

INNOVATIONS AND CREATIVITY IN RURAL MARKETS

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ABSTRACT

It's true that India lives in her villages. Rural India holds great potential for development as it is the source of livelihood for more than two-third of the country's population. Exploitation by the private traders and middlemen accompanied with the farmers' lack of information on issues pertaining to their livelihood are serious obstacles on the path of rural development. There is a need to take strong steps so that the primary producers in agriculture could break the shackles of the middlemen and become self-dependent and strong. Slowly, but steadily, the farmers are realizing the importance and potential of technology in their farming process. Marketers make consistent attempts to innovate tools and strategies to overcome the challenges they face in the business arena. Business innovations are broadly classified under two heads, namely Product / Service innovation. Marketers need to design creative solutions to overcome challenges typical of the rural environment such as physical distribution, channel management, promotion and communication. In this Paper focus on innovative approaches in Rural Market for promotion and distribution of products.

Keywords Rural India, Innovative Practices, Farmers technology.

I INTRODUCTION

According to the great management guru Peter Ducker "the organizations have only two functions, one is marketing and other is innovation." Rural markets are characterized with huge potential for marketers, but at the same time pose several challenges to serve them with similar set of marketing mix used in urban settings. The main challenges in rural marketing are:

- A) Physical distribution
- B) Channel management
- C) Promotion and communication
- D) Poor infrastructure
- E) Uneconomical market size
- F) Diverse socio-economic Consumer profile

Against the backdrop of such a market environment, marketers need to design creative solutions to achieve success in rural markets. The problems of physical distribution and channel management adversely affect the quality of service (delivery) and cost. With poor or even no means of communication to exchange information with rural consumers directly, the success of a brand depends largely on the village retailers. Therefore, rural marketers have felt a great need to overcome the existing limitations across business stages in general and distribution in particular of which retailing is the final stage.

Innovation is the key to survival in this fast-moving generation where nothing is static except change. It is applicable to each and every aspect of human life irrespective of where you reside and what you do on this globe. You have to innovate, i.e., make proper adjustments and changes according to the growing needs and demands of the environment to be a part of this environment.

Any development is not possible without taking the rural masses into account. This is all the more necessary in the case of India, a billionaire country—no not in terms of money, but in terms of its population. Thus innovations affecting the rural population are at the heart of any developmental process in India where the majority of the population lives in villages. Agriculture has been the mode of employment of over 70% of its population. The agricultural sector contributes around 30% of the country's GDP. Hence, it is quite obvious that for India to shine, rural India must shine as well; otherwise the country's overall growth would fall well short of its potential. It's more than half a century since we gained independence, yet there has not been satisfactory improvement in the rural sector. Some of reasons behind this are natural like the inconsistent monsoons and diverse climatic conditions, but most of them are man-made reasons, such as the middlemen standing between the farmers and the market and making away with the profits.

II PRINCIPLES OF INNOVATIONS FOR RURAL MARKETS

The principles and practices of innovation to be adopted in rural market have to take into consideration: needs, lifestyles and consumer behaviour of the rural population. It is extremely important that the product, pricing, promotion and distribution strategy are not just innovative alone but they must make product value proposition attractive and relevant for rural consumers.

2.1 Process innovation

Process innovations are critical in rural markets. Innovation must focus on building a logistics infrastructure, including manufacturing that is in accordance with the prevailing conditions and can deliver solutions in a cost effective manner.

2.2 Product innovation

Product development must start from a deep understanding of functionality, not just form. Marginal changes to products developed for customers in the towns might not be that effective in rural market. The infrastructure and environment, in which the rural consumers live and work in, demand a rethinking of the functionality a new. Poor

consumer's problems can not be solved with old technologies. New technologies need to be developed to make the product relevant to the rural consumers whose product use environment is very different from urban consumers.

2.3 Price innovation

Conserving resources is the mantra; the product meant for rural market must eliminate or reduce, the various recurring costs and thus should reduce resource intensity. The option of reuse, refill and recycle are critical principles in product development for rural market as they reduce the overall cost of the product. India is a value for money society- while the value may range from a few rupees to millions, the basic instinct remains the same. Market strategies must ensure the prices of the product are reduced either through re-engineering, cost saving in operations, reduction in pack sizes, deletion of frills from the core product, etc. but this reduction in price should not be at the cost of quality and service. Organisations have to focus on price performance of the product.

2.4 Promotional innovation

Changing demographic and spending profiles present countless opportunities for a creative response by the corporate sector. Promotional campaigns have to be innovative to target the youngsters by engaging them through combination of media options. Promotional campaign such as video mounted on trucks traveling low cost theatrical need to be undertaken for any serious promotional effort in rural areas.

2.5 Rural retailing

Retailing in India is slowly on the rise with changing consumer preferences and tastes and evolution of a global structure. Rural markets are relatively virgin markets, which have evolved on their own with very little direct contact with them by the corporate world, but their size is compelling and attractive. Retail sector offers opportunities for exploration and investment in rural areas, with Corporate and Entrepreneurs having made a foray in the past. India's largely rural population has caught the eye of retailers looking for new areas of growth. Market structure in India is dichotomous having rural and urban markets. Retail outlets have sprung up practically in all the villages. In interior villages retailing is a part time chore unlike the case of the retailer in town. In a part of their house, the villagers make retail counter. The maintenance costs for retail outlets in interior villages are also low with most of the cost spent on traveling and transportation.

One of the principal reasons behind the explosion of retail outlets and its fragmented nature is that retailing is probably the primary form of disguised unemployment/ underemployment. The overcrowded agricultural sector, stagnating manufacturing sector, the hard nature of jobs and low wages in both virtually force many Indians to the service sector. So, it is almost a natural decision to open a small shop or store depending on the available means and capitals due to the lack of opportunities. This phenomenon explains the million of kirana shops and small stores. ITC launched the country's first rural mall ' Chaupal Sagar', offering a diverse product range from FMCG to electronics appliance to automobiles, attempting to provide farmers a one-stop destination for all of their needs. There has been yet another initiative by the DCM Sriram Group called the ' Hariyali Bazaar' that has initially started off by providing farm related inputs and services but plans to introduce the complete shopping basket in due course. Other corporate

bodies include Escorts and Tata Chemicals (with Tata Kisan Sansar) setting up agri-stores to provide products/services targeted at the farmer in order to tap the vast rural market.

III I.T. AND RURAL DEVELOPMENT

The goal of using ICT with underprivileged group is not only about overcoming the shortcoming , but rather enforcing and passing the process of social inclusion to the next level, which is required for change of the environment and social system that reproduces scarcity. I.T. has varied applications in it, through which the development of the rural area can be possible accurately. Government had introduced a number of programs through which the people of rural India can come forward and use the I.T. enabled services and work more systematically. Some of the programs run by the Government are:

3.1 E-Mitra: This service is launched by the **RAJASTHAN** Government for the first time for its rural citizens, so that they can deploy the I.T. enabled benefits to its fullest. E- Mitra is State Government started projects, which soon become highly popular in the region. In year 2002, two projects came into existence namely; **Lok Mitra** and **Jan Mitra**. Where Jan Mitra is an integrated electronic platform through which the citizens of Rajasthan can avail the benefit if getting the desired information regarding any Governmental Department at kiosks which is very near to their doorstep. These Initiative program of Rajasthan government have not only helped the Government by reducing the burden of attending every call, it has reduced the waiting time for the service and has lead to provide comfort to the citizens also, as with the inception of this service they can easily get the information required at their doorstep. Lok Mitra is an urban electronic Governance Project which was launched in Jaipur city in year 2002, which helps the citizens of Jaipur (now other cities also) to pay their bills online (land, Water, Bus Tickets and BSNL) leading the citizen to save the waiting time. This service also ensures people that their money is going directly to the Government and provides a feeling of security related to their bills payment.

3.2 Community Information Centres: The program is designed especially for providing the internet access and I.T. Enabled services to the citizens through which the interface between the Government and the Citizens can be setup. These centres connect **seven northeast states** namely; Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The centre helps to gain the connectivity at the time of unsuitable environmental conditions. The centres are commonly termed as CIC which are generally situated at the school, college or any governmental office. People can come for the Internet access, and for accessing the internet, a nominal amount is charged from the people through which the daily expenses of the centres are maintained.

3.3 Wi-fi Projects: One of the wi-fi project under which few villages (of **UTTAR PRADESH**) are connected to internet is **Digital Gangetic Plan** (DGP). Through the use of DGP wireless network connectivity is created, this program helped the people residing in villages of India to have the access of internet through which the information

on various issues can be collected and used, at the same time the people living in rural India can be updated with the new technological changes and the innovative changes taking place in the national and the international markets. For instance; Bimari Jankari is a portal through which the information regarding every disease and health related issues is available and Digital Mandi is available as one of the portals where all the information regarding the agricultural commodities are available. This portal provides the information regarding the prices of the commodities and their relative value.

3.4. Drishtee: Drishtee is present in 5 States and is currently available in six districts. It is a private company, which was **previously named as Cyber Edge**, which has the main work of developing the modules. It is present in Bihar, Haryana, Madhya Pradesh, Punjab and Rajasthan. It is generally suited in the Panchayat or in the bazaars. They prepare the module for the poor section of the society who cannot understand the international language. The modules are designed for the rural and semi-urban areas especially.

3.5. Gyandoot: It was established in January in year 2000. It is an e-governance based module designed for the rural citizens. The project was initially initiated by the Government of **MADHYA PRADESH**. Gyandoot caters the need of the villagers by providing the information related to the prevailing rates of the agro-based commodities and the rate of land. Each Gyandoot Info kiosks caters to approximately 15 panchayats and 30 villages. The module is designed with the aim to provide cost effective and sustainable delivery model to the people.

3.6. TARAhaat: It was developed by an **NGO** (non-government organization); with the vision to bring internet facility to the rural India. It is a franchisee based business model that attempts to generate revenues by focusing on the marketing services through the module (especial focus on the local applications). It was initiated in the region of **PUNJAB** with the introduction of different centres called as Kendra's which are connected to each other through the dial up internet connection facility. These Kendra's have power backup also; in case, the electricity supply is interrupted. The info kiosks provide online and offline services information on education, prevailing opportunities in the market and other useful information for the villagers. TARAKendra's are very popular in between the local population as it provides the information in the local language and the portal is designed in such a pattern that semi literate population can also understand it without any difficulty. Different services that TARAKendra's provide are:

TARABazar (for product information)

TARAdhaba (for providing connectivity)

TARAdak (connect to relatives at distance)

TARAgyan (educate rural youth on various issues)

TARAguru (helps in mentoring and consultancy)

TARAvan (delivery of orders at remote areas) and many other services are also provided.

3.7. Rural e-seva: It was initiated by **ANDRA PRADESH** Government. It was initially implemented in West Godavari District to deliver e-governance facility. The centers are designed with the view to provide better governance facilities to the people of the Rural India. The popularity of e-seva can be estimated from the fact that in the year 2003, more than 400 million rupees was collected only for the electricity payment. With the success of the e-seva in electricity bills payment, Government is looking forward for introducing it in the areas of collection of telephone bills and local Governmental Bills. E-seva is gaining popularity with passing days as it helps the citizens to avail the benefit of getting the certificates at their doorsteps; which is both relaxing and reliable.

3.8. Bhoomi: The Karnataka Government for maintaining the records related to the land introduced it. The Department of Revenue in Karnataka has computerized 20 million records of land ownership belonging to 6.7 million farmers of the state. With the introduction of the program, the farmers are free from giving the bribe and are protected from the harassment. Farmers can easily get the Records of Rights, Tenancy and Crops (RTC) by depositing a minimal fee of Rs. 15. National Informatics Centers (NIC) through which the software online copies of the land records are available developed the software of Bhoomi. By giving an online request, farmers get an online enrollment number through which further processing can be done. In the software, the connectivity is through the LAN through which all the clients are connected to the hubs. With the increasing popularity of the project, Government of India has decided to introduce the project in other parts of the country also, namely: Kerala, West Bengal, Sikkim, Tripura, Punjab, Haryana, Madhya Pradesh, Himachal Pradesh, Uttaranchal, Gujarat, Assam, Orissa, Rajasthan and Pondicherry.

IV. INNOVATION AND CREATIVITY IN RURAL RETAILING

To tap the vast potential of rural India, the models of marketing which is for the urban markets will not be fruitful. Innovative models are required to tap the potential of the rural India. Some proved innovative models which are being used by the corporates in the rural India are discussed below.

4.1 Godrej's Aadhaar and manthan: Manthan focuses on supplying animal feeds for dairy and poultry. On the other hand Aadhaar is a supermarket, which retails agricultural inputs such as fertilizers, pesticides, animal feeds and small implements along with FMCGs, appliance and also services, like valuable technical guidance, soil & water testing services.

4.2 HUL Project Shakti: Hindustan Unilever Limited (HUL) and its constituent companies have been in India since 1931. HUL has been proactively engaged in rural development since 1976. The principal issue in rural development is to create income-generating opportunities for the rural population. Such initiatives are successful and sustainable when linked with the company's core business and is mutually beneficial to both the population for whom the

programme is intended and for the company. Based on these insights, HUL launched Project Shakti in the year 2001, in keeping with the purpose of integrating business interests with national interests there are more than 40,000 Shakti Entrepreneurs across India

4.3 Hul: Shaktimaans-To-Power-Rural-Reach: The company is utilising the skills of the likes of Sudharkar to distribute its products in remote villages which have a demand for such products, but don't have a distribution network.

Every day, Sudharkar sets out on a bicycle which has been provided by HUL for him to commute to villages to distribute products and sachets of popular brands like Wheel, Lifebuoy, Pond's, Brooke Bond, among others, to aspiring consumers. Earlier, these consumers had to satisfy their needs by purchasing products from nearby villages where the company has direct distribution. Now, their needs will be met in their own villages by the visiting shaktimaans. A shaktimaan is a male member of a shakti entrepreneur family. In 2000, HUL collaborated with self-help groups to expand its rural reach under project shakti. It partnered women entrepreneurs called shakti ammas from rural areas of Andhra Pradesh and 14 other states by offering them opportunities for business. HUL soon figured out that the menfolk from shakti households, who would by now be familiar with the operations and product range of the company, could be used for the next leap — to reach villages with a population of less than 2,000. They have been christened shaktimaans.

4.4 Dscl Haryali Stores: DCM Shriram Consolidated Ltd. (DSCL), capitalising its over 35 years of experience in the agri-input markets & first hand knowledge of Indian farmers, is setting up a chain of centers aimed at providing end-to-end ground level support to the Indian farmer & thereby improving his "profitability" & "productivity" Hariyali Kisaan Bazaar" is a pioneering micro level effort, which is creating a far-reaching positive impact in bringing a qualitative change and revolutionizing the farming sector in India. It is also an example of how well meaning corporate can contribute to development of agriculture by building sustainable business models. It seeks to empower the farmer by setting up centers, which provide all encompassing solutions to the farmers under one roof. Each "Hariyali Kisaan Bazaar" centre operates in a catchment of about 20 kms. A typical centre caters to agricultural land of about 50000-70000 acres and impacts the life of approx. 15000 farmers

4.5 Itc E-Choupal: ITC's trail-blazing answer to these problems is the e-Choupal initiative; the single-largest information technology-based intervention by a corporate entity in rural India, enriching the farmer with knowledge; elevating him to a new order of empowerment. E-Choupal delivers real-time information and customized knowledge to improve the farmer's decision-making ability, thereby better aligning farm output to market demands; securing better quality, productivity and improved price discovery. The model helps aggregate demand in the nature of a

virtual producers' co-operative, in the process facilitating access to higher quality farm inputs at lower costs for the farmer. The e-Choupal initiative also creates a direct marketing channel, eliminating wasteful intermediation and multiple handling, thus reducing transaction costs and making logistics efficient. The e-Choupal project is already benefiting over 3.5 million farmers. By 2012, the e-Choupal network will cover over 100,000 villages, representing 1/6th of rural India, and create more than 10 million e-farmers

V. CONCLUSION:

The world is changing like never before. This change is more attributed to the way business practices and strategies are changing across the globe. Business organizations are rapidly changing their domain and strategy to take benefit of this emerging global order. Rural marketing endeavours have to be seen and implemented as investment for better tomorrow. Thus successful company will be one which meets consumer's expectations through products offered at affordable cost and still is in position to earn a decent return on investment because of its strong, efficient and intelligent distribution channel.

Undoubtedly, the story of Amul, ITC E-choupal and Parry India Agriline are phenomenal and mind-blasting. But such a large country with only a few innovating the rural sector seems like an 'oasis in a vast desert'. Now it is the role of government and social organizations to make farmers aware of the need and potential of technology in agriculture. If the farmers of Gujarat, Madhya Pradesh and Tamil Nadu can do it, then there is no reason why the farmers of other places cannot.

In this dynamic and ever-changing market environment, farmers in India should be abreast of the latest information for their agricultural inputs. One or two successful stories won't solve the purpose for you. It needs a revolution in the rural sector. Greater transparency in the farming process is the need of the hour. The faster the government and farmers understand and realize it, the better for them and more importantly for India to shine properly.

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