic life of people in Puttur Taluk of Dakshina Kannada district. The details of the socio- economic provide a good, back -drop for the analysis of buying behavior of the rural consumers. In addition to that, the socio-economic, demographic and psychographic profile of 1000 respondents of rural market of PutturTaluk is also given.

The Dakshina Kannada district with 60 kms. long coastline is known as the land of god- Parasuram. The district was administered by the Vijayanagara Empire during 1560. Later Hyderali annexed it to Mysore state in 1763. Subsequently his son Tippusulthan ruled this area and later the region came under the British rule after the battle of Mysore in 1799. In the post independence period the district became a part of Mysore state (now it is Karnataka state) in 1956. The district was divided in 1997 into Dakshina Kannada and Udupi districts.

Dakshina Kannada district is situated on the west coast of India about half way between Mumbai and Kanyakumari. It lies between 12<sup>0</sup>27 and 13<sup>0</sup>58 North latitude and

74<sup>0</sup>35 and 75<sup>0</sup>40 East longitude. It is bounded by the Arabian sea on the west, Hassan and Chikkamangalore districts on the East, Kodagu district of Karnataka and Kasargod district of Kerala on the south and Udupi district on the north. Dakshina Kannada was a vast district with 8 taluks until August 1997, but now the district consists of only 5 taluks viz., Mangalore, Bantwal, Puttur, Sullia, and Belthangadi. The district has a total area of 4770 sq.kms. Taluk wise the land area is Bantwal – 735sq.kms, Belthangadi -1375 sq.kms, Mangalore – 834 sq.kms, Puttur- 1000sq.kms and Sullia- 826 sq.kms. Geographically the district is divided into three belts i.e. coastal tract- the most thickly populated region, middle belt consisting of hill and fertile valleys with gardens of arecanut, coconut and paddy fields and Western Ghats consisting of evergreen forests.

The district is blessed with abundant rainfall, fertile soil and lush vegetation. Though Kannada is the official language of Karnataka, the district has multiple mother tongues such as Tulu, Konkani, Byari and a variety of Kannada dialects. Beautiful beaches, mountain ranges, temple towns and a rich culture make it a sought after tourist destination. The district is well known for Yakshagana, Kambala and Boothakola. District is a hub for major information technology and outsourcing companies. This district also has the distinction of formation of some of leading banks in the country and well known educational institutions. Mangalore, the district head quarter is called as the gate way to Karnataka due to the presence of new Mangalore Port Trust which is an all weather port. The total population of the district as per 2011 Census was 20,83,625 of which male population was 10,32,577(49.6%) and female population was 10,51,048(50.4%). 52.4% and 47.6% were rural and urban population respectively.

Puttur is a Taluk located in Dakshina Kannada district of Karnataka. It is one of 5 Taluks of Dakshina Kannada district. There are 66 villages and 2 towns in Puttur Taluk. As per the Census India 2011, Puttur Taluk has 59,569 households, population of 2,87,851 of which 1,43,116 are males and 1,44,735 are females. The population of children between age 0-6 is 29,817 which is 10.36% of total population. The sex-ratio of Puttur Taluk is around 1011 compared to 973 which is average of Karnataka state. The literacy rate of Puttur Taluk is 77.11% out of which 81.56% males are literate and 72.7% females are literate. The total area of Puttur is 1,027 sq.km with population density of 280 per sq.km. Out of total population, 78.85% of population lives in Rural area and 21.15% lives in Urban area. There are 11.83% Scheduled Caste (SC) and 6.12% Scheduled Tribe (ST) of total population in Puttur Taluk

To know and analyse the rural consumer behaviour of Puttur Taluk in Dakshina Kannada, one set of comprehensive and structured questionnaire was prepared for rural consumers and was administered to 1000 consumers residing in rural areas. Age and gender wise distribution of rural respondents revealed that out of 1000 rural respondents surveyed (620 male and 380 female) a large number of respondents accounting for 56.1% of the total i.e., 53.4% of the male respondents and 60.4% of the female respondents were in the age group of 35-50 years. Substantial number of respondents (433 male and 305 female-73.8%) had affiliation to Hindu religion.

Majority of rural respondents (84.9%) lived in their own house and a small percentage (15.1%) lived in rented house. 388 male respondents and 284 female respondents constituting 67.2% of the total belonged to the joint family system. Majority of the respondents i.e. 31.1% and 27.5% respectively were engaged in agriculture and manual work. High percentage of male respondents (25.8%) had income range of Rs.5000-10000 per month and female respondents (46.4%) had income up to Rs. 5000 per month. Majority of the respondents (30.1%) household monthly income was in the range of Rs. 10000-20000. 78.9% of male respondents and 85.5% of the female respondents were married showing that family holders have major share in rural consumer market. Majority of the families of rural respondents comprised more than 6 members. Maximum number of 30% of the total respondents had passed high school. Just 33.1% of the rural respondents i.e., 37.7% in male category and 25.5% in female category had computer knowledge.

The **fifth chapter titled Consumer Durables: Market Potential** deals with consumer durables and top ten companies dealing with these goods. Consumer durable goods are those which do not wear out quickly, yielding utility overtime rather than at once. Consumer durables are generally high priced goods compared to lower unit price for consumer non- durables. They are used for long period. The demand for durables is a derived demand and these goods are mostly bought for future use and hence expectations play a dominant role. Buying behavior in this case often includes extensive searching, product comparison and reliance on new information. Despite the enhanced rural marketing focus of consumer durables companies since late 1990s, penetration of consumer durables in rural market is less due to varied reasons. The lower penetration in rural market should be taken as both opportunities as well as challenges in the marketing.

Some of the top players presently in India are -Nokia India, LG Electronics India Limited, Philips India, Titan Industries, Samsung India Electronics, Whirlpool Appliances, Siemens, Sony India, Videocon Industries and Blue Star. Companies which have achieved success in rural market are- Mahindra's Utility Vehicle: Maxx, L.G: Sampoorna T.V, Arvind Mills: Ruf and Tuf Jeans.

**Buying behavior of rural respondents is analysed in sixth chapter titled “Buying behaviour of rural consumers: key determinants”.**

To know the buying behavior of rural consumers in respect of consumer durables 10 items namely, Cell phone, A.C., Solar water heater, Microwave oven, Pressure cooker, Mixer, Refrigerator, T.V., Two wheeler & Four wheeler were selected. Study revealed that more than 50% of the respondents were using Cell phone, Pressure cooker, Mixer, & T.V. and rest of the items were used by less than 50% of the respondents.

Most moving brands in study area were - ‘Nokia’(Cell Phone), ‘LG’(A.C.), ‘TATA’(Solar water heater), ‘LG’( Microwave oven), ‘Prestige’( Pressure cooker), ‘Preeti’( Mixer) ‘Whirlpool’( Refrigerator), ‘Philips’(T.V.), ‘Hero Honda’( Two wheeler) and ‘Maruti Suzuki’( Four wheeler).

Study revealed that majority of the respondents were possessing durables purchased first time and those respondents who had gone for new durables in the place of existing one, the main reason for subsequent purchase being either previous one has become old or the introduction of new version in the market. While going for subsequent purchase, with regard to Mixer, Refrigerator, T.V, Two wheeler & Four wheelers majority had switched over to other brands and in the case of rest of the items, majority stucked on to the same brands. It is observed that the main reasons for switch over to other brands were more functions in new brand and high recommendation by dealers and others.

In majority of the cases, brand decision while going for durables was taken by the head or senior earning member or senior female member of the family.

Dealers, advertisement/ publicity and friends were the main sources of information activating majority of rural consumers to go for durables. The extent of information gathered from various sources of information to buy durables, evaluated on the basis of 5 point rating scale-‘very high’, ‘high’, ‘average’, ‘low’ and ‘very low’- was rated at very close to ‘high’ or ‘average’. The reliability of information received by the respondents from various sources of

information, evaluated on the basis of 5 point rating scale-‘very clear’, ‘clear’, ‘average’, ‘poor’ and ‘very poor’-was rated at very close to either ‘clear’ or ‘average’.

Study revealed that motivating factors to go for durables in the area of study vary according to the nature of the consumer durables. The extent of influence of opinion leaders – neighbors, dealers, colleagues, friends and relatives -on buying behavior towards durables, evaluated on the basis of 5 point rating scale-‘very high’, ‘high’, ‘average’, ‘low’ and ‘very low’- was rated at very close to ‘high’ or ‘average’.

For Cell phone and Pressure cooker the majority of the respondents preferred to buy from local dealers and for rest of the items preference was to buy from regional dealers. In majority cases rural respondents owned their durables for a period up to 5 years or for a period of 5-10 years.

The level of satisfaction to the rural respondents in the study area by the use of consumer durables, evaluated on the basis of four levels –‘highly satisfied’, ‘satisfied’, ‘not satisfied’ and ‘not at all satisfied’ was rated at very close to ‘satisfied’ in majority cases. The majority of the respondents wanted to recommend the brands they used to others. As far as quality of after sales services was concerned the rural respondents rated it at good level.

The research work is carried out with some identified hypotheses as put through some tests to prove their acceptability or rejection. Accordingly the tests -Chi-square test, Binomial test, Fishers exact test and Garret scoring technique have been used to test the hypotheses. The test result revealed the following:

1. Individual and household characteristics like gender, age, dwelling status, family size, family income, family structure, academic qualification etc., tend to influence the buying behaviour of rural consumers.
2. Study revealed that motivating factors to go for durables in the area of study vary according to the nature of the consumer durables.
3. Rural consumers prefer to buy consumer durables from cities /regional dealers
4. Rural consumers decision to buy consumer durables is influenced by the

opinion leaders.

The **seventh chapter** presents the summary of the study and some suggestions to the marketers for better marketing of their products in rural market as briefed below.

### **Suggestions:**

On the basis of the findings, following suggestions can be made to the marketer for better marketing of their product in the rural market:

The contribution of Indian rural market to the total sales of consumer durables has been increasing over the years. The 4 P's (Product, Price, Place and Promotion) of the marketing mix remains same in both urban and rural market. However, marketers need to meet the challenges of 4 A's of the products and services that are peculiar to the rural market. The 4 A's are:

**Affordability:** It is the ability of the customers to pay for the product. This concept implies, the price of the product should be brought into the range of rural consumer's ability to pay.

**Availability:** It is the reach of a channel of distribution in the rural market. An organization should adopt the best distribution channel to reach the rural market with minimum possible cost.

**Awareness:** It is the promotional activity to provide information to customers. Both conventional and non-conventional media can be used to convey message to the rural people.

**Acceptability:** It implies the product should be readily acceptable to rural customers.

The following strategy can be suggested to the marketers to succeed in rural market.

**1. Product Strategy:** Without a product there is nothing to distribute, nothing to promote and nothing to price. Some of the product strategies for the rural market given below:

- a) **Sturdy products** – Marketer can go for sturdy products in durables as the study reveals that most of the rural consumers believe that heavier the item higher shall be power and durability. Therefore, Escorts have positioned their Bike 'Rajdoot' as one that cope with the rugged road conditions of rural India. The advertisement showed film star Dharmendra riding Bike with slogan "Jaandaar Sawari Shandaar Sawari".

- b) Design of the products – Marketer can come out with new durable products or promote existing products particularly in case of vehicles to suit field conditions in rural areas.
- c) Valued Product: Value consciousness is a big driver to the rural market in study area for durables .Consumers are extremely aware of the equation of price, quality and image. Therefore, marketer has to come out with valued product.
- d) Utility products: Marketer has to think that the rural people are concerned with the utility of the items rather than their appearance or show.
- e) Branding Strategy: To build brand image in rural market, products have to be geared in terms of price, packaging, communication and delivered to the target audience in the language they understand, using the idiom specific communication. The marketers have to come out with appropriate brand names that can be easily remembered by the rural consumers.
- f) Emotional Surplus identity: In rural market emotional attachment needs to be worked out by a brand if it has to be seen as better than the competitor.
- g) Logos and Symbols: Logos and symbols and their size and shades are to be registered very clearly in the mind of rural consumers so as to help them to identify the brands at the time of purchase. For eg., muscleman for ‘MRF’.

**2. Pricing Strategy:** Price is a matter of vital importance to both seller and buyer in the market. Pricing decision influences sales volume, profit -margins and trade-image. Marketers should not only price their product competitively but also offer their rural prospects maximum value for money spent. The following strategy can be followed in rural market:

a) Low Price: Study shows that rural consumer is highly price-sensitive in durables mainly because of his relatively low level of income. So the market-penetration pricing with the backup of good quality product can be successful in the rural market.

b)Credit facility: Success or failure of crops in the rural area depends upon climatic conditions. Therefore, rural income is seasonal in nature. Again, as per findings of the study, dealers in durables have strong hold in rural market. So, marketers should extend credit to the village retailers and dealers to persuade them to hold stock of products of the company and push them in the rural market.

c) **Discount:** In these days of cut-throat competition, the marketer has to offer a variety of discount like trade discount, cash discount, quantity discount, off season discount etc to the retailers, dealers and customers to promote sales in rural areas.

**3) Promotional Strategy:** The right promotional tools need to be identified to succeed in a complex rural market. The marketer may have a rational strategy but it has to have local touch in rural market. The basic premise for communicating promotional message for rural market is that it has to be essentially an educational message stating not only benefits delivered by a brand but also how the benefits outweigh the costs. While developing any communication package, the in depth study of the mind -set of consumers of each region and for each product category is necessary as perceptions, traditions and values vary from region to region. Any medium chosen must be able to reach the maximum number of prospects, attract their attention and lead them from unawareness to action as per AICDA (awareness – interest – conviction – desire – action) method of communication. The promotion methods that can be adopted in rural market can be broadly classified into a) Formal Media, b) Informal Media.

**a) Formal Media:**

i) **Press, Print, T.V., Cinema and Radio:** Study reveals that advertisement/publicity is the main source of information to purchase durables. So, marketer can go for this media to promote his product. T.V. is the most preferred mass media and Doordarshan is the option available for the rural market. Press reach is also gaining importance due to increasing level of literacy. Through FM channels, the power of radio to deliver a localized message in a local language is really a cost effective way to reach rural masses. Movie Cinemas or add slides on durables can be shown in village theaters. Point to be noted here is that marketers need to advertise authentic information which is not misleading or confusing.

ii) **Point of purchase:** Display of hangings, festoons and product packs in the shops will catch the attention of prospective buyers.

iii) **Out -door Advertisement:** Sign boards, Wall Painting, Hoardings, Tree Board, and Bus Board, Dealer Board etc with symbols, pictures and colors are cost effective in rural areas.

iv) Direct mail advertising: It is a way of passing on information relating to goods directly to potential customers through the medium of post. E.g. direct mailer on consumer's durables can be sent to big farmers during harvesting season.

v) Wall Painting: Painting the pictures and slogans of the products in retailer's shops, walls of the farm houses, shops and schools etc is an effective and economical medium for communication in rural areas.

vi) Tree Boards: Painted boards of about 2 sqft in dimension, having the pictures or names or slogan of the product can be fixed to the trees on both the sides of village roads.

vii) Special offers: Marketers of consumer durables should offer attractive incentive to the consumers in the form of price cuts, attractive insurance scheme, easy financing scheme, warranties, zero percent interest loan etc.

**b) Informal Media:** The need for in-formal media arises as the media is too glamorous and impersonal for rural consumers. While formal media creates awareness and interest among rural consumers, rural informal media could persuade the consumers to buy the product. Following are the important in-formal media that can be made use of by the marketer.

i) Farm to Farm/ House to House visits: Rural people prefer face to face communication and home visit or farm visit as they facilitate two way communications. The advantage of this media is that the sales person can understand the needs and wants of rural consumers by directly discussing with them and can answer their queries on products and services.

ii) Group Meetings: Group meeting of rural consumers, sales person of the company, local dealers and opinion leaders is an important part of inter- personal media to pass on the message regarding benefits of the products to a large number of consumers.

iii) Opinion Leaders: It is found that rural consumers make buying decision for a specific brand often after a lot of consultation with the opinion leaders. Opinion leaders as a reference group have the strongest and pervasive effects on consumers' personality. They may be big land lords, bank officials, panchayat president, teachers etc. The marketer can promote his product through the opinion leaders.

iv) Melas: Ours is a country of Melas and the number of visitors to Melas is very large. So, the Melas can be successfully used to give information about products to the villagers and

also to make spot sales. For eg., many companies gather at the banks of river Ganga for the Kumbha Mela festival where about participants are mostly from rural areas.

v) Haats: Traditionally on certain days of the week both the sellers and the buyers meet in the villages in haats to buy and sell goods and services. Since large numbers of villagers visit haats, they can serve as a good platform to promote product brands through demonstration, product display, sampling and actual counter sales.

vi) Rural Entertainment program: There are a number of well appreciated forms of entertainment available to the rural people like yakshagana, stage drama, nautanki, etc. These can be used by the marketer to promote his products.

v) Mills: It is found that many tractors visit a mill every day during the peak season. This gives very good opportunities to the marketer to target farmers, as they are relatively free just waiting for their turn and they would be more receptive than in other settings.

vi) Pilgrim Sites: The vast potential of pilgrim site to promote brands, especially for rural market, has not been exploited to a great extent.

vii) Primary Health Center: It is a very good platform to promote products that have to be sold on health and hygiene grounds. The campaign in these centers can be executed in coordination with the NGO's, State Health Dept etc.

viii) Audio Visual Publicity Van (AVP Van): The van is a mobile promotion station having facilities for screening films, slides and mike publicity. Portable exhibition kit can be carried in van and exhibition of the product could be put up as and when required. During the day time the unit is used for mike publicity, pasting of posters etc. In the evening with the help of local distributors and opinion leaders film shows are organized. The sales person makes a brief talk about situation in the village, the products and the benefits.

x) Product display contest: The main purpose of this contest is to remind the customer to buy the product as soon as he enters the shop and to influence the dealer to stock the products and to support the marketer in increasing sales.

xi) Product Demonstration: This method is based on the principle "seeing is believing". Here an opinion leader is selected and the demonstration of the product is conducted in his field or house or common place in the presence of a group of consumers in the village. The consumer observes the results and the local dealers persuade them to buy the products.

xii) **Information Centres:** Marketers can sponsor information centers in rural areas. They provide latest information about the products, services, and availability of loan facilities. For e.g., Hero Honda has opened extension counters with show room facilities in major rural markets.

xiii) **Life style marketing:** The companies can initiate certain activities like sponsoring village sports, health care programs, village adaptation etc. Through these activities long term relationship with rural consumers can be achieved for mutual benefits.

xiv) **Folk Media:** There is good audience available for folk media in rural word. Marketer can effectively utilize this media to take his message to the rural audience. Following folk media can be made use of:

a) **Puppetry:** it is an excellent way of storytelling through the moving images called puppets. People of all ages and genders can be targeted by incorporating the product in the narrative.

b) **Folk theater:** These are mainly short and rhythmic, informing and educating people in informal way.

c) **Nautanki:** It is folk dance drama which is performed on a make shift stages surrounded by a tent. The marketer can use it as a platform to promote their product as rural audience believes that performers are more credible than formal media.

d) **Birha:** It is a song about the current social realities of the day and is sung at gatherings. This is a very effective media to deliver social messages and can be used for promotion of products.

xv) **Celebrities:** Marketers can make use of celebrities i.e. favorites actors, cricketers, etc. in adds. People who are their fans show interest towards buying and without a second thought they show a readiness to purchase a product or service advertised.

xvi) **Indian Association:** In order to get a good market share and best response from the consumers, marketers should associate with India directly or indirectly. E.g. Nokia has designed a mobile phone which comes with “Sare jahan se achha” ring tone.

**4. Distribution Strategy:** Rural marketing problem is essentially a problem of distribution problem. The marketer can adopt any of the following strategies to make their products available to rural world.

- i) Ensuring touch and visibility: Study reveals that buying behavior of rural consumers is influenced by the retailers or dealers. So, in rural environment, being first on the shelf in the product category and developing a privileged relationship with the retailer or dealer is a source of competitive advantage for the marketers.
- ii) Reach up to tender markets: Marketer can cater to the needs of rural consumers for durables by making their products available up to feeder points.
- iii) Understanding of peak season: Different regions of India especially the rural parts have different peak seasons of demand. These times are associated with the festivals, harvest and marriage seasons. The rural consumers are in shopping mood and have money at this time. Marketers can focus their distribution energy for that time.
- iv) Delivery vans: Reaching out to retail outlets in rural areas is a difficult task. Delivery vans serve this purpose by taking the products to the customers in select rural areas. To achieve cost effectiveness the marketers and distributors can make use of rural make shift transport vehicles.
- v) Organization for Distribution: Organization with comparatively lesser distribution reach can collaborate with organization that already has achieved high penetration levels in rural areas. This provides them with better return on their sales effort and will reduce the cost of distribution per organization.
- vi) Sales women network: The unique way of reaching in rural market may be distribution through sales women network. The women can go to different houses, establish confidence and sell personally to other ladies.
- vii) Converting producers in unorganized sector into distributors: Small Scale producers in unorganized sector, having good knowledge of the territory, good sales network, credibility and relationship with the retailers and consumers, can be asked to become distributors to market the products. This method has the advantage of not only having knowledgeable dealers but also reduces the competition offered by the local dealers.
- viii) Companies' own Distribution Network: If the companies feel that distributors in the traditional distribution channel are not aggressive enough in their marketing efforts in the rural areas, they can go for their own distribution network to promote their brand directly to the retailers and consumers.

- ix) Haats: In the haats, variety of products like clothes, FMCGs, kitchen equipments and agricultural tools are sold. By participating in haats, the marketer can not only promote the products but also understand the shared values, beliefs and perceptions of the rural consumers that influence their buying behavior.
- x) Melas : Melas like commodities fairs, cattle's fair and the religious fairs provide opportunities for sampling exercises, demonstrations and act as retail sales points.
- xi) Quantity discount and Gift coupons: The distributors and stockists need to be provided with quantity discount based on purchases made by them. So,that they will do some aggressive efforts to ensure that goods reach rural retailers.
- xii) Internet: The wireless internet can be employed in rural market which provides inexpensive ways to develop marketing and distribution channels in rural areas.
- xiii) Use of Co-operative society: Co-operative society has an arrangement for centralized procurement and distribution through their respective state level federation. Such state level federation can be motivated to procure and distribute consumable items and low value durables to the members of the society for serving the rural consumers. Again, they should be encouraged to extend credit to their members on purchases.

**5. Rural market segmentation:** Rural market consists of individuals and groups of people whose needs, resources, preferences and buying habits are different. So, marketers have to recognize the importance of heterogeneous nature of rural markets in order to segment them either by following people oriented approach or product oriented approach.

**6. Hiring Strategy:** The whole process of reaching out to the rural markets can be made effective if companies hire professionals from the Rural Management Institute or University. In a similar manner salesmen and brand promoters at grass- root level in rural markets should be selected from the educated unemployed villagers, who should be trained well and then be appointed as sales men. They can be motivated to perform better to move in to parent organization. The professionals, sales men and the brand promoters appointed for rural area should be trained to speak in the local language so that the local populations can connect with them. Again, they should be trained to work for extended hours as the rural outlets are spread over a large area which would involve a lot of travelling.

**7. Social Strategy:** Social Marketing concepts like encouraging primary education in the villages, partnership with NGO's for educational program, provision of employment opportunities in sale and distribution of products in rural areas to rural youth etc., will generate goodwill towards the company and create a market for products.

**8. Marketing research:** Companies should invest their time, effort, and money in conducting research about rural consumers to understand their preferences, consumption habits and spending pattern. The secret of a successful business organization in rural market lies in understanding the rural consumer who is very different from the urban consumer.

**9 Rural Retailing:** Marketers can go for rural retail malls to promote their products so that rural people can get their needy items at one place.

**Conclusion:** The rural market can be exploited by ruralising strategies rather than treating it as inconvenient and poor extension of the urban market, because, the purchase behaviour of consumers in rural market is quite varied and complex over time and across space. Marketers must create rural specific products and communication. Along with that, they also need to explore new distribution models. Products, price, message, media and channel need to be tailored to meet the needs of rural market. Successful companies will be those which can develop efficient and cost effective channels that enable them to reach rural areas. In a nut shell the attitude towards the rural market has to be that of an investor. The investment in money and effort which have to be made to enter the rural market are huge. But the rewards can be handsome. Rural markets have huge potential for companies in future and the companies which ignore rural markets will do so at their own peril.

**Principal Investigator**