**EFFECTIVE COMMUNICATION STRATEGY FOR MARKETING CONSUMER DURABLES IN INDIAN RURAL MARKET**

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***Abstract***

*The Indian rural market is growing consistently at tremendous pace. Many big companies have entered in the rural market, altered their marketing strategies as per Indian rural market need and reaped benefits. Many Indian as well as multinational companies are exclusively setting up new department with dedicated team to learn how to penetrate and capture this growing market. There are a number of issues and challenges before the marketers in formulating communication strategy specifically keeping in mind the needs and wants of the rural customers with respect to consumer durables. This paper is an attempt to find out the most effective communication strategy for marketing consumer durables in Indian rural market.*

***Keywords:*** *Rural market, Consumer durables, Communication strategy, Rural communication*

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1. **Introduction**

Jagmohan Singh Raju, a Professor of Marketing at Wharton, in a Wharton study report on rural consumption in India, notes, “No consumer goods company today can afford to forget rural market. You can’t build a presence for a brand in India unless you have a strategy for reaching the villages.”

Today, rural India still remains the next big frontier. The Indian rural market has a huge demand base for durable products and offers great opportunities to marketers. The rural market is growing faster than urban India now. Rising rural incomes, healthy agriculture growth, boost in demand, improving lifestyles, rural electrification and liberal incentives offered by banks and financial institutions, tremendous growth in rural infrastructure and growing consumerism have opened up new avenues for consumer durables. Consumer durables on the other hand, also face many marketing problems and hence are not able to penetrate the rural market like non-durables. Indian rural market is typically seasonal market. The consumption level of durables goes high during post harvesting, festive and marriage season and less during other periods of the year.

1. **Indian Rural Market : Major Highlights**

Since 2000, GDP has grown faster in rural India than in urban: at a 6.2% compounded annual growth rate versus 4.7%. Between 2010 and 2012, spending in rural India was Rs. 3, 73,566 crore, while urban consumers spent Rs. 2, 97,770 crore.

Some companies have already seen rural sales grow at a healthy clip. According to Rakesh Srivastava, Senior Vice President, Sales and Marketing at Hyundai, “Rural sales helped us increase our market share to the highest point in the last 15 years even when the industry is declining.” He reckons rural markets will account for 20% of sales by 2014. "The rural market is still growing at 10-14% whereas the urban markets are either marginally de-growing or are flat." said Videocon's Chief Operating Officer CM Singh.

Two-wheeler sales are also rising in villages. "Going by the current trend of rising rural incomes with higher yields and minimum support prices, we are bullish on further growth from this critical market," said YS Guleria, Vice President for Marketing & Sales, Honda Motorcycle & Scooter India. Also Hero Honda Senior Vice President of Marketing and Sales, Anil Dua says, “We have always believed that rural markets will be an important growth driver.”

LG Electronics India, the country's largest durables maker, is aggressively targeting rural areas and plans to launch smart phones and its flagship flat-panel television sets in these markets for the festive season, said Chief Marketing Officer Sanjay Chitkara. "We expect consumers in rural India will upgrade their purchases," he said. “Rural India is an extremely important market” says Nokia India Marketing Director, Vineet Taneja. Nokia 1100 with its torch is a very big hit in the rural market. It is a perfect example of understanding the needs of the consumer. Nokia realized the need for a torch in the mobile for the rural people as they walk in the dark streets and fields of the village.

A few reasons are driving the growth of brands in rural India: a highly penetrated urban market, requiring fresh markets to be tapped; a young, more aspirational majority population; improved education; higher disposable incomes; and more employment and economic initiatives by the government.

It can be seen from Table 1 that as per 2011 census nearly 69 per cent of India’s population was rural. Also there was growth in rural literacy rate, which indicates that increased awareness can be created in rural people.

Table 1: Population of India - Rural vs. Urban

|  |  |  |
| --- | --- | --- |
| Rural Urban | 2001 | 2011 |
| Population in crore | % to Total | Literacy Rate (in %) | Population in crore | % to Total | Literacy Rate (in %) |
| Rural | 74.3 | 72.2 | 58.7 | 83.3 | 68.9 | 68.9 |
| Urban | 28.6 | 27.8 | 79.9 | 37.7 | 31.1 | 85.0 |
| Total | 102.9 | 100 | 64.8 | 121.0 | 100 | 74.0 |

**Source**: Census of India 2011

There is tremendous scope for consumer durable companies to tap the rural potential and thus can enhance their sales as well as market share. Some of the popular household durables penetration in rural India can be seen from Table 2 given below.

Table 2: Household penetration of select durables in rural India

|  |  |
| --- | --- |
| **Product** | **Penetration (in per cent)** |
| Television | 37 |
| Pressure cooker | 25 |
| LPG stove | 20 |
| Electric iron | 14 |
| Moped/Electric bike/Scooter/Motorcycle | 11 |
| Refrigerator | 6 |
| Telephone | 6 |
| DVD player | 5 |
| Air cooler | 3 |
| Others\* | 3 |

**\*Others’** include washing machine, still camera (non-digital), car, jeep, van, SUV

**Source**: IRS, Q1-2010 published in “Households-durables penetration” in Media Market Guide India 2010 by R.K.Swamy Media Group.

Today, rural India accounts for 56 per cent of India’s total income, 64 per cent of expenditure and 33 per cent of savings. However, with rural incomes now rising rapidly (300 million people will move out of poverty by 2017) and fast electrification of rural homes under ‘Bharat Nirman’ scheme, the opportunity for marketers is immense. But each company has to find its own rural solution as there is no standard ‘one fit all’ answer to marketer’s woes. Companies like Hero Honda and Maruti are looking at offering more rural terrain friendly product features.

An important tool to reach out to the rural consumer is through effective communication. “A rural consumer is brand loyal and understands symbols better. This also makes it easy to sell look-alike", says Mr. R.V Rajan, CMD, and Anugrah Madison Advertising. Ashish Bhasin, Chairman and CEO, Aegis Media believes an equally serious problem is agencies not knowing how to run rural. He contends, “You have to recognize it is an ecosystem playing by separate rules and dynamics.”

Table 2 indicates bundle of scope hidden in Indian rural market to penetrate huge market base. Hence apart from right kind of product, pricing and channel strategy it requires an effective rural communication strategy to capture the potential Indian rural market. Marketing communication is one of the major elements of four Ps of marketing and is popularly termed as ‘promotion’. With the help of marketing communication, marketers attempt to inform, persuade, incite and remind consumers directly or indirectly about their offerings. Marketing communication acts as a spokes person of the brand and initiates a dialogue with consumers on behalf the marketer. In other way, marketing communication transcend the physical nature as well as features of the products with additional meaning and value. Marketing communication plays an important role in building and maintaining customer relationship with a brand and thus measuring its effectiveness is vital for marketers.

1. **Review of Literature**

In the Indian rural marketing context, there is lack in focused literature to guide a practicing or potential manager in the development of effective communication strategy for Indian rural market. A very few research has taken in this regard.

Tej K Bhatia strongly feels economic liberalization; globalization and growing economic power have led to the development of rural India in the past two decades. He has explored the various facets of rural media and integrated marketing communication. In order to meet the formidable challenges of reaching 638,365 villages, Indian advertisers have mastered the art of the video-van form/technology and the art of crafting messages customized to meet rural tastes and sensibilities. He follows a ‘bottom-up’ approach and presents case studies of weekly rural markets (haats), advertising media discourse and unique features of Indian rural advertising. Both ‘conventional’ and ‘non-conventional’ media forms are accounted for in order to provide a holistic and systematic perspective on rural advertising and marketing media. He is of the view that, if the Indian advertising industry is to reach out to rural India, it has to drown itself in local colors, customs and modes of communication to make itself relevant.

According to Pradeep Kashyap, developing an effective rural communication involves eight steps such as identifying and profiling a target audience, determining the communication objectives, designing the message, selecting the communication channels, budgeting for rural communication, designing a marketing communication mix strategy, integrating the communication process and measuring the impact and results. The first step in designing an effective communication is “Knowing Your Customer”. The communicator must know for whom he is designing the communication, and what the target audience looks like. The communicator needs to know how to move the target audience to higher states of readiness to buy.

T.P.Gopalaswamy feels promotional measures adopted by various companies is one of the factors which has probably resulted in tremendous growth of rural market. Durable products require personal selling efforts because of the smaller size of target consumers. Due to low level of literacy, a buying decision in rural areas not only takes a longer time, but also involves outside influences. Word of mouth is an important message carrier in rural areas and ‘opinion leaders’ do play a significant role in influencing the prospective rural consumers about accepting or rejecting a product or a brand.

Balaram Dogra and Karminder Ghuman believe, Short term promotional efforts may not deliver the desired results on a sustained basis in the rural areas. Customized promotional media and messages need to be developed by the organizations to effectively target the rural market.

S.A.Sherlekar feels convincing rural consumer to buy a product involves a long-haul strategy. The advertiser has to be on the same wavelength as the rural consumer. The communication should be simple and straight forward. It is important that the advertiser adopts a very basic and honest approach.

U.C.Mathur is of the opinion that companies communicate with their customers with the help of personal selling, advertising, promotion, public relations and publicity. Each has a special role to play in rural customer communication. Advertising as a discipline helps in creating brand equity. Rural advertising is carried out through local language, media and village opinion leaders can be used for product endorsement.

1. **Objectives, Scope and Method of Study**

The main objectives of the paper are:

a) To find out most effective medium of communication for marketing of consumer durables in Indian rural market.

b) To find out problems associated with rural marketing communication.

c) To find out the impact of advertising on brand preference of various consumer durables in Indian rural market.

This study confines to communication strategy for consumer durables in Indian rural market.

Data have been collected from various published and unpublished journals, articles available in various websites, magazines and newspapers, text books etc.

1. **Challenges of Communication in Rural Market**

Consumer durable product promotion is the biggest challenge facing rural marketers today and those who overcome it will emerge successful.

There are many challenges to communication in rural markets:

* *Low literacy* *levels*: This leads to low awareness, not able to understand good features of a product, not able to differentiate between good and poor quality product. Old customs and traditional cultural values have not yet faded; hence rural consumers do not adopt new practices easily. Due to low literacy press and other print media play a very minor role in Indian rural market. Hence marketers encounter a great difficulty in the formulation of appropriate media mix to establish effective communication strategy for target rural market.
* *Poor media reach & exposure:* Most of rural folk live in almost complete media darkness, without access to television, radio and beyond the reach of newspapers and magazines. The limited reach of mass media in rural areas as shown in Table 3 and its regional and state variations pose limitations to adopt a universal communication strategy for rural consumers. Television has maximum reach in Goa (83 percent), whereas least in Bihar (11 percent). Similarly, press reaches 62 percent people in Kerala but only 4 percent in Madhya Pradesh. Likewise radio penetration is 40 percent in Tamil Nadu and the least 3 percent in Andhra Pradesh. But cinema has highest reach in Andhra Pradesh, which is 20 percent.

Table 3: Media penetration in rural areas

|  |  |
| --- | --- |
| **Medium** | **Penetration** **(in percentage)** |
| Television | 47 |
| Cable & satellite | 31 |
| Radio | 18 |
| Press | 13 |
| Cinema | 6 |
| Internet | 1 |

**Source**: Indian Readership Survey, Q3-2010

* *Heterogeneous and diverse rural audiences*: The scattered pattern of rural consumers poses various challenges for consumer durable marketers for designing effective communication strategy. The problem is further compounded by the heterogeneous nature of rural consumers.

*Variations in language, culture and lifestyle:* There exist diverse cultural backgrounds, different language changing from region to region, varied customs and traditions and lifestyle different from urban counterpart. Hence it is crucial to understand the behavioral and psychographic characteristics of the rural consumers.

1. **Suggested Marketing Communication Strategy**

Over the years, marketing communication has witnessed dramatic changes. Today’s communication manager must realize that there are multiple markets, customers, channels and media and competition is very intense. Due to this over crowded competition in rural market, consumers are slow to recognize and respond to communication through conventional media. Marketers are looking for alternate media like internet, mobile networks, and product placement to create a long lasting bond with their rural customers.

Before designing any promotional strategy, it is important to understand some of the interesting facts about rural India’s shopping pattern. In a report by RMAI, ‘Haats As Marketing Hubs,’ published in Financial Express in 2011 reveals following facts:

* India’s 43000 haats generate annual sales of INR 50,000 crore.
* Almost 98 percent of villagers regularly visit haats, while 75 percent of them are estimated to frequent a specific haat each week,
* Haats cater to anything between 21-57 villages and host footfall ranging between 5,600 to 12,000 visitors a day, depending upon its size.
* Anywhere between 327 and 545 stalls may be found in a haat.
* Two-fifths of total attendees are women.

Anugrah Madison’s R.V.Rajan says an effective communication is necessary for success. “The biggest challenge is to develop an effective communication package, keeping in mind the local aspiration, hopes and fears of the target audience in every region for every brand,” he points out.

The rural environment is different from that urban and therefore communication to potential rural customers in a proper and effective manner is a major challenge for consumer durable company. An important tool to reach out to rural customers is through effective communication. A rural marketer should understand consumer behavior and psychology before formulating communication strategy. It is understood that, rural consumer is simple, less communicative, conservative, loves traditional values and adhere social customs, brand loyal, emotional and family decision making rests on eldest male member in many situations. As they are slow decision makers, having limited evaluation capability, lack of brand awareness makes the buying pattern complex. Understanding customer profile has become imperative to develop any effective communication strategy.

Once understood the rural customer profile, marketer need to adopt a more focused, relevant and target audience driven approach to reach out to the potential customer. Thus communication strategy for rural market has to be different from that of urban counterpart. For example, If a marketer is planning to sell a washing machine in a city, then a female will be the ultimate user, both the female and male will play the role of decision makers and the influencer could be a relative, friend or some neighbor. On the other hand, if the same has to be sold to a rural customer, then the ultimate user will be the female, while the decision maker will only a male and influencer would be someone who is considered to have better knowledge, like a banker, doctor or an affluent farmer.

In general, it is observed that the majority of advertisements designed by consumer durable corporate marketers are largely urban oriented and extend themselves to rural markets without considering behavior and sensitivities of rural consumers. Mostly this leads a negative impact and may not give desired output for which it was planned for.

Unlike TV commercials, outdoor marketing campaigns at events like *Kumbhmela, Onam, Rathyatra, Baliyatra, Dhanuyatra* can be done in multiple dialects or languages and allow visitors to “touch and feel” products. According to Pradeep Kashyap, President of the Rural Marketing Association of India “Television is essentially a one-way medium, and for rural communities it is a totally inappropriate, inadequate way to communicate”. Rural advertising “has to be a two-way communication where people can clarify their doubts and understand what the product is capable of doing.” Even in this day and age of high tech and apparently intuitive products, a demo could still go a long way. Companies can also use popular form of entertainment like *puppetry, nautanki, ragini, bhangra, pala, daskathia, danda nacha, qaualli* and other dance shows to increase brand awareness building. Also gathering during *opera* show can be used in villages as an ideal place of brand promotion. Many durable companies not only multinationals and national brands like LG, Samsung, Philips, Bajaj, Usha, and Crompton Greaves used some of the platform and received positive response.

The tonality of communication needs to be right for rural audiences. Advertisements touching emotions of rural folk, it is urged, could drive a quantum jump in sales. Hyundai’s Rakesh Srivastava, senior vice president, sales and marketing recommends it be simple, direct and more social than of aspiration, “ They don’t prefer communication that says ‘you are the best’ and respond better to something that talks about spending time together.” This insight powers programs like *Hyundai Ne Bana Di Jodi* a special wedding themed offer for the marriage season.

For marketing consumer durables in Indian rural market, direct marketing campaigns can also be effective. At the same time importance has to be given on features and usage of products during promotion, than the brand values. Finally, a combined dealer push and innovative advertising pull bundled with attractive schemes, discounts and exchange offers can give a lot of mileage to be successful in Indian rural market.

Many durable companies like Bajaj auto, Hero Motocorp, LG, etc are tapping rural market through tailor-made TV commercial films and they have made significant inroad to rural market.

The emerging rural market has forced advertising industry to think differently in an innovative way to create a demand among rural consumers. Hence many advertising agencies are having their rural verticals to fulfill the requirement. The aspiration level of rural consumers has forced durable companies to launch products and market through the old traditional media like wall paintings, publicity through vans, rural melas and weekly haats, which are very cost effective. These are still popular media of rural advertising by the many media planners.

Among outdoor media, wall painting is the most widespread form of advertising and well accepted among rural consumers. Wall paintings still an effective promotional tool, because they constantly remind rural people about name and logos in addition to highlighting the key brand promise.

Van campaign is one of the most effective communication channels for rural consumers, since it involves interpersonal communication with maximum potential target customers. Van campaign in rural area, certainly a crowd puller, creates greater visibility and deep reach. Vehicles carrying advertisement always grab attention thus helps better brand building, creates visibility and also see & trial the product. Apart from use of melas, mandis, haats and vans to decimate product information and increase awareness, also rural tournaments, service camps and creation of local brand ambassadors as vehicle of effective communication. Putting stalls at prominent locations of village though a very cost effective activity, but can target high potential consumers. This type of promotional event gives more mileage during festive seasons. Another crowd puller in rural scenario is the games or tournaments played between villages periodically. Companies not only can put stalls or banners at such avenues and sponsor the event, but also can use their products as prizes. Sometimes use of local brand ambassadors, who can spread good word about brand image and product features. Even a local mechanic or an electrician who repairs durable products can create a positive image for the brand. Sometimes set up free service camps for their products also build good reputation of the company. Since most of the people in the villages consult their friends, relatives or neighbors before buying any durable product, keeping the existing customers happy and satisfied will lead to more referrals for the products and hence more sales. Above all, it has been seen local village shopkeepers’ word also carries a lot of weight for the village people.

Now a days flex banners, posters, dealer boards, pamphlets, danglers, standees and product display units inside shops are popularly used by many durable companies to create brand recalling and positive impact.

Market surveys reveal a remarkable rise in sales of consumer durables during important festivals and also in marriage season.

1. **Concluding Note**

It is clear that in any form of rural communication, while the corporates may have a national strategy, they have to think and act locally in order to penetrate rural market. The need for focused communication aimed at the rural market should not be underestimated. The marketer has to be on the same wavelength as the rural consumer and they have to adopt a very basic and honest approach. The communication should be very simple and straight forward. This calls for innovation and substantive changes in marketing strategies and approaches. They have to as well reach out to rural consumers and relate to them at an appropriate level, so that they can bring about the desired behavioral changes. According to RC&M - the rural communication specialist, business head Priya Monga, “Competition in hinterland has become tough as more and more entrants want to grab a share of the pie, Brand loyalty (among consumers) is switching, hence it becomes very important (for marketers) to be extremely innovative with the communication platform and technique.”

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