

Marketing Strategies for Changing Indian Market Conditions

Abstract

The just over Global recession is fresh in our minds. In the most difficult situation when most of the countries in the globe leaving aside very few European countries were reeling under financial crisis/ liquidity crunch, India has demonstrated to the world its economic resilience. "Bharat bailed out India"- was the caption that attracted attention of all. It is that Bharat lying in the rural hinterland of the country that is going to change the definition of Market in India and redefine the Marketing strategies in near future.

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Introduction

Flexibility in marketing strategy refers to the ability of the firm to adapt its marketing response to the changing environment. Marketing strategy should address the critical issues of (a) response to competitor's actions (b) response to changing consumer trends (c) response to changing market environment (d) response to changes in technology (e) decisions regarding the entry and exit. Businesses operate in a dynamic environment which is witnessing changes every day. More than ever before, marketers are witnessing disruptive innovations which are changing the consumer behavior frequently.

As India progresses into the new decade, the population survey reflects the growing influx of rural Indians into the urban landscape in search of jobs and opportunities. The Government schemes like NREGA and Rajiv Gandhi Rojgar Yojna have been able to curb the rural to urban migration trend to some extent. With very less scope for improvement in sales in the urban locale, most of the companies in FMCG, consumer goods and financial services have to start targeting the rural households. Government schemes like NREGA and subsidized schemes for rice



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have been able to provide disposable income to rural households. Most of the rural folks from states like Bihar, Uttar Pradesh, Orissa who had migrated to urban areas like Delhi, Mumbai etc in search of jobs have started migrating back to their homeland with the expectation of better livelihood. The experience of staying in urban locality and the penetration of television has helped in improving the expectations of comfort and luxury in urban areas also. Most of the companies have started looking at this segment of population as one of the significant and growing potential consumer segment in India. Hence most of the multinationals have started at developing the strategies to penetrate into rural areas across India.

Challenges

Most of the companies face the challenges of selling their products in rural India because it increases their expenses in distribution which leads to decreasing margins on each product sold. The incentive for higher volumes which can help improve the top line also doesn't exist because the population in each village varies in between 1000 to 15000 people. In such small setup the incentive for setting up of traditional channels of distribution in the form of whole-sellers and stockists have not been able to provide the sales which were expected of them. Hence after few failures, most of the companies have not been very optimistic about penetrating rural areas because they have not been able to cope up with these challenges.

Some of the companies have not been able to design products which can cater to the rural household. Indians have a great passion of value for money products which can satisfy their needs fully. The rural consumer is very value conscious as he doesn't enjoy the leeway to waste money on less useful products. The companies have not been able to spend considerable amount on research and developing these products because they are fully aware of the previous challenge of distribution. They do not wish to spend in developing products which they cannot distribute to the intended consumers.

Some of the manufacturers of consumer products also face the challenges of distributing luxury delicate items in rural India because of lack of proper infrastructure. The problems of loss in transit contributes to decreased margins substantially. Besides this, the lack of proper infrastructure has created problems for these companies to reach the most interior locales of rural India.

Strategies

In the last few years the proliferation of large number of micro finance institutions has been able to provide credit facilities to people who didn't have access to credit facilities. It gave them opportunities to invest the loan amount into income generating avenues. These microfinance institutions have been able to setup their branches in remote villages which no other private institutions have been able to setup. Only Postal department of Government of India enjoys the privilege of such scale and reach. But the private players have not been able to make tie-ups with the postal department to act as mediums of distribution and penetration. Some of the companies can encash upon the distribution network of these micro-finance institutions to make their products

available. The Micro Finance Institutions (MFI s) can also generate some revenue through these model. Therefore it is expected that it is a win-win situation for both the parties in the deal.

Although many automobile companies advertise a lot on television, almost all of them offer for a test ride to understand the customer's expectations in a better way. The automobile companies lack distribution or sales centers in rural areas, which results in rural customers traveling to the nearest town to purchase vehicles. Most of them have preplanned intentions of purchasing the vehicle of their choice as they do not want to spend time on test driving new models. These automobile companies can carry out advertising campaigns in rural areas by carrying various auto models for test driving purposes. This would improve the perception of the product among the customers. Many mobile companies have started targeting the rural markets through innovative sales outlets. This has helped in driving sales as the urban sales seem to maturing.

Some of the consumer product companies like LG, Samsung , Videocon can promote franchisee models in rural areas to market exclusive products for the rural areas. The MFI s can act as medium of evaluating the credit worthiness as well collection of installments from the consumers. Some of the initiatives like the Gram Vaani, a community media services company which tries to market consumer products at the village level can help marketing the innovative products for these companies. With the rising incomes in rural areas, it is estimated that more and more number of household would demand for better food and items of comfort. Hence companies like Nestle, Dabur etc can effectively use distribution network of MFI s to sell their products, thereby increasing their top-line.

Detergent and Shampoo companies can effectively distribute free sachets as samples at village fairs, to increasing the usability of their products. Demonstrations of products in village fairs can go a long way in educating people about the product. It would ensure greater reach and immense involvement from the customers since they can feel and see the live product before them. The demonstrators can easily solve their queries and understand the confusion of prospects.

Besides the MFIs , most of the public sector banks have been employing banking correspondents who can take banks to the village doorstep. Most of these banks face the challenge of increasing salary expense with very less increase in business. The tie-ups with various FMCG companies and other consumer product companies can help in marketing the products through banking correspondents, thereby creating revenue sources for the banks. Dealing through the banking correspondents would also less handling of cash by the consumer product companies.

All these strategies can help the companies to tap new customers for their products. India has been suffering from inequitable development between rural and urban regions. Such marketing initiatives by the companies can ensure new sources of income for the rural household. It can guarantee employment opportunities and help in raising the income levels of the village people.

References

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