

RURAL MARKETING SCENARIO IN INDIA: AN ANALYTICAL APPROACH

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Abstract: The term ‘Rural marketing’ used to be an umbrella term for the people who dealt with Rural people in one way or other. It got a separate meaning and importance after the economic revaluation in India after 1990. Rural marketing is defined as managing all the activities involved in assessing, stimulating and converting the purchasing power of the Rural consumers into effective demand for specific products and services and moving them to the people in Rural areas to create satisfaction and a better standard of living and thus achieving organizational objectives With a mere 0.9% of India's GDP being spent on health care, the scenario, not surprisingly, isn't a very pleasing one. Data shows that every second child in the country suffers from malnutrition Over 1,000 people succumb to Tuberculosis every day. In Rural India, 85 per cent deliveries happen at home. Mortalities from complications related to pregnancy and childbirth, are one of the highest in the world. In India, only 9.7 per cent of married Rural women have a hospital within the village. In order to analyze this situation and to find suitable measures an attempt is done by the researcher which is the main crux of this paper.

INTRODUCTION

It is seen that Healthcare is one of India's largest sectors, in terms of revenue and employment and the sector is expanding rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16%.

Today the total value of the sector is more than \$80 billion. This translates to \$80 per capita, or roughly 5% of GDP.

By 2020, India's healthcare sector is projected to grow to nearly \$280 billion. The private sector accounts for more than 80% of total healthcare spending in India. Unless there is a decline in the combined federal and state government deficit, which currently stands at

roughly 9%, the opportunity for significantly higher public health spending will be limited.

Despite having centers of excellence in healthcare delivery, these facilities are limited and are inadequate in meeting the current healthcare demands, more so in the Rural areas. Nearly one million Indians die every year due to inadequate healthcare facilities and 700 million people have no access to specialist care and 80% of specialists live in urban areas.

Why go Rural?

- There are various reasons why every industry is taking a very serious look at Rural markets
- About 285 million live in urban India whereas 742 million reside in Rural areas, constituting 72% of India's population resides in its 6, 00,000 villages.
- The number of middle income and high income households in Rural India is expected to grow from 80 million to 111 million by 2015 while urban India is expected to grow from 46 million to 59 million.
- Size of Rural market is estimated to be 42 million households and Rural market has been growing at five times the pace of the urban market
- More government Rural development initiatives.
- Increasing agricultural productivity leading to growth of Rural disposable income.
- Lowering of difference between taste of urban and Rural customers.

Many companies like ITC, Colgate-Palmolive, HLL, Godrej etc. have already made forays into Rural households but still capturing the markets is a distant dream. Most marketers still lack in depth knowledge to analyze the complex Rural market.

What's in it for me :

What we are catering today is just 28%, rest 72% is available and virgin for the budding managers. While the world says that India & China are the two world's biggest markets it means not the 28% urban market but the 72% Rural market.

Health care related any activity in Rural areas shall be a sure shot success, if taken in a right spirit and delivered with a win-win situation in mind.

Characteristics of Rural markets

There are certain characteristics of Rural India, which every prospective marketer needs to be aware of before unleashing his product:

- Low income influenced by seasonal fluctuations.
- Low literacy.
- Diverse customs, languages and social structures.
- Resistant to change.
- Price sensitive.
- High brand loyalty.
- Influenced by traditions.
- Moderate aspirational levels.
- Quality Conscious.
- Low to moderate risk taking ability.

These typical characteristics of the Rural market make it evident that there are huge challenges, which a marketer will face. These challenges need to be tackled using appropriate strategies and proper planning. The major obstacles can be classified as follows:

- Poor infrastructure facilities, which hamper the effective distribution of products and make the task of reaching the target consumer difficult.
- Traditional media is ineffective due to illiteracy and non-availability.
- There is insufficient past research to provide some insight about consumer behavior.
- Disposable income is highly dependent on good monsoons and a rich harvest.
- Varying linguistic and socio-cultural norms compel the marketer to vary his marketing message for different parts of the same country.

- Role of women in buying process is still not independent of family constraints.
- Inadequate credit availability hampers the ability of Rural retailers to carry stocks.

Understanding the psyche of the Rural consumer and gauging the complexity of the Rural market has to be given utmost priority by marketer. Creative marketing solutions need to be devised to combat these barriers.

Healthcare in Rural Markets of India

While the Rural markets of India have been the talk of the corporate board rooms, unfortunately the healthcare industry has somehow been neglecting the Rural markets till date.

There are several reasons why health care companies have neglected Rural markets. The urban hospitals had so much former demand that they had no need for reaching the Rural market until recently.

Today, as the competition intensifies, as cost rises, as productivity stagnates, the healthcare players should focus more on the Rural market. For any industry to enter into Rural markets it is necessary to understand the Rural market strategies.

Rural marketing Strategy:

The Rural marketing concept consists of three corner stones. It starts with

- 1) Customer needs and wants as the foundation of business purpose. Next,
- 2) The organization must determine how it will satisfy these needs and wants and finally
- 3) The opportunity to meet organizational objectives will come through the enterprises' efforts to deliver customer value.

Applying the Rural marketing concept is a continuing activity; strategies must be developed, implemented and evaluated within these three guidelines.

One cannot identify customer needs and wants at one point and expect them not to change as determining these needs is not always an easy task. Management must be ready to adapt to changing conditions which may generate new opportunities and problems.

Once the needs are identified, choosing and selecting an effective business strategy is important on the basis of available resources and capabilities. As well planned and executed business strategies do not always result in the level of performance expected, management must

continuously make changes until satisfactory performance is reached.

While adoption of Rural marketing concept offers direction to the management in charting the course of the enterprise into future, its implementation requires carefully selected strategies and effective management of strategies over time.

Looking at the gaps in the healthcare delivery models of Rural areas, specifically in Rural India, creates an opportunity for sector-wide transformative change that would be replicable, scalable, and financially sustainable.

Gaps in the Existing System :

- Non availability of infrastructure to connect to the last bit (less than 1/5th PHCs have telephone connection).
- Different buying & income pattern make it difficult for him to procure.
- Different mindset of the Rural customer makes it difficult for him to approach.
- Ineffective functioning of PHC & SHC.
- Lack of enough motivation for village healthcare worker.

Possible Solutions :

- Create the most desired infrastructure. E.g. - ITC
- Create a capacity to consume. e.g. -single serve packing
- Create new products & services for them. e.g. -Arvindo Medical foundation.
- Offer them dignity & choice. e.g.-Web access to farmers in e-chaupal
- Foremost of all create an atmosphere of trust between the corporate world & the Rural customer which is at present missing largely.

Example: ITC e-choupal

- *e-choupal - an Internet enable kiosk operated by a local village farmer – called as Sanchalak – catchments area of 5 villages*
- *Each selected district has 30 to 40 Chou pals – selection of district is based on agri-procurement potential*
- *In-House physician, food court and facilities for tele-medicine*
- *Each hub has storage space for procurement and distribution*

- *Chaupla Sagar - A Rural mall which caters to a catchments of 50 kms*
- *Wide range of product categories sold.*
- Health E - Choupal may be introduced at Tehsil Health Centers.
- Rural Marketing of Pharma companies should be more focused.
- Pharma companies can launch MICRO level campaigns for educating the customers.
- Labelling of medicines in HINDI must be introduced specially for Rural markets.
- Rural youth can be trained and employed as PSRs with Rural places as HQs.

If consumers in Rural markets can afford soaps, shampoos and more recently even water purifiers, they can afford to spend on healthcare too. Pharmaceutical firms—both Indian and foreign—have been trying to increase their presence in this market. And they are trying new models.

Many firms of late have also devised new methods of reaching out to them. Holding workshops is one. Another is to outsource the field operations.

Novartis India Ltd hires “health advisers” who go to villages and also bring doctors for health camps who prescribe medicines.

Dr Reddy’s Laboratories Ltd has a contracted field force for the Rural market.

Technology is also being used to access high quality specialists who may not be physically located at the hospitals.

Most private sector health businesses have to learn how to create long-term viable models; they are still stuck with cost-plus models which increase patient expenditure without commensurate benefit.

Another key aspect is to keep the cost of medicines affordable for Rural areas. Aventis has set up a new business unit, in which drugs will be branded under the brand name Hoechst and sold in Rural markets. These will be generic drugs that are most commonly prescribed in these markets. The idea is to remain competitive compared with unbranded generics.

Additionally one can promote social entrepreneurship by selecting “socially mature and confident” women from Rural locality and provide them with micro loans

to start brand promotion and sales of consumer healthcare products.

These initiatives would help to expand the market presence of its flagship brand. The company is expecting its smaller quantity packaging at a lower price would help it to penetrate the Rural and the slum markets. These packet sizes will make the products affordable to the lower segment of the population.

The overall market potential seems sizeable on paper. Firms cite figures of 65% of the population not having access to medicine, and that 70% of the population lives in Rural areas and account for 60% of national disposable income.

The outlook for the Indian healthcare industry looks positive owing to high growth rate in almost all its segments, whether its primary healthcare, secondary and tertiary healthcare, medical equipment, diagnostics, health insurance or medical tourism.

The ever growing population, increasing government expenditure on health and growing per capita income will increase the size of this industry in the years to come. Rising incomes mean a steady growth in the ability to access healthcare and related services.

Moreover, changing demographics will also contribute to greater healthcare spending; this is likely to continue with the size of the elderly population set to rise from the current 96 million to about 168 million by 2026. However, growing health awareness and precautionary treatments coupled with improved diagnostics will result in decreasing hospitalization.

To sum up the researcher feels that while there are huge growth opportunities for healthcare industry in Rural India it is imperative for the persons interested in Rural markets to be able to understand the Rural markets there challenges and then develop the products and services accordingly. As it is clear from the examples taken, for the product to be successful in Rural market, it has to be customized for that particular market. Each product needs individual attention and success in one market cannot be emulated in other markets.

Most important factors that work for a product are right brand promise that is relevant for the local population and discreet brand visualization.

Brand visualization would include factors like name of the product in local language, color combination according to local settings and a tag line, which delivers the message that is easily understood by the people.

Companies need to identify the opinion leader in each area and target him as the first point of contact for villagers. One potential area that companies need to tap is advertising the local events like bullock races, *melas* or festivals. Another way is to advertise in places where people commune like hand pumps, ponds or *haats*.

Create Capacity to Consume :

With a smaller and more uneven pattern of income they need different approach to encourage the consumption. Single serve concept has revolutionized the Rural markets. Unit packages that is small & therefore Affordable, Accessible & Available. This pattern makes the merchandise more viable in the long run.

Dignity & Choice :

When the relatively poor are converted to customers they deserve dignity of attention & right for choice. The medium and small farmers are the so called middle & lower middle class of Rural India. They should not be demeaned but pampered the way urban consumer is being pampered. The Health care facilities should be made available to them with this particular thought in mind.

Trust :

One of the primary requirements is to bridge the gap existing between the Rural buyer and the seller. There are certain misconceptions about Rural markets- *They do not have money, Default rate is high, they have few needs etc*

Facts are – *Their buying is more latent, relatively poor, pay on time & default rate is low, there access to the availability & knowledge of quality products is poor*

Need for New Products & Services :

Arvindo eye care system, 60% charity & 40% paid patients also make it highly profitable venture. HLL molecular encapsulation of Iodized salt. Apollo group of Hospital has started PHC in each tehsil place. The Rural market can be big potential for the non-conventional energy sources, where grid based power is not available. (being done in Nicaragua) to support the health care facilities

Innovative uses of products

- Time and again it has been proved that whatever may be the level of research involved in the market study, Rural consumers behave in the manner that is totally unpredictable. They devise such innovative uses of a product that even surprises the companies. Some of the following examples will support this are:
- In a village of northern India, weavers used condoms to cover their fingers while weaving. This not only helped to avoid cuts on the fingers but also the lubricant helped in easy movement of the thread between the fingers.
- Godrej hair dyes are used in some villages to dye the buffaloes. This made them look younger and thus fetched better price at the cattle fairs.
- Horlicks was added to the feed of the cattle to fatten them and thus improve the milk producing capacity.
- Asian paints found that in some villages' paints were used to color the horns of the cattle for easy recognition.
- In the villages of Bihar, Iodex was used on the tired limbs of the cattle, returning from the fields in the evening so that they are fresh the next day.

All these examples show that there is tremendous potential for the existing products in the Rural areas, and companies need to look beyond the obvious and critically analyze every indication that Rural markets give, be it poor sales or high sales volumes.

Companies will need to think beyond the short term gains and resort to experimentation so as to develop a dedicated model for these areas. This will ensure rich rewards and long term association with Rural consumers.

CONCLUSION :

- The Rural Market in India is a sleeping giant.
- We as Indians need to realize its true potential and start working on it.
- The upcoming managers must work towards this market, but need to understand that.....

“It is real, it is dynamic, at the same time it is different, and needs different approach all together”

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