

Rural Marketing

Course Code : MGMT4038

UNIT – 4 & 5

Part – II

Researching Rural Market & Rural Marketing Strategies

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Content

Unit - 4

Researching Rural Market : Research approach, Rural marketing Information System, Diffusion of innovation.

Unit – 5

Rural Marketing Strategies : Rural Market Segmentation – Basis and strategies, Positioning Strategies for Rural Market. Product Strategy- Product Planning & Strategies for Rural markets.

❑ Organisations Involved In Rural Research

The changing competition in the market research industry has also influenced the foray into quasi-consultancy". Though the number of research agencies in the country has not increased considerably from the 30+ agencies that were around 10 years back, mergers and tie-ups over the past three years or so have changed, the structure of the business.

In the 1980's, the two agencies, IMRB and ORGMARG, dominated the Indian market research scene, followed by Mode. In the mid-nineties, Bangalore based Research and Consultancy Group (RCG) tied up with MBL and was eventually taken over by the inter public group's \$450-million market research company, NGO World group.

The nature of the market is changing too with the advent of Internet and Information technology era. The Telecom and Financial Market reforms also opened up the market and newer avenues like consultancy-research opened up.

❑ **Organisations Involved In Rural Research Cont...**

Though the size of rural research industry is small, it will be more complex and difficult to carry out research in the rural markets.

The major players in rural research are:

- **NCAER (National Council for Applied Economic Research)**
- **ORG-MARG**
- **NFO-MBL**
- **Sampark**
- **MART**
- **ORCN (Ogilvy Rural Communication Network)**
- **RC&M (Rural Communication & Marketing)**
- **Initiative Media**
- **Anugrah Madison**

❖ **Some of the other organizations engaged in rural research are :**

- IMRB (SRI Division)
- R.K. Swamy/BBDO
- MICA (Mudra Institute of Communication and Advertising)
- IRMA (Institute of Rural Management, Anand)
- Population Services International
- Central Statistical Organization
- National Institute of Health and Family Welfare
- National Sample Survey Organization
- The Census Study of GOI

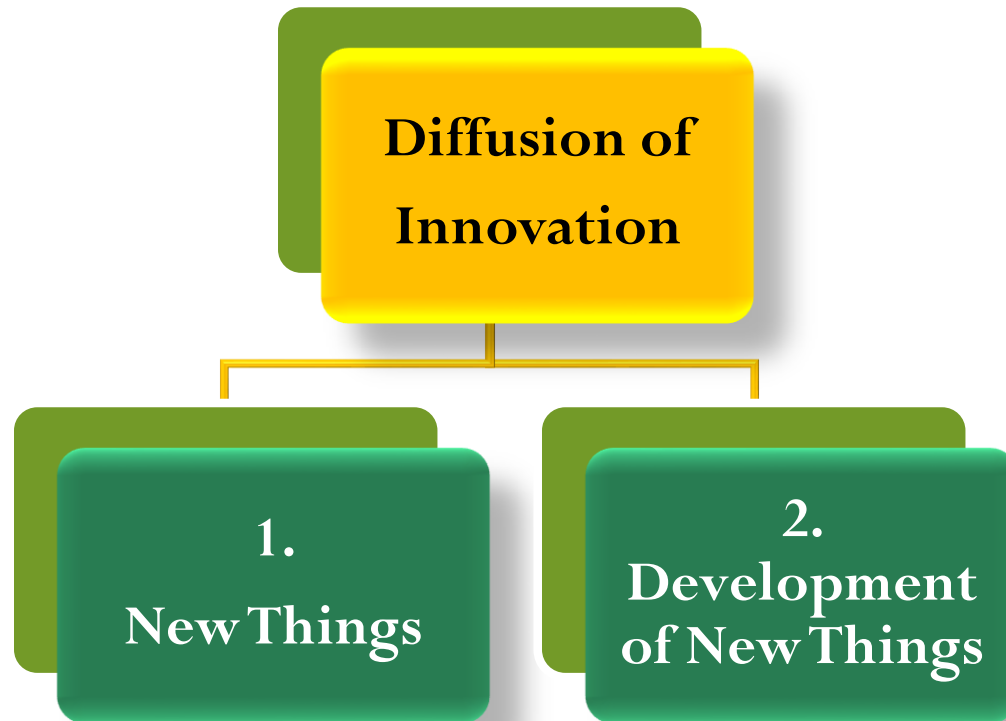
The last five organizations are involved more in social and health related issues and not on marketing research.

Especially, with rural insurance today showing huge untapped potential; data relating to health and diseases will be of critical interest to insurance company.

❑ Diffusion of innovation

First of all innovation implies with transformation of an idea into something useful.

There are two different kinds of innovations:



❖ **Process of Diffusion of innovation:-**

The diffusion of innovations theory seeks to explain how and why new ideas and practices are adopted, with timelines potentially spread out over long periods.

1. The innovation

- Firm oriented
- Product oriented.
- Market oriented
- Consumer oriented.

2. The channels of communication

- Impersonal.
- Interpersonal.

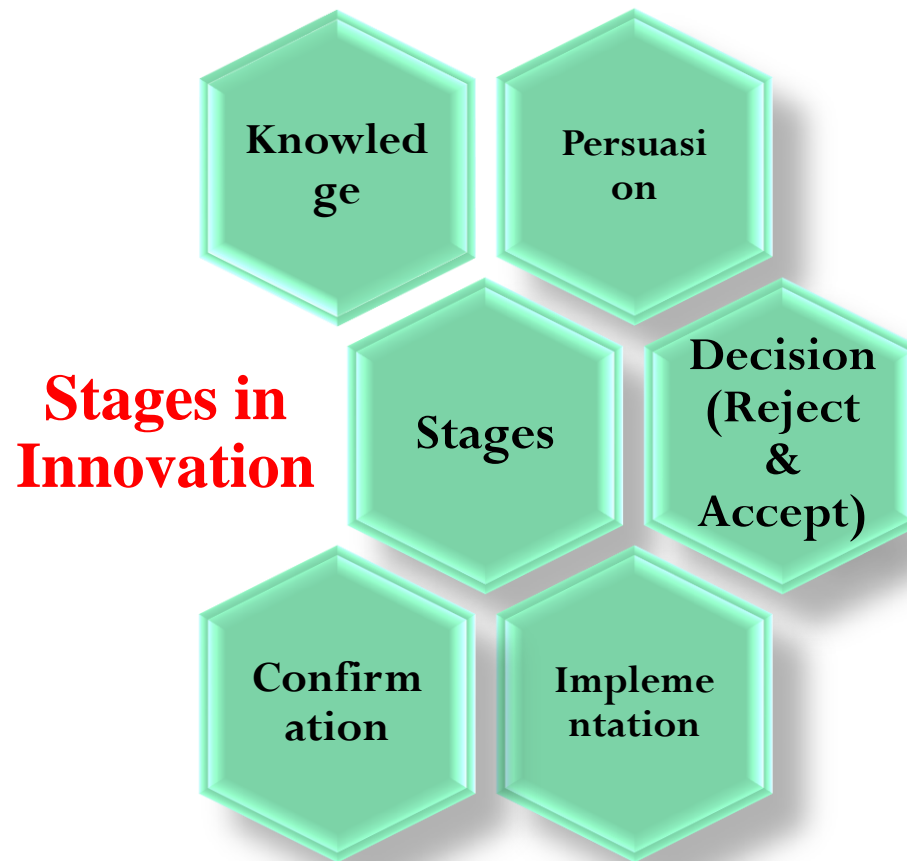
3. The social system

- Can be of two type.
- Traditional social system.
- Modern social system.

4. Time

- The amount of purchase time.
- The identification of adopter categories.
- The rate of adoption.

❖ Stages in innovation



❑ Rural Marketing Strategies

According to the 2001 census, the rural population in India stood at 74.6 crores. A recent study conducted by the national council for applied economic research (NACER) shows the rise in the rural income, which shows that the low income class (earning rupees 25000P.A. and below) would come down from more than 60% in 1994-95 to 20% by 2006-07.

This positive trend means a huge potential for many of the companies that have already reached a saturation point in the highly competitive urban market.

The future for marketers, thus lies in developing and implementing effective strategies for penetration (reach) resulting in volumes (demand and consumption) with or without the usual incentives from the government designing and execution of an effective marketing strategy to tap rural markets, is an essential means of attaining certain basic objectives such as alleviation of poverty, generation of employment, eradication of illiteracy, provision of rural health care, housing food, etc.in rural areas.

So, there rural marketing strategy is the key to bring about balanced rural development in developing counties like India.

❑ Rural Marketing Strategies Cont...

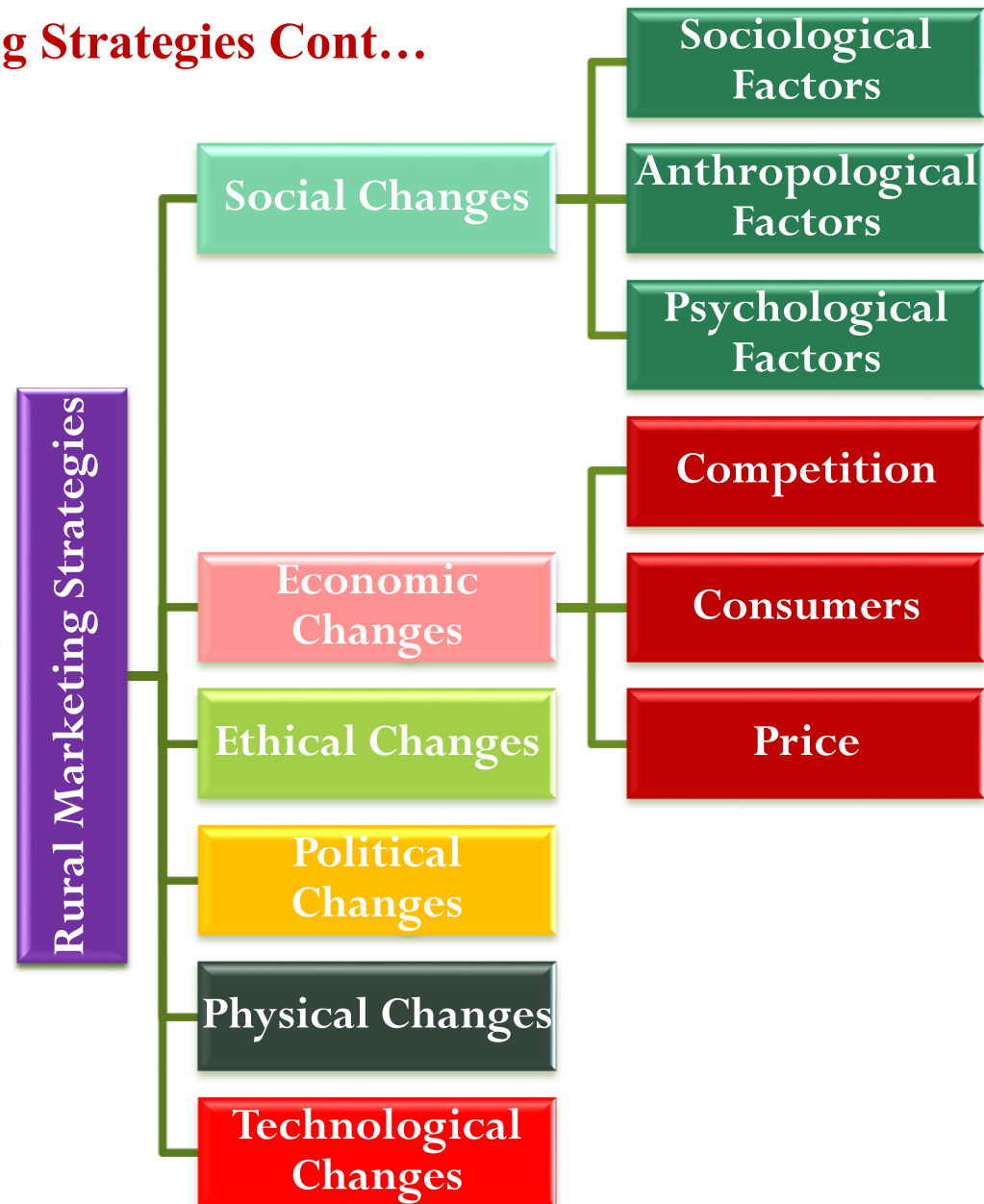
For developing any strategy we required knowledge about their environmental status. So, there rural marketing environment studied as:

The Rural marketing environment is complex and is changing continuously. The marketing organization should foresee and adopt strategies to change its requirements in the market. One which doesn't change perishes. An adaptive organization can stand competition or have a modest growth. An organization which makes its effective marketing plans and its own strategies or a creative one will prosper and creates.

1. **Social Changes**
2. **Economic Changes**
3. **Ethical Changes**
4. **Political Changes**
5. **Physical Changes**
6. **Technological Changes**

❑ Rural Marketing Strategies Cont...

Factors evolved in
developing rural market
strategies :



- The strategies adopted by Companies for Rural Markets for their Products and Services:

1. Easy-Way communication

2. Changing Pattern of Rural Customers

**3. Best Promotion and Quality
Perception**

4. Promoting Indian Sports Team

5. Developing Specific Products

**6. Effective Media modes of
communication**

7. Patriotism with Products and Services

8. Focus on Customer Requirement

**9. Adopting Best localized way of
distributing channels**

❑ Concepts And Process Adopted In Rural Marketing

❖ Key Decision Areas in Rural Marketing :

- Selecting and attracting markets involves three key decisions, viz., segmenting, targeting and positioning.
- Segmenting is the process of dividing or categorizing market into different groups based on one or more variables.
- Targeting is selecting the market segments, which can be served efficiently and profitability. It is, deciding on market coverage strategies.
- Positioning is a market attraction strategy, which involves placing the brand in the minds of the customers in the target market.

❑ Concepts And Process Adopted In Rural Marketing Cont...

Therefore, the various steps involved in the market coverage and attraction process are:

Decision	Actions
Segmentation	1. Identification of various bases for segmenting market 2. Developing profiles of the market segments
Targeting	3. Evaluating the market segments for their attractiveness 4. Deciding the market coverage strategy
Positioning	5. Communicating the chosen competitive advantage to the customers 6. Identifying a set of possible competitive advantages of the brand 7. Selecting the right competitive advantage

❑ SEGMENTATION

Segmentation is the process of dividing a heterogeneous market into homogeneous sub-units. The division is based on the premises that different people have different preferences. The following are the basic market preferences:

- Homogeneous preferences where consumers have roughly the same preferences
- Diffused preferences where consumers are scattered throughout the market by their preferences.
- Clustered preferences where consumers are found in distinct preference groups.

✓ Degrees Of Segmentation

If segmentation is considered as a process with two polar points from zero to complete, four distinct segmentation approaches are identifiable.

❑ SEGMENTATION Cont...

✓ Degrees Of Segmentation

If segmentation is considered as a process with two polar points from zero to complete, four distinct segmentation approaches are identifiable.

Degree of segmentation	Zero			Complete
Type	Mass Marketing	Segment Marketing	Niche Marketing	Micro Marketing
Approach	Considers all people as a bunch	Identifies people as different groups	Serves selectively one or very few groups of people	Focuses on individuals or very small groups

Therefore, Rural marketing is a developing concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach promise a bright future for those intending to go rural.

❑ SEGMENTATION Cont...

✓ **Benefits of segment marketing:**

- Company can service its customers more effectively and efficiently.
- Company gains the image of a creative and innovative organization.
- Company may gain monopoly by virtue of its unique marketing offer.

✓ **Prerequisites for segment marketing:**

- Understanding of consumer needs and wants.
- Awareness of competitors, products and service.
- Innovative capabilities of marketers to fine tune products and services to the varied customer groups.

✓ **Disadvantages:**

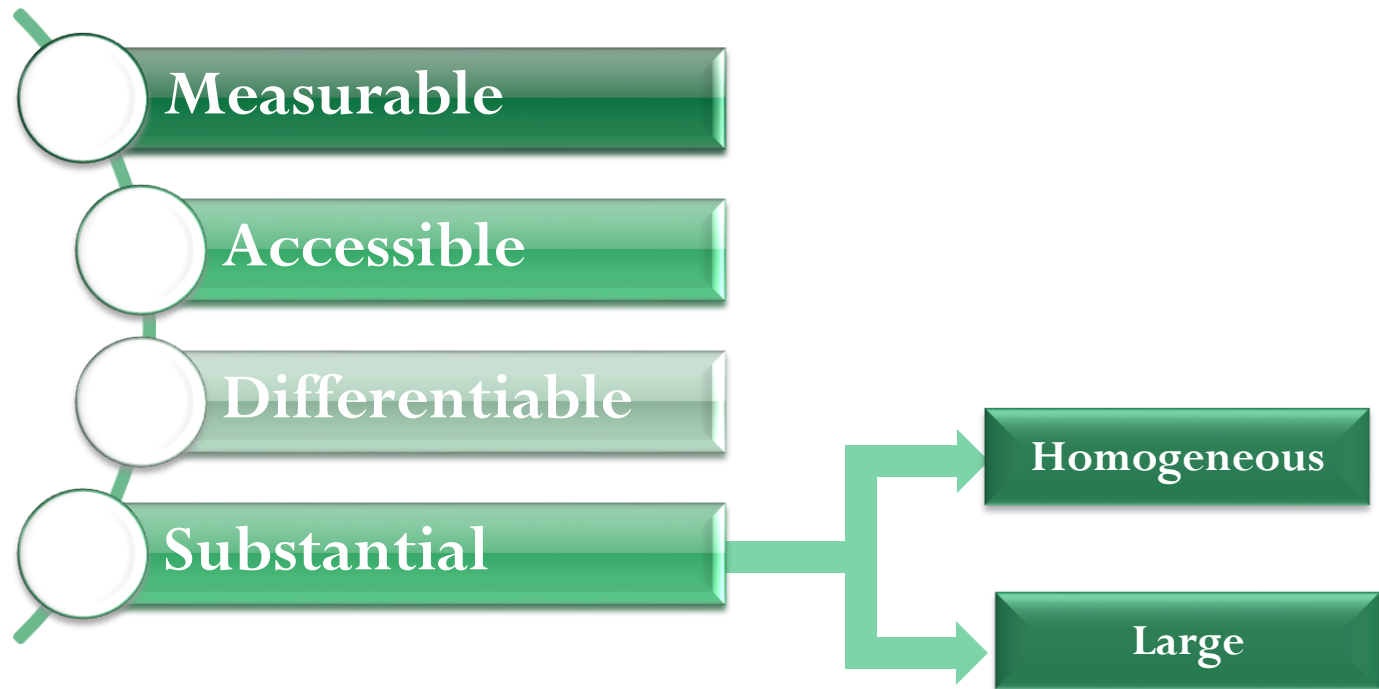
- It may create logistical problems as companies try to meet the varied requirements of different regions.
- It may reduce economies of scale.
- It may affect the overall image of a brand as promotion programs vary from place to place

❑ SEGMENTATION Cont...

✓ Guides To Effective Segmentation

Any process can be effective, if it has a sound philosophy and practical validity.

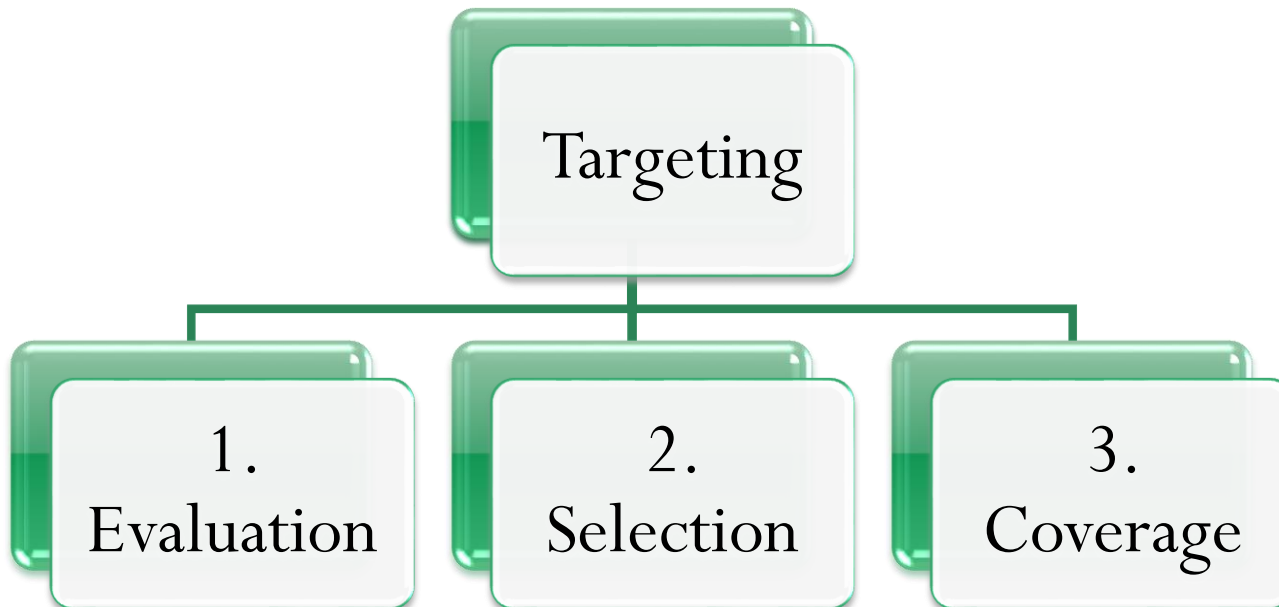
Segmentation can be effective only if it satisfies the following requirements:



❑ TARGETTING

- Segmentation is the process of identifying and establishing alternative market segments.
- As a next step, targeting involves evaluating the various segments and selecting how many and which ones to target.

There are three aspects of Targeting is following :



1. Evaluation of Segments :

In evaluating market segments a company has to first identify the criteria for evaluation.

The following criteria may be applied to determine the attractiveness of segments:

a. Profitability: The Company has to collect information on aspects required to conduct cost benefit analysis and ascertain profitability of the segment.

Relevant information includes:

- Sales volumes
- Distribution costs
- Promotion costs
- Sales revenues
- Profit margins

b. Attractiveness: Marketers should know whether they should design effective programmes to attract and serve the market skills. Smaller companies or new companies may lack the skills, experience and resources needed to serve the larger segments. Some segments may be less attractive when there is already more competition.

❑ TARGETTING Cont...

- c. **Growth rate:** A segment's attractiveness depends not only on its current profitability but also future prospects. The growth rate of the segment in terms of growth in population, rise in purchasing power, and increase in preferences for the use of the products is to be considered.
- d. **Company objectives:** Company should evaluate the segment opportunity with reference to their short term and long term objectives. If a company's objective is to expand the sales, it has to go rural instead of pulling rural consumers to the nearby town.
- e. **Limitations:** Finally, a company should examine whether the entry into the segment is acceptable to the society and government. If its entry provokes unnecessary criticisms, the company may have to struggle hard to explain its stand and safeguard its image.

❑ TARGETTING Cont...

2. Selection of Segments :

Segments may be ranked based on the scores obtained and be considered for selection. Those with high scores will be accepted and others will be kept aside for future consideration.

3. Coverage of Segments :

Organization has three alternative coverage strategies to suit their segmentation approaches:

Segmentation	Types of Marketing	Coverage Strategy
Zero	Mass	Undifferentiated
Substantial	Segment	Differential
Selective	Niche	Concentrated

❑ TARGETTING Cont...

(a) Undifferentiated strategy: Undifferentiated marketing strategy focuses on “What is common” among the consumers and tries to employ it in the design of its marketing offer.

Undifferentiated marketing strategy is adopted by some firms to promote their products in urban and rural markets. Despite certain differences between rural life styles and urban life style, they find some convergence.

(b) Differentiated strategy: Differentiated marketing strategy investigates and identifies differences between segments and tries to match the market offer to the desires and expectations of each segment.

companies using differentiated strategy within rural areas? Obviously, there are products, which are exclusive to rural areas like fertilizers, tractors, seeds, etc.

(c) Concentrated strategy: Concentrated strategy directs all marketing efforts towards one selected segment. It facilitates specialization in serving the segment and achieving higher level of consumer satisfaction, delight and loyalty.

❑ Rural Market Segmentation

A marketer has certain important sources of data available and can consider several variables, to segment these markets. There are no hard and fast rules regarding what variables to choose.

The following variables seem to be relevant to most of the rural areas in India and can be considered in determining the different market segments:



Geographic Location



Population Density



Gender and Age



Occupation



Income Levels



Socio-cultural Considerations



Language and Literacy



Lifestyle etc.

❑ Rural Market Segmentation Cont..

Other than the conventional methods of segmentation, we can also use few more variables as shown below:



Land holding pattern
(size of holding)



Irrigation facilities



Cropping pattern



Educational level



Proximity to cities



Occupation categories
(laborer, farmer,
employees etc.)

❑ Rural marketing Strategies in terms of apply 4P's Marketing Approach

1. Product Planning:

- Companies have to consider whether the existing successful products available in the urban areas can be marketed in the rural markets without any modification.
- It is advisable for companies first to determine what consumers in the rural markets need and want, and then select products from the available ones.

The following points must be kept when developing products for rural markets:

- Product must be simple in design-simple to understand, operate, maintain and repair.
- Functional aspects rather than sophisticated looks should be stressed.
- Price should be within the economic competence of rural consumers.
- Packaging should be simple, facilitate product use, should not add to cost and lead to economy in use of the product.
- The brand name should suit rural background.

❑ Rural marketing Strategies in terms of apply 4P's Marketing Approach Cont...

2. Pricing Decision:

- Pricing strategies are linked more to product positioning and packaging. Product packaging and presentation offer scope for keeping the prices low to suit the purchasing power of rural consumers but is wrong to presume that only cheap brands or low-priced products sell in rural markets.
- The decision of low income rural consumers is to buy something which has a value for its price that is utility value.
- Rural consumers are ready to buy higher-priced products particularly after harvesting time and festival season.
- The price and positioning decisions are therefore influenced not just by the income received but also on when it is received and how it is allocated among different needs of the rural consumers.

❑ Rural marketing Strategies in terms of apply 4P's Marketing Approach Cont...

3. Distribution Strategies:

- It is well known that transportation infrastructure in most parts of rural India is in poor shape.
- Though our country has the third largest system of railways in the world, many parts of rural India remain outside the rail network. Nearly 50% of the 570,000 villages in our country have no proper roads.
- While some improvements are taking place on account of the various road development programmers', many areas still have bad roads and most of the interiors have hardly any roads worth mentioning.
- As regards transport carriers, the most common ones are the 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.

❑ Rural marketing Strategies in terms of apply 4P's Marketing Approach Cont...

4. Promotion:

- Rural India has many fairs and festivals and marketers use these platforms for brand promotions.
- There is also use of mobile van publicity in rural areas where vans serve as a vehicle of product distribution and brand promotions. Salesman with vans moves from village to village.
- Vans are fitted with projecting equipment or music system to catch the attention of people and announce for their assembly at some point in the village for entertainment.
- The salesman can then talk about his product and do spot selling. Wherever possible on the basis of these sales a local dealer may be motivated to keep stocks.
- Rural marketers use demonstrators for product display and promotion in village fairs and festivals.

❑ Rural marketing Strategies in terms of apply 4P's Marketing Approach Cont...

Apart from this 4P's Approaches of marketing also focus to communication and personal selling in context to rural marketing.

✓ **Communication and Personal Selling:**

- Rural customers have poor literacy level, the scope for using print media-magazines, newspapers, periodicals etc. is not viable alternative.
- The situation is further compounded by the linguistic diversity. In the urban areas, marketing communication can be managed by and large with English and Hindi.
- Marketing communication in the rural area has to necessarily be in the local language

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*Thank
you*

