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Rural leaders in rural markets

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Abstract

India is the second largest country in the population in the world. A large percentage of population lives in rural areas only. It provides a big rural market to the companies. Companies which had entered the rural market early are now known as leaders of rural market. Rural leaders are taking a more focused approach to compete in the rural market as well as they are tailoring their strategies according to the changing needs of rural consumers. Rural leaders are succeeding as they overcome the challenges by building mutually beneficial relationships with rural communities. Rural leaders are going beyond the traditional selling approaches which will provide them with the opportunity of making more profits. Unique model of sales and distribution network tailored to rural India's needs can be a key to future growth.

Keywords: Rural Market, Rural leaders, Rural consumption, Urban consumption.

Introduction

Companies which understood the needs and changing environment in rural India are getting profitable return. These companies are succeeding because they are adopting such strategies which will hinge on deep customer and market insight. As competition intensifies, rural leaders are taking more focused approach to compete in the rural markets. Rural leaders understand that rural markets are not homogeneous so they work according to the heterogeneous rural market. They are doing continuous research to understand all the diverse dimensions such as culture, economic conditions, taste, changing habits and demographic environment. Rural leaders know that push strategies will not work in rural markets as rural consumers have specialised needs and preference and therefore they are tailoring the value of goods and services according to the target consumer group of rural markets.

New entrant in rural market

New entrants in the rural market need to adapt innovative strategies, recruit and foster high-performing sales team. They also need to target the right consumer segment and adopt novel strategies. A good investment in consumer capability related research will help them to acquire good share in rural market.

Rural India accounts for about 50 percent of India's GDP and nearly 70 percent of India's population. Since 2000, per capita GDP has grown faster in India's rural area than in its urban area i.e. 6.2 percent CAGR versus 4.7 percent (Accenture report). Between 2009 and 2012 spending in rural India is US\$69 Billion and in urban India US\$ 55Billion which is 11 percent less than rural spending.

Summary

Companies adopting different strategies

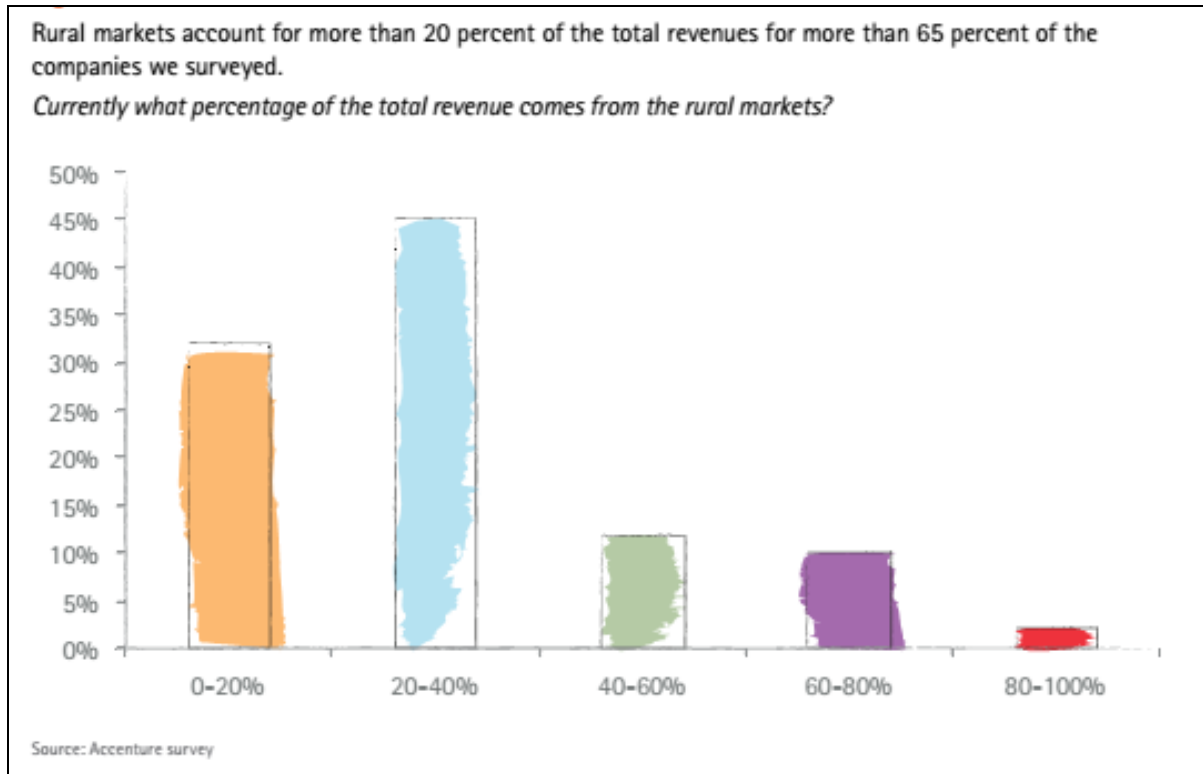
Hindustan Unilever Limited (HUL): The Domex Toilet Academy launched in November, 2013 have reached 850 people in 2013. The programme aims to build toilets and eradicate open defecation through a two-pronged approach focused on education about sanitation and supply of toilets. Besides educating people about the importance of safe and hygienic sanitation to help drive demand of toilets, DTA also establishes a network of local entrepreneurs who build and sell toilets to meet the needs of the people in the local community.

Correspondence:

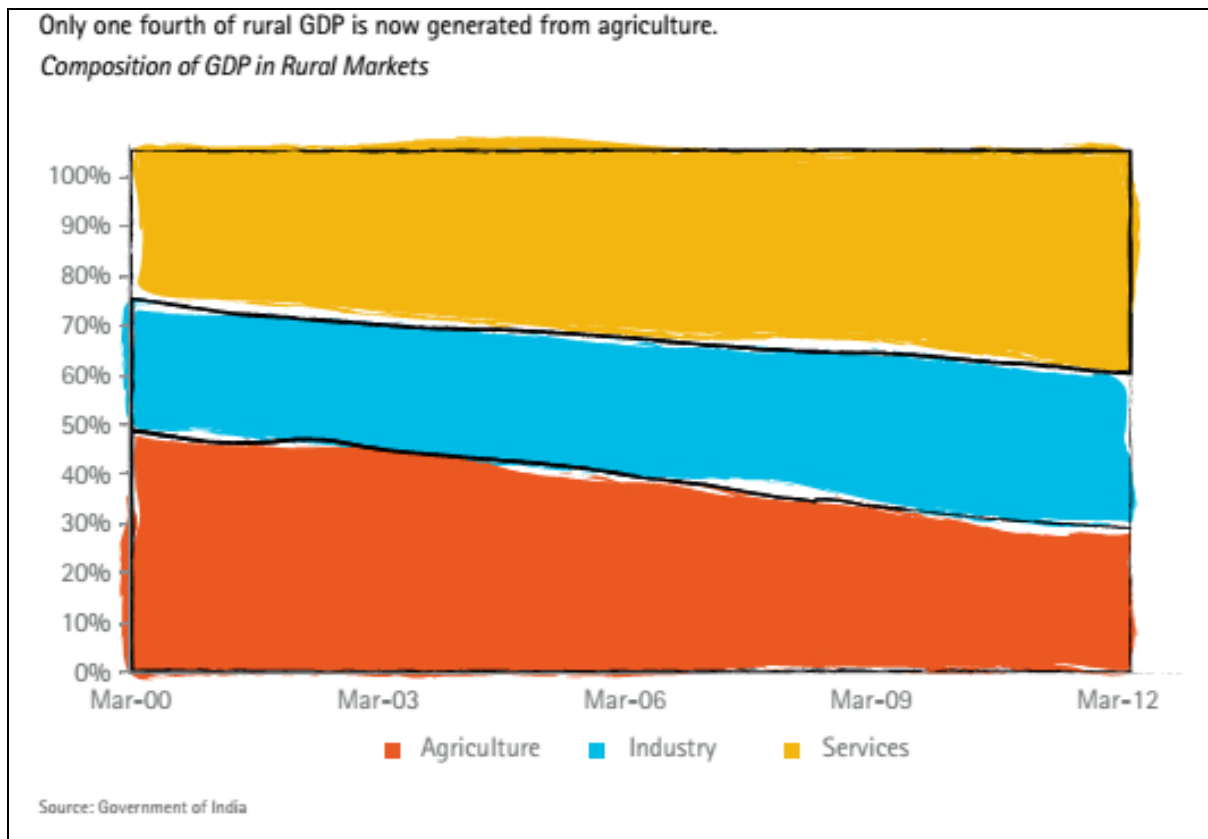
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Rural consumption attracting Business houses

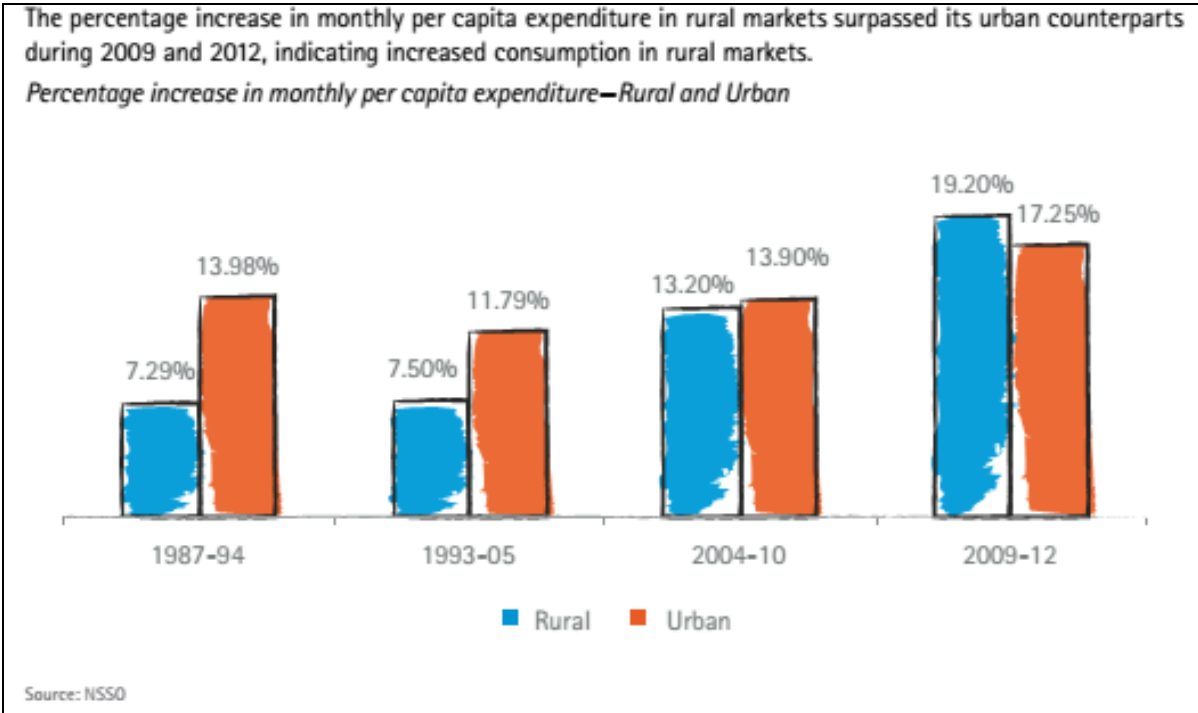
- Rural market's contribution to total revenue



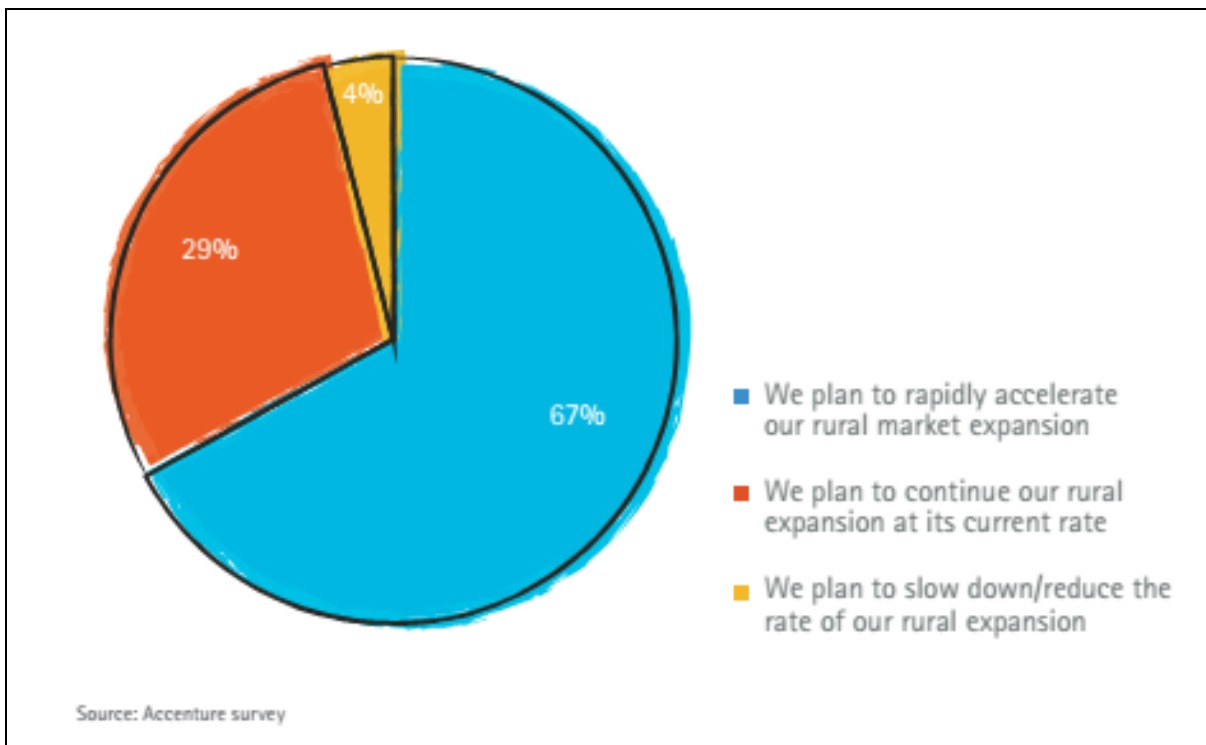
- Composition of GDP in rural markets



- Rural consumption > urban consumption



- Companies are looking forward to rural market’s potential



The academy launched a pilot project in Junapani, a village in Wardha district, Maharashtra and was successful in making it an open defecation free village.

Mahindra Tractors: Mahindra Tractors launched Samridhi initiative in 2007 to transform channel partners from mere tractor dealers to real partners for farmers. They sell and maintain tractors and equipments and also provide them with information on weather, crops, pests, agricultural market locations, price, soil and irrigation water testing facilities.

By this initiative they have helped 150000 farmers through 155 samridhi centres and their target is to reach 10 million by 2020.

ITC: ITC uses four layer distribution approaches to reach last mile-traditional distributor vans to serve consumers directly, sub-distributors in defined geographies to provide intensive distribution focus direct reach through two and three wheelers to seed activities in villages with high market potential. Other activities are e-Choupal and Choupal sagars for consumer activation activities.

Godrej: Godrej trained 7500 post office employees in 3 states under their “chotukool” program.

Snapdeal: Snapdeal in partnership with FINO Pay Tech, has planned to reach out to people living in slums. It also plans to set up as many as 5000 e-commerce kiosks across 70,000 rural areas in India by this company will be able to reach around 5-10crore new customers in the next three years.

P&G: P&G introduced a new marketing strategy by ‘Kamyab Jodi’ initiative in the form of a character sangeeta bhabhi a dedicated housewife, conceived to push P&G’s leading brand Tide and Head & Shoulder as a dual proposition.

Coca-Cola:

- Coca-Cola India adopted a localised marketing strategy with local brand ambassadors and localised marketing to reach out to the rural consumers.
- It launched the Parivartan Program which trains women retailers in rural markets. Women are taught to manage shops, stock, customers, finance and merchandising. The program lasts 10 days and participants receive a certificate from the company and insurance of US\$1,882 for accidental death or premature disability.
- Coca-Cola invests in cooling infrastructure for rural retailers and has deployed low cost solar powered cooler.

Hero Motors: Multi-layer distribution by Hero Motors, they added authorised representative dealers (ARD) to its existing hub and spoke network. The new layer increased Hero’s reach to 20 percent of India’s six lakh villages with more than 5000 touch points.

Dabur India: Dabur launched project ‘Double’ in 2010 to reach every household in rural India within a year and a half, project has reached 24000 out of 33000 targeted villages with population of more than 3000.

Conclusions

Channel relationship

In this era of intense competition, there is a need of strong, trustworthy and long term relationship with the channel partners. A company must build mutually beneficial relationships with channel partners by investing time, financial resources and management of these resources efficiently.

Build loyalty and lasting bonds

An integrated network of stakeholders should be created because stakeholders influence and drives customer behaviour in desired direction. To build loyalty and lasting bonds provide information to the dealers about tax planning, working capital management. It is very important to build familial relationship with the channel partners. Make the channel partners part of the organisation by calling them to visit their plants and understand how things are working so as to generate trust and feeling of togetherness.

There are so many medium of communication but word of mouth plays a vital role in brand building in rural markets.

Consumers of rural market trust their retailers more than any other advertisement so it is very important to build strong relation with these retailers.

E-Commerce a prime channel of distribution

It is one of the most powerful channel of distribution as it ignores the geographical barriers. It provides a cost effective mean to reach consumer on time and it will be a game changing model for companies which are working on this model as it provides easy access to rural consumer.

According to the eBay India Census, one out of every 10 purchases and one out of every 20 sales are from rural India with almost 1270 rural hubs transacting online.

Different size for different people

In every state there are different areas some give us expected return where others never deliver the expected return. For this kind of different area company should not use one size fit to all rather they should consider different size for different people and also target the more potential area. To gain profit companies need to understand the diverse rural consumers and also tailor the value of goods and services according to the target consumer group of rural market.

Continuous research and novel strategies

A research is required which result into a deep knowledge about rural market intelligence, their price elasticity, identification of new margin rural markets with segmenting rural markets. Without continuous innovative strategies companies cannot hold rural for a long time and the share will start declining.

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