



# Magnitude The Electronic Appliances In India

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## Abstract

The predominantly rural character of India's national economy is reflected in the very high proportion of its population living in rural areas. More than 700 million people living in rural areas, in some 5,80,000 villages, about two-third of its workforce was engaged in agriculture and allied activities with a contribution of 29 percent of India's Gross Domestic Product (GDP), India's economy is predominantly rural in character. India's economy can be thought of as comprising of two main sectors, namely, the Rural Sector and the Urban Sector. Increase in competition, saturated urban markets, more and more new products demanding urban customers, made the companies to think about new potential markets. Thus, Indian rural markets have caught the attention of many companies, advertisers and multinational companies. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the purchasing power of the rural people has increased due to increase in productivity and better price commanded by the agricultural products. By and large this rise in purchasing power remains unexploited and with the growing reach of the television, it is now quite easy for the marketers to capture these markets.

## 1. Introduction

India is a land of diversity and about 70% of the Indian population lives in villages. These villages contribute in the economic development of the nation through the production of food grains, vegetables, fruits, etc. Export of these agricultural commodities result in the generation of capital and earnings of foreign exchange.

There are 600,000 villages in India. 25% of all villages account for 65% of the total rural population. So we can contact 65% of 680 million or 700 million population by simply contacting 150,000 villages – which shows the huge potential of this market. Indian rural market has a vast size and demand base. Before going into more aspects on rural marketing, let us understand how rural is defined. The Census defines urban India as - "All the places that fall within the administrative limits of a municipal corporation, municipality, cantonment board etc or have a population of at least 5,000 and have at least 75 per cent male working population in outside the primary sector and have a population density of at least 400 per square kilometer. Rural India, on the other hand, comprises all places that are not urban!"

## 2. Literature Review

The government of India only defines a non-urban market. An urban market is the one which has a population density of 400 people per sq/km. 7% of its population has to be involved in non-agricultural activities and there is a municipal body. If we go by statistics, roughly around 70% of the Indian population lives in the rural areas. That's almost 12% of the world population. To expand the market by tapping the countryside, more and more MNCs are foraying into India's rural markets. Among those that have made some headway are Hindustan Lever, Coca-Cola, LG Electronics, Britannia, Standard Life, Philips, Colgate Palmolive and the foreign-invested telecom companies.

### Rural Marketing

Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives.

It is a two-way marketing process wherein the transactions can be:

1. Urban to Rural: It involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG Products, Consumer durables, etc.
2. Rural to Urban: Here, a rural producer (involved in agriculture) sells his produce in urban market. This may not be direct. There generally are middlemen, agencies, government co-operatives, etc who sell fruits, vegetables, grains, pulses and others.
3. Rural to rural: These include selling of agricultural tools, cattle, carts and others to another village in its proximity.

### Features of Indian Rural Markets:

- Large, Diverse and Scattered Market: Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market products.
- Major Income of Rural consumers is from Agriculture: Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected.
- Standard of Living and rising disposable income of the rural customers: It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.
- Traditional Outlook: Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.
- Rising literacy levels: It is documented that approximately 45% of rural Indians are literate. Hence awareness has increases and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.

- **Diverse Socioeconomic background:** Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic background, which ultimately affects the rural market.
- **Infrastructure Facilities:** The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence physical distribution is a challenge to marketers who have found innovative ways to market their products.

As part of planned economic development, the government is making continuous efforts towards rural development. In this age of liberalization, privatization and globalization, rural market offers a big attraction to the marketers to explore markets that are untapped.

With reference to marketing communication in rural areas, the company should use organized media-mix like TV, Radio, cinema and POP (point of purchase) advertising. Television is gaining popularity in the rural areas but due to poor supply of electricity, radio is performing significantly better. Since, the rural people need demonstration, short-feature films with disguised advertisement messages, direct advertisement films and documentaries that combine knowledge and advertisements will perform better rural marketing communication. Here the companies may also use audiovisual publicity vans, which may sell the products with promotion campaign. To attract the rural consumers, companies can organize village fairs, dance and drama shows, group meetings to convince the rural consumers about the products and services. In most Indian villages, there are some opinion leaders. For the rural markets, only those sales people should be preferred for selection who is willing to work in rural areas like Sarpanch, Pradhan and other elderly persons. They can be approached by the marketers to propagate their messages; these persons can prove to be effective communicators within the rural masses.

The rural market in India is quite fascinating and challenging in spite of all the difficulties existing. The potential is enormous. Even though, these markets have weaknesses they also have tremendous opportunities which should be availed by the marketers. It is well known that “Markets are created and not born”. The market so created should be tapped effectively. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages. The Indian rural market is quite fascinating and challenging. It provides tremendous opportunities which beckon a marketer to explore.

### 3. Tools To Manage Portfolio

1. **Benchmarking against the best:** Too often managers believe that their positioning alternatives are restricted to what has always been done in their category. A consideration of brands in other, some of which may share some common characteristics and challenges, can suggest new identity options. Further when one evaluates identity implementation programs, a useful benchmark might be other brands with similar identity goals.
2. **Insights into brand building:** Brand Equity measurement over product class and markets provides an opportunity to generate insights about and basic principles for effective brand building and brand management. An understanding of how awareness and brand loyalty relates to each other, especially through time, can be suggestive.
3. **Tools to manage a brand portfolio:** Many organisations offer a number of brands across a variety of markets and countries. If these brands are managed separately and independently, or on an ad-hoc basis, then overall resource allocation among the brands may not be made appropriately. Good management starts with good measurement, and the key to managing a good portfolio is a set of measures. Of course, well developed and accepted measures – such

as sales figures, cost analysis, margins, profit and return on assets. These usually are financial measures. Therefore there has to be a set of measures that supplement these financial measures. When brand objectives and programs are guided by both types of measures, the incentive structure becomes more balanced, and it becomes easier to justify and defend brand building activities. Four criteria provide guidance in shaping the Brand Equity. First, the measures would reflect the construct being measured, namely brand equity. The conceptualization and structure of brand equity should guide the development of the measure set. One objective should be to tap the full scope of brand equity including awareness, perceived quality, loyalty and associations. Second, the measures should reflect constructs that truly drive the market. Brand equity managers should be convinced that movement on a measure will eventually move the needle on price levels, sales, and profits. Third, measures should be sensitive. When brand equity changes the measures should detect that change. Finally, measures would be developed that can be applied across brands, product categories, and markets.

#### 4. Conclusion

Indian rural market has a vast size and demand base. Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives. As part of planned economic development, the government is making continuous efforts towards rural development.

There are several roadblocks that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. The rural market in India is quite fascinating and challenging in spite of all the difficulties existing. The potential is enormous. Even though, these markets have weaknesses they also have tremendous opportunities which should be availed by the marketers. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages.

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