

# Destination Hinterland: In's And Out's Of Branding

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## INTRODUCTION

Branding correlates with image building in an organization vis-à-vis its products produced and services rendered. In today's marketing scenario, along with advancement in technology, Brand Management is the order of the day. In the process of branding, the aspect of brand activation at ATL (above the line) and BTL (below the line) makes a vital contribution.

Good branding strikes a chord with viewers and helps them to relate with the product and reflect their aspirations. The added value endowed to products and services by means of positive brand association and loyalty is known as brand equity. The power of a brand lies in what customers have seen, read, heard, learned, thought and felt about the brand in the long run and it all lies in the minds of existing or potential customers. In today's highly competitive and dynamic marketing scenario, well planned strategy is required for the long term survival of the brand. It assumes even greater importance and asks for more focused commitment and understanding on the part of marketers when it comes to dealing with the rural market.

The rural sector holds enormous untapped potential for the marketers as well as for the academicians considering the fact that about 75% of the Indian population lives in villages and generates nearly half of the country's GDP (Bargal, 2004). People or consumers in each region have their own set of idiosyncrasies and dogmas which are deeply rooted in their rituals and customs. So, what would apply to one would in all certainty, not apply to another set of consumers in a different rural region. The traditional routes of market entry and brand building employed in urban India are often not feasible. According to Adi Godrej, Chairman of the Godrej Group, "The challenge for brands is to understand the psyche of the rural consumer, create better distribution, and appreciate the heterogeneity. (Khicha P, 2007)

## OBJECTIVES OF THE STUDY

- To understand the ever changing dynamics and bottlenecks faced by the marketers in rural areas.
- To bring forth the differences that exist between the rural and urban consumers vis-à-vis their buying psyche, consumption pattern and media habits.
- To suggest a gamut of innovative promotional and marketing activities which would help in creating a distinct brand image and evoke positive brand associations.
- To develop understanding of the relevance and importance of corporate social responsibility and societal marketing for sustainable growth and development in rural areas.

## METHODOLOGY

The paper is based on secondary data and the information has been sourced from books, newspapers, rural journals and white papers, industry portals, government agencies, monitoring industry news and developments. Some data are also collected through the prominent players in the rural sector to develop a conceptual framework for branding in the rural market.

## SCOPE

As stated earlier, rural markets offer huge untapped potential to the marketers and academicians alike and the buying behaviour demonstrated by the inhabitants of rural India differs significantly from their urban counterparts. But, surprisingly, not much research has been done in the area of rural buying behaviour and the marketers usually try to extend urban marketing programmes to these rural areas, which generally do not produce the desired results. An in-depth knowledge of the rural psyche and buying patterns is one of the prerequisites for

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making a dent in the rural market. The insights thus gained through this paper may also facilitate practitioners to re-engineer their marketing mix with special reference to their promotional mix keeping in mind the peculiar needs and preferences of the rural consumers.

## WHY GO RURAL?

There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level, there are 2.3 million urban households as against 1.6 million households in rural areas (The Hindu, 2001). Further, as per NCAER projections, the number of middle and high-income households in rural India was expected to be double of that in urban India i.e. 111 million and 59 million respectively by 2007 (Halan, 2003).

An income dispersal projection by NCAER for 2006-2007 shows that the number of poor households (*Destitutes*) will shrink by half to 28 million from 61 million in 1997-98, whereas the middle income households (*Consuming Class*) will double and the rich households (*Very Rich*) will treble over the decade in rural India (Kashyap, 2005a). The same has been depicted in percentage terms in Table 1.

**Table 1: Rural Income Dispersal Projections, 1992-96 to 2006-07**

Consumer class	Annual income	1995-96 in %	2006-07 in %
Very Rich	Above Rs.2,15,000	0.3	0.9
Consuming Class	Rs.45,001-2,15,000	13.5	25.0
Climbers	Rs. 22,001-45,000	31.6	49.0
Aspirants	Rs.16,001-22,000	31.2	14.0
Destitutes	Rs. 16,000 and below	23.4	11.1

*Projections based on 7.2% GDP Growth*

Source: Rural Network, Rao n.J., "It's all about realization, not ideas", *Marketing Mastermind*, Dec.2004, The ICFAI University Press, pp.45.

Of the all India total for 2003-04, annual rural household market size was estimated to be around 58% (Mathew and Sinha, 2005), while market size for food products and FMCGs was estimated to be 64% and 57% respectively. The corresponding figure for durable products was 52% of the all India total.

In fact, the impression that the rural market is confined to certain traditional consumer products and agri-inputs has totally lost its validity in today's context. Today, a rural consumer is going for luxury products. Instead of purchasing gold, he seeks quality but at low prices (Kashyap, 2000).

ORG-MARG's data shows that the so-called 'necessity' products (like popular soaps, detergent cakes, premium, soaps) show signs of saturation in both urban and rural markets, but the growth of 'emerging' products (like toothpaste, toffee, chewing gum) and 'lifestyle' products (like chocolate, coffee) is being fuelled by the rural markets (Rao, 2000). The rural market recorded a volume growth of 40% in the shampoo market, while the urban market's trailed along at 16% (Vyas, 2006). According to recent industry estimates, the rural consumption of premium bikes and top-end cars has gone up by 35-40% (Vijayraghavan and Philip, 2005).

Several mobile service providers are foraying into the rural areas (Chakraborty and Chakravarti, 2005). Reliance **Infocom** has a subscriber base of over 8.8 lakhs of which 35% are in small towns and rural hinterland and is witnessing a growth of over 10% against the growth of about 7% in the urban centers (Economic Times, 2005).

## MARKETERS ARE TARGETING "BHARAT" IN A BIG WAY!

In the face of cut-throat competition that exists in this already saturated urban market where a functional parity exists between the products, marketers have realized the huge untapped potential of the rural markets and are increasingly turning rural.

## TO QUOTE SOME HARD FACTS

- Over 50% of HLL's sales come from rural areas.
- One-third of Godrej Consumer Product revenue comes from rural areas.

- ITC flagged off its first rural mall, Chaupal Sagar which is one of the first organized retail forays into the hinterland. Now it plans to set up new small format stores in rural areas on the lines of its existing hypermarket chain by early next year, as a step to expand its retail operations.
- Electrolux has come up with an inverter driven fridge called *Bijli* exclusively targeting the rural market.
- BPCL pushes ahead with its plans to open '*Hariyali Kisan Bazaars*' (agricultural Supermarkets).
- Britannia launched Tiger Biscuits for the rural market.
- Mahindra and Mahindra intensified the direct marketing efforts in the rural area.
- In 2002 – 2003, LIC sold 50 percent of its policies in rural India.
- Of the 1, 00,000 transactions on Rediff's shopping site, 50 percent were from small towns.

There is no denying the fact that the rural markets provide a huge untapped potential for the marketers who are now turning rural as the above mentioned data suggests but the problem lies in the fact that except for the rural marketing giants such as HLL and ITC who continue to dominate the scene with their constant innovations, most other corporates pay only **lip service** to this subject by engaging only in **short term sales oriented below the line activities** and not the **actual long term brand building efforts**.

Some very common mistakes committed by the marketers include:

- Extension of the urban- oriented marketing mix and especially the promotional activities to the rural areas.
- Dubbing and using the advertisements that were successful in other rural regions.
- Equating below the line activities like van operations etc., with the total rural marketing efforts.

These blunders are the result of the **assumptions and myths** that are prevalent among the marketers, as stated below:

- In the aftermath of rural-urban convergence, rural market will be mainly an extension of urban markets.
- The rural market represents a more or less homogeneous matrix of attitudes, values and purchasing behaviour across regions.
- The rural markets are highly price-inelastic and only suited for 'value-for-money' products as against premium quality products.

## HOWEVER, THE REALITY IS QUITE DIFFERENT

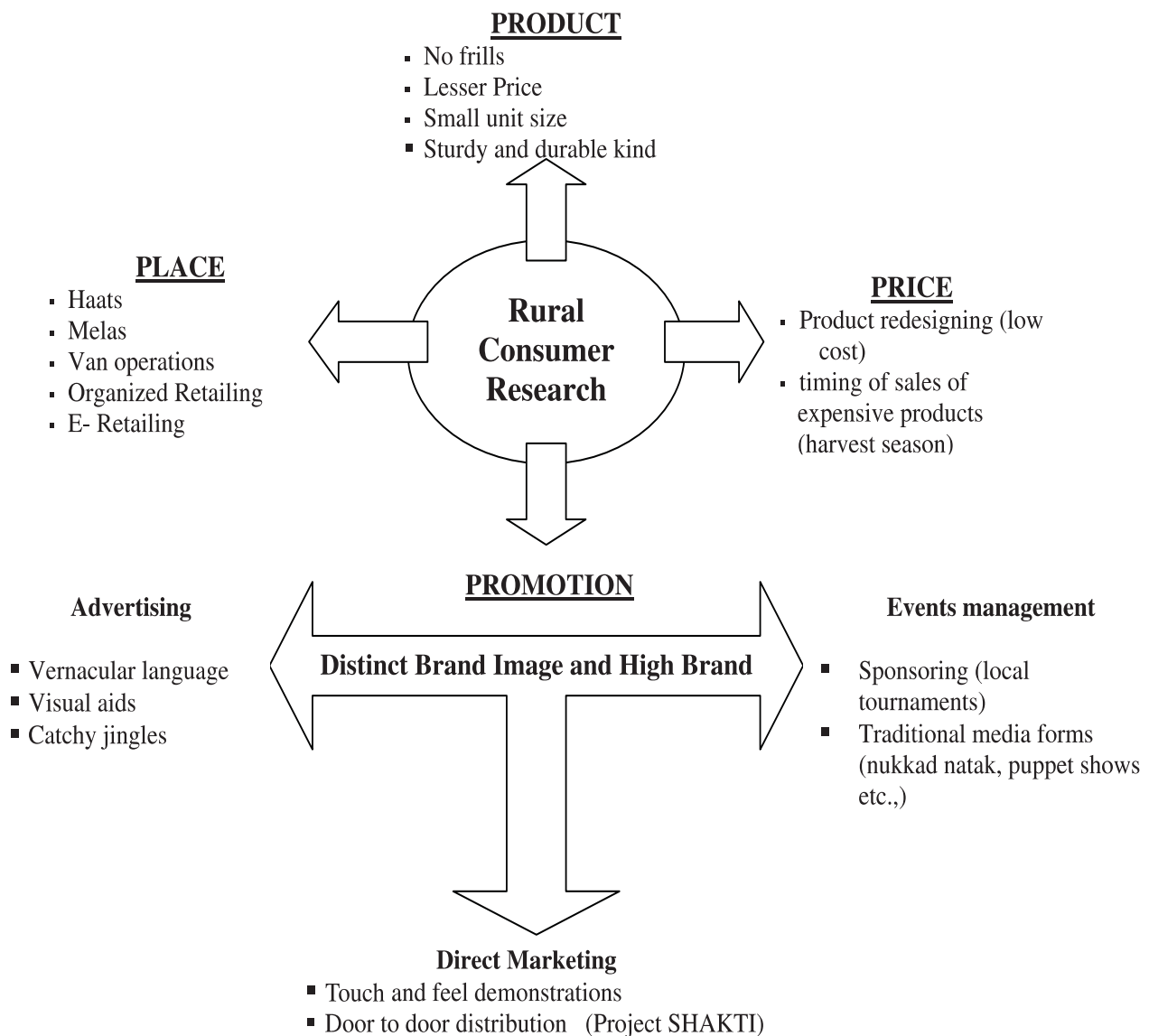
Rural consumers represent a heterogeneous lot- a complex mosaic of mind-sets, cultures and lifestyle and this is depicted in their unique demands and preferences on how the product is designed and how the brand is positioned and promoted. Further, despite lower incidence of premium product purchases, the rural consumers across all income segments exhibit marked propensity to spend on premium high quality products which are backed by strong brand values, where they correspond to their own aspirations and quality needs. The problem really lies in the market not being able to offer a premium product in the specific context of rural demand.

What is required is to have a Long- Term Orientation- An in-depth understanding of the rural psyche and buying behaviour through proper research. Developing a *connect* with the audience with the right communication package which carries the core brand message in the language and style easily understood by the target audience at the right time and the right place through the right media vehicle is the order of the day. All this requires systematic, integrated, target- oriented approach.

In order to make a campaign effective, it has to be tailor-made for each product and each region which could be done through proper research. Researching in rural sector has its own limitations as a scientific scale cannot be used for the purpose as it will be difficult for the respondents to understand them. Further, since the rural consumers are heterogeneous in nature, an in - depth research is not easy or cost effective.

Thus, the researchers need to reorient their enquiry approaches to get a more insightful outcome. For e.g., innovative research tools like images with varying expressions to ascertain preference and liking, colour association tests could be used (Krishnamurthy, 2000; Krishnamacharyulu and Ramakrishnan, 2002). Alternative research approaches like observational studies, interactive interviewing and focus group interviews can also be adopted.

## SCHEMATIC REPRESENTATION OF RURAL MARKETING MIX



After gaining appropriate insights into the buying patterns and behaviour of the target audience, the marketers need to modify the whole marketing mix accordingly. However, only promotional and communicational elements of the mix will be elaborated upon in this paper.

Before designing or working upon the actual communication programme, one has to take cognizance of the following characteristics of the rural consumer:

- The rural consumer has a better understanding of symbols and colors.
- Value for money is a paramount proposition and unnecessary frills in the product do not attract them.
- There is no sense of urgency in their lifestyle unlike their time deficient urban counterparts and thus show high level of involvement in the purchase of any product.
- Cultural values and moral ethics have a profound bearing on their purchase behaviour.
- Local endorsement can have a major impact on their final decision making.

## DEALING WITH THE COMMUNICATION BOTTLENECK SEMANTIC BARRIERS

The number of languages and dialects vary widely across regions and villages so words and icons can have different interpretations. For example, when a campaign was carried out for MRF bullock cart tyres, it was found that in a single state, semantic differences exist. In western UP and Eastern UP, the common dialect was Hindustani and Bhojpuri respectively. (Rajan, R.K. 2008)

Thus, the whole conceptualization of the communication program including the context, story line narration, symbols and appeal should be properly examined and conveyed in the vernacular language. Even the brand name should have a rustic feel and should be easy to remember. Example- Capitalizing on the MRF strength, the brand name that was used was Pahalwan - Musclemann.

As already suggested, the rural consumer is not in a hurry and takes time before actual purchase decision, so instead of short commercials, infomercial or short telefilms educating the customers would have a greater impact.

Brand recall could also be enhanced by incorporating symbols and jingles in the commercials, which catches their attention and has a long lasting effect.

## MEDIA BARRIERS

The reach of different media vehicles as well as media habit of the rural and urban audience is quite different as shown in Table 2. Cable televisions and magazines which have a deep penetration in urban areas cannot provide the desired impact in rural areas and hence, employment of non-conventional means can be a way to breakthrough.

**Table 2: Reach of Media In Urban and Rural Areas**

Reach of Media	Urban: Rural Penetration
TV sets per 1000 individuals	146:61
Press	3:1
Television	2:1
Satellite Television	5:1
Cinema	2:1
Internet	27:1
Radio (VB+PC+FM)	1.3:1

Source: NRS-2003, in Phadnis, A. "The two-in-one nation!", *The Hindu Business Line*, 2005.

Apart from advertising on radio, Doordarshan and regional newspapers which have comparatively higher penetration rate, advertising should be done in such a way that it percolates into the daily lives of the community by painting anything and everything from walls to wells, small kiranas, bullock carts to *tongas* (horse carriage), the ultimate aim being - making your presence felt everywhere and generating high brand familiarity and recall – *Jo dikhta hai woh bikta hai!*

Advertising, promotions as well as "touch and feel demonstrations" should be done in Haats and melas which are quite popular and witness huge footfalls. Sponsoring local tournaments and matches which are huge crowd pullers is also a good option.

**Local brand ambassadors** and **opinion leaders** as well as **Word of Mouth** can have major impact on the consumer brand preferences and buying behaviour.

Indulging in community education (Colgate Palmolive-Operation Jagruti for oral hygiene, Cavin Kare for Chik shampoo) as well as community involvement (HUL - Project Shakti) are other long term efforts for generating not only brand awareness, acceptance but also brand popularity and loyalty.

## PROBLEM OF IMITATION PRODUCTS

Another major threat that the markets face is the wide scale availability of imitation products which are a look-alike of the original product but are priced much cheaper. These products thrive at the expense of the established brands. Some examples are as follows:

**Table 3: Original vs. Imitated brands**

Original Brand	Imitation Product
Colgate Toothpaste	College Toothpaste
Fair and Lovely	Friends and Lovely
Lifebuoy	Lifejoy, Liteboy
Nirma	Nilima, Narima
Rin	Run
Ponds	Polons
Cadburys Eclairs	Choudhary Eclairs

*Source: Gopalaswamy, T.P. (2007). Rural Marketing- Environment, Problems and Strategies*

The only way of dealing with this problem is to educate the rural consumers by making them aware of the effects of using such products.

## **CORPORATE SOCIAL RESPONSIBILITY AND RURAL MARKETING**

As a part of branding building in the rural markets, organizations need to move beyond immediate gains and should consider CSR as their strategy for sustainable growth. They should initiate social responsibility campaigns that demonstrate the strength and value of their brands as well as their commitment to the society at large. Some of the examples of Corporate Social Responsibility campaigns include **“Sunehra Kal”** and **“Live Stock Development Programme”** by ITC, **Swastha Chetana** by HUL and **“Operation Jagruti”** by Colgate Palmolive etc.

## **CONCLUSION**

The rural market, which on one hand provides an array of opportunities and a huge untapped potential for the corporates and academicians is an enigma and a bundle of paradoxes which baffle the marketers. It would rather be imprudent to think that anybody could enter this market and take away a sizeable share without a proper research into the psyche and buying behaviour of the rural consumers.

As emphasized time and again throughout the paper that for long term brand survival and success in the rural market, marketers have to think beyond the short term, below the line activities and mere lip service and should try to modify the whole marketing mix according to the taste, needs and requirements of the rural populace on the basis of insights developed through proper research. Customized and affordable products, effective distribution, and focused marketing initiatives are essential factors in building positive image and associations for a brand in rural India. Further, proper brand communication (through non-conventional media), awareness and trust will play a vital role in combating the threat of local copycat brands that are formidable competition. Apart from this, becoming **Socially Relevant** to the rural audience is the call of the day and this is where Corporate Social Responsibility becomes an indispensable tool for sustainable growth and development.

## **RECOMMENDATIONS**

- The use of creative avenues like rural sports tournaments (hugely popular and attended by villagers) and appointment of brand ambassadors like famous film personalities (e.g. Amitabh Bachchan) and sports personalities (like Sachin Tendulkar) can also be an effective communication medium.
- *Haats* and *Melas*<sup>1</sup> can also be used for product promotion.
- In case of television advertising, ads should be placed on national channels like DD1 and DD2 (both channels owned by the Indian government) as they have the highest reach due to lack of cable television penetration in villages. Cinema is another good option because of its wide popularity.

<sup>1</sup>*Melas* (fairs) are an important feature of the Indian rural life, held periodically or annually to commemorate important events and serves as markets for selling products. They are classified on the basis of their nature: as —commodity fairs, exhibitions and religious fairs and on the basis of their periodicity —one day, short (2-7 days) or long (over a week). About 25,000 melas are held annually in India.



- Apart from having celebrity endorsers in the promotional campaigns, local opinion leaders like military personnel and influencers and information sources like local repair shop owners should also be taken into consideration while designing the promotional activities.
- Direct distribution programs through self help groups consisting of rural women can be used to reach households even in the smallest village. The same strategy has successfully been employed in case of *Project Shakti*<sup>2</sup> by Hindutan Lever Ltd.
- Marketers can carry out promotional campaigns targeting village schools and also distribute samples and sachets among students to induce trial.

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<sup>2</sup>Project Shakti is a rural initiative by Hindustan Lever Limited which seeks to empower underprivileged rural women by providing income-generating opportunities by organizing them in Self Help Groups (SHGs) carrying out direct distribution programmes (Pralhad, 2005).

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## (Contd. from page 11)

retail industry will depend mostly on external factors like Government regulations and policies and real estate prices, besides the activities of retailers and demands of the customers which also impact the retail industry.

As the retail market place changes shape and competition increases, the potential for improving retail productivity and cutting costs is likely to decrease. Therefore, it is important for retailers to secure a distinctive position in the market place based on values, relationships or experience. Finally, it is important to note that these strategies are not strictly independent of each other; value is function of not just price quality and service but can also be enhanced by personalization and offering a memorable experience.

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