



RURAL MARKETING STRATEGIES OF CELL PHONE: A CONCEPTUAL STUDY

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ABSTRACT :

In the battlefield, the army commander keeps ready various alternative plans. He studies the actual situation and takes a decision to select the most appropriate plan for achieving the objectives in the battle. Similarly, the marketing manager keeps different plans ready and uses the most suitable ones for achieving the marketing objectives. The rural market with its vast size and demand offers lot of opportunities to the creative marketers. However rural markets and rural marketing have special features as compared to urban markets. Therefore the marketing manager has to use his knowledge, skills and experience for developing an appropriate marketing strategy. Marketing Strategy basically involves effective use of marketing mix to explore the rural markets. This Paper is a modest attempt to study the rural marketing strategies for Cell Phone.



KEYWORDS : Cell Phone, Rural Marketing, Marketing Strategies .

INTRODUCTION

Rural market consists of individuals and groups of people and their needs, resources, preferences and buying habits differ. The rural market is heterogeneous as seen below:

- All consumers do not share the same purchasing power in villages. The landlords and the rich farmers have already started using mobile phones: On the other hand, the agricultural labourers and very small farmers are struggling to meet both ends.
- Literacy is an important factor in developing awareness and knowledge about technological changes and there are wide variations in literacy level among states. For example; rural literacy is very high in Kerala compared to Orissa, Bihar and Himachal Pradesh.
- There are variations in population size and density of population in villages. There are about two lakh villages having population of less than 500 each and there are practically no shops in such villages.
- There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behaviour of people in the villages.

Marketers have recognised the importance of heterogeneous nature of rural markets. They are keenly interested in subdividing or segmenting the market. Each segment consists of a group of people with similar or homogeneous demand, so that the marketer can offer tailor-made marketing mix for each market segment or subdivision. In a sense, market segmentation is the strategy of divide and conquer, i.e., dividing

the market to conquer them by formulating different sets of marketing strategies to different groups of consumers. Segmentation provides answers to two important questions, i.e., Who are our target customers and What should we sell to them?

Market segmentation has three components, i.e.,

1. **Market:** People or organisation with needs or wants and the ability and willingness to pay.
2. **Market Segment:** A group of people or organisation having one or more characteristics that leads to them to have similar product needs.
3. **Market Segmentation:** The process of dividing a market into meaningful, relatively similar identifiable segments and groups.

The marketing of Cell Phone

Mobile Phone industry has been growing very fast since 1996. Ending 2009, our country has about 500 million mobile subscribers and we are the second largest users of mobile phones in the world. While all India teledensity is 45%, rural teledensity is still at 18% and it is expected that the future growth would from rural areas.

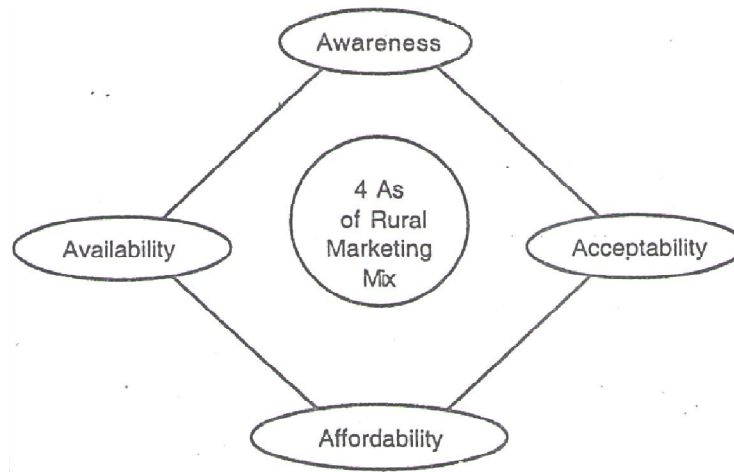
The growth in subscriber base has mostly come from operators like Bharti, Idea Cellular, Vodafone, Reliance and Tata. Around 30% of Bharti Airtel's wireless subscriber base resides in rural areas and for Vodafone, the rural base around 31% (2008). Land line connectivity is low at 38 million phones and this shows a clear preference of consumers towards mobile phones. Some of the factors that have contributed to growth of mobile phone industry are

- a) Availability of low-cost mobile phones and cell phone service.
- b) Pre-paid service is suitable for lower income group of consumers.
- c) Poor service offered by land line telephone operators. The prices should be affordable to the consumers and the manufactures have to focus on low-cost models with voice, SMS, alarm and date facility handsets to the meet the specific needs of the market. Mobile phones having FM radio, music and camera have also become popular among the rural rich. Replacement market is also growing at 25-30% due to introduction of new models.

4 A^s IN RURAL MARKETING

The rural market with its vast size and consumer base form an important part of the total Indian market. The urban markets are becoming complex and competitive and the market environment is forcing marketers to go rural. However, rural market is highly heterogeneous and this is due to geographical characteristics, varied income levels and cultural differences. Awareness about products and services is relatively low due to low level of education and low reach of mass media. Further, the products have to be made available across six lakh villages spread over three million square kilometers. The problem is further compounded when we find that there are 36 lakh retail outlets in the country. Most of these outlets are small and marketers have to reach them only through a chain of distributors and wholesalers which add to the cost of distribution.

Marketing mix indicates an appropriate combination of 4 Ps from the marketers' point of view. Considering dynamics of rural market and the challenges in exploring the rural markets, a practical approach would be to use the model based on 4 As since it is more oriented towards consumers. The 4 As are Acceptability, Affordability, Availability, and Awareness.

Fig. 4: 4 A^s of Rural Marketing Mix**Acceptability:**

Rural people are concerned with the utility of the product rather than appearance or show and companies have designed sturdy and utility products. Philips free power radio, LG Sampoorna TV, HMT mechanical watches and Bullet motor cycles are still popular in rural areas due to these reasons. Parle Biscuit continues to be preferred over local brand by villagers even though it is priced higher than local brands. Cavin Kare studied rural consumer behaviour and introduced small pack of Chik Shampoo and it was an instant hit in the market. Instead of buying large packs, they prefer to buy what they require for a short period time.

Affordability:

While rural Income level has gone up in recent years, the lower income group constitutes about 65% of the rural population. Major income still comes from agriculture and agriculture related activities. Income from agriculture is seasonal and depends upon monsoon rains. About 75% of land holders are small and marginal farmers. Majority of the rural poor are landless agricultural labourers who earn daily wage ranging from Rs. 35 to Rs.150. They remain unemployed for more than four months in an year. Nokia came out with a basic model of mobile phone (model 1100) and it has been well accepted in the rural market.

Availability:

The rural population and the markets are highly scattered over a wide geographical area and the product has to be made available at the right place as and when required by the consumer. The rural consumers purchase their day-to-day requirements from village shops, haats and mandis. In order to reach these shops and establish product presence, companies need substantial amounts of working capital and a large dedicated sales force.

Awareness:

Reach of mass media is rather low in rural areas and the marketer has to use rural-specific media and methods such as melas, haats, audio visual publicity units, and group meeting of consumer and opinion leaders to reach the consumers. The packs should have more visuals and colours to attract the attention of the people and create a lasting impression in the minds of people.

Earlier, most of the rural consumers lacked the general awareness and were not aware of the latest developments in technology as they lived in remote rural areas and inner towns, and at the same time, they

were not sound in education. In recent times, there has been an improvement in the rural consumers' attitudes because of exposure to

- Communication Technology
- Education
- Job opportunities in town and abroad.⁴

India is being described as a 'rising elephant' owing to its growing economic clout post-liberalization. According to a World Bank Survey, in terms of Purchasing Power Parity (PPP), India ranks fourth in the world next only to USA, China and Japan. The Indian consumers are reciprocating an enhanced confidence towards consumption (AC Nielsen, 2006), leading to a strong one million consumers for luxury goods, which is greater than even the adult population of several countries (The knowledge company, 2006). It is supplemented by the fact that India is home to the youngest population in the world, where 50 percent of the population is under the age of 25, and 85 percent of the population is below the age of 50. The median age of the population is a mere 24 years while there are 100 million Indians in the 17-21 year age bracket (CII and Price Waterhouse Cooper, 2005).

The Marketing Mix

The marketing manager has to use his knowledge, skills and experience for developing an appropriate marketing strategy. Marketing strategy basically involves effective use of the marketing mix to explore the rural markets. Marketing mix indicates appropriate combination of four Ps for achieving marketing objectives. The components are also known as marketing mix, variables or controllable variables as they can be used as per business requirements. These four Ps are Product, Price, Place and Promotion. Marketing experts have included several Ps such as packaging, positioning, pace, passion, people, public and politics as a part of marketing mix.

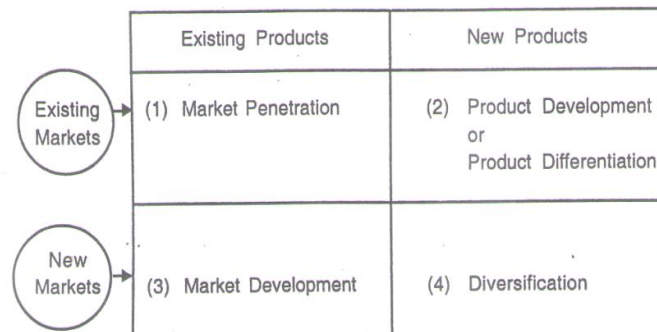
Features of marketing mix are

- Marketing variables are interdependent. Any change in one variable will have an impact on the other.
- It is flexible and dynamic concept. It is necessary to adjust the variables as per changes in the marketing environment.
- Customer is the focus point. The marketing mix has to be adjusted to suit the customer.
- It is a Consumer oriented activity. The main purpose is to give satisfaction to customer and therefore the marketing mix gives special attention to customer needs and wants.

Product is the most tangible and important single component of the marketing programme. Without a product, there is nothing to distribute, nothing to promote and nothing to price. Product is the vehicle by which a company provides consumer satisfaction. It is the engine that pulls the rest of the marketing programme.

Fig.2: Product Market Strategies (Four Types of Sales Growth Strategies)

Marketers have the following alternatives to increase the market share and profits:



Market Penetration:

It involves expansion of sales of existing products in existing markets by selling more to present customers or gaining new customers in existing markets. The firm can market its present products to existing markets. This is done through a more aggressive marketing mix. Customers from rivals or potential buyers can also be attracted. Existing buyers may be induced to increase their rate of use. We may have temporary price cut to raise the volume of sales and penetrate the market.

Market Development:

In market development, a present product is introduced to a new market or segment. Market development is the creation of new markets by discovering new applications for existing goods. This is another alternative to expand market opportunity, prolong product life cycles, profitability and survival. Many companies are extending their activities to rural market to increase sales volumes of products like mineral water, chocolate, potato wafer, mobile phones.

Product Development:

Product development occurs when a firm introduces new products to a market in which it is well established. Product development is the introduction of new products in the present market, new synthetic fibres for known textile products. The firm may decide to create new products for existing market. Established firms with high customer patronage may have new product additions upon existing market successes. The firm by offering new or improved products to present markets can satisfy better the present customers.

The Price

Economist defines price as the exchange value of a product or service always expressed in money. Price is the amount charged for the product or service including any warranties or guarantees, delivery, discounts, services or other items that are part of the conditions of sale and are not paid for separately. To the buyer, price is a package of expectations and satisfactions. Thus, price must be equal to the total amount of benefits (physical, economic, social, ecological and psychological benefits). However, to the seller, price is a source of revenue and a main determinant of profit. Price Mix includes maximum retail price, discounts, credit, terms of delivery, handling charges and maintenance charges. Price is a matter of vital importance to both the seller and the buyer in the market-place. Only when a buyer and a seller agree on price, we can have exchange of goods and services leading to transfer of ownership. In a competitive market economy, price is determined by free play of demand and supply. The price will move forward or backward with changing supply and demand conditions. Pricing decisions influence the following marketing variables:

1. Sales volume,
2. Profit margins,
3. Rate of return on investment,
4. Trade margins,
5. Advertising and Sales Promotion,
6. Product image, and
7. New Product Development.

FACTORS INFLUENCING PRICING DECISIONS

- Objectives
- Cost of Production
- Demand
- Competition
- Distribution Channels

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- **Supply of the product**
 - **Achieve planned return on investment**
 - **Availability of raw materials**
 - **Profit expectations**
 - **Trade barriers**
 - **Promotion cost**
 - **Research and Development**
 - **Legal constraints, Government interference**

The Place

Place refers to distribution of the product and includes distribution channel, area coverage, channel remuneration, warehousing, inventories, banking and transportation.

Major obstacles to reach the rural customers are as follows:

- a) The distribution chain requires a large number of intermediaries and this increases the cost of distribution
- b) Non-availability of dealers
- c) Poor viability of retail outlets due to low business volume
- d) Inadequate banking facilities.
- e) Interior villages get flooded during monsoon and only about 50% of the markets are connected by road and
- f) Transport and communication facilities are poor

While planning an effective distribution system, the marketer has to consider the following.

- a) The location of the manufacturing unit
- b) Type of products
- c) Short term and long term plans
- d) The geographical area to be covered
- e) Number of retailers in the area
- f) Number of sales persons
- g) Sales promotion plans
- h) Distribution costs and
- i) The resources with the organisation.

The channel members consist of wholesalers and retailers who are middlemen in distribution and they perform all marketing functions. These, middleman facilitate the process of exchange of goods; create time, place and possession utilities. Therefore channels are useful to producers as well as consumers. Even if a Company has a product that meets the requirements of rural consumers, it will succeed only if it is made available at the right place as and when required by the consumer.

The Promotion

Promotion is the process at marketing Communication to inform, persuade, remind and influence consumers or users in favour of your product or service and has three specific objectives:

- a) It communicates marketing information to consumers, users and sellers.
- b) Promotion persuades and convinces the buyer and influenced his behaviour to take desired action.
- c) It stimulates demand, capture demand from competition and maintain demand for the company's products even in a competitive market situation.

Essentially, promotion is persuasive communication to inform potential customers of the existence of products, to persuade and convince them that those products have want satisfying capabilities.

CONCLUSION

Marketing mix indicates an appropriate combination of 4 Ps from the marketers' point of view. However, the 4 As model takes into consideration the needs and life-style of rural people and looks at marketing mix from consumers' point of view. Considering the challenges and opportunities, we can say that the future is very promising for those who can approach the rural market through 4 As model and explore them to their advantage.

A product is any tangible offering that satisfies the need or aspiration of a consumer. The product mix includes product quality, features, benefits, design, style, colours, brand, packaging, labelling, services and warranties. The rural consumer is generally concerned with utility of the product rather than appearance or show. While rural income level has gone up in recent years, the lower income group constitutes about 65% of the rural population. Price is an important component of marketing mix. A rural consumer with limited income and low awareness is concerned with the price of the product while taking purchase decisions. The marketers have to consider the dynamics of the rural market while formulating product and pricing strategies.

The rural consumers normally purchase their household requirements from village shops, haats and mandi towns. There are 60 lakh outlets, both in urban and rural markets in India. Out of the 36 lakh retail outlets are spread over six lakh villages and making the products available in the store shelves is a challenge for the marketer. Even if a company has a product that meets the requirements of rural consumers, it will succeed only if it is made available as and when by the consumer. Most of these outlets are small and marketers have to reach them only through a chain of distributors and wholesalers which add to the cost of distribution. Of course, in order to reach these shops and establish the products, the companies need substantial amount of working capital and large dedicated sales force.

Rural markets have special features as compared to urban markets. Considering the uniqueness of rural consumers and infrastructure facilities, the marketer has to design rural-specific promotion media and methods to reach the rural population. Further, companies have to consider promotion expenses as investment for business development in rural areas.

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