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# UNIT 6 PRODUCT DEVELOPMENT, ADOPTION PROCESS AND MODIFICATION DECISIONS

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## Objectives

After going through this unit you should be able:

- Explain the diversity of product purchase behaviour in rural markets
- Comment upon the hierarchy of durables acquisition
- Discuss the product adoption in the context of rural consumers
- Describe the variables that determine the rate of adoption of product innovation
- Distinguish between the various adopter categories
- Comment upon appropriate product strategies for rural markets
- Understand the underlying considerations in branding decisions for rural markets
- Appreciate the special significance of packaging decisions in the context of rural India
- Assess the problem of spurious products in rural markets

## Structure

- 6.1 Introduction
- 6.2 Hierarchy of Acquisition of Durables
- 6.3 Product Adoption Process
- 6.4 Adopter Categories and Product Life Cycle
- 6.5 Adopter Categories
- 6.6 Important Product Strategies for Rural Market and Product Modification Decisions
- 6.7 Branding Decisions
- 6.8 Packaging Decisions
- 6.9 Menace of Spurious Products
- 6.10 Summary
- 6.11 Self Assessment Questions
- 6.12 Suggested Readings

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## 6.1 INTRODUCTION

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Product is at the heart of a marketing programme around which the other components of the marketing mix are designed. Many companies treat the rural markets as the dumping ground for their lower end products that are designed for the urban market. This approach is riddled with several weaknesses. Some times these products succeed in the rural markets and some times not. If the product was not doing well it was unceremoniously withdrawn and forgotten. Today in majority of the product categories, the rural market accounts for more than 60% of market share and is in fact too important to be forgotten. Hence professional marketers have felt the need for developing rural specific products that will satisfy the unique expectations of rural customers. The rural market is not looking for the kind of products that are the rage of the global market. The product attributes, features and price determine value. Rural customers want product of quality; however the parameters of quality differ from one region to other region.

The rural market is not one homogeneous structure. A firm has to segment the market and decide the specific customer groups that it wants to focus on. At the top end of the rural market, we have customers with high disposable income such as the big farmers, trading community and the government officials. The proportion of this segment varies from state to state. In some of the prosperous states like Maharashtra, Gujarat, Western parts of U.P., Punjab, Haryana, Tamilnadu and Andhra Pradesh this segment is significant. A recent study shows that only five states such as Maharashtra, U.P., West



Bengal, Tamilnadu and Andhra Pradesh together account for nearly half of the aggregate domestic product of the Indian states. The per capita income of different states indicates the heterogeneity of the market. The per capita income of India for the year 2000-01 at 1993-94 prices is Rs.10, 254. In well off states like Punjab and Maharashtra the per capita is more than Rs. 15,000 whereas in poorer states it is less than Rs.5, 000. This variation in disposable income needs to be taken into consideration while developing product market strategies. This unit builds up on your exposure to the product management unit studied by you in your basic marketing course, Marketing for Managers (MS-6). An appendix to this block gives an estimate of the product penetration situation in rural markets over the years.

## 6.2 HIERARCHY OF ACQUISITION OF DURABLES

Marketers have to understand the specific order of acquisition of durables by the households. This acquisition will have interregional variation. In the year 1995-96, the average ownership of durables was 4.27, which increased from 3.72 in 1993. For convenience these products have been grouped into three categories on the basis of price.

Group-I durables	<Rs. 1000
Group-II durables	Rs. 1000 - 6000
Group-III durables	>Rs.6000

Out of 705 million units owned by households in 1995-96, the group-I durables accounted for about 73 per cent, group-II durables accounted for 18.20 per cent, the balance 8.95 percent belonged to the most expensive type of durable goods. Rural households which form 71.7 per cent of total households in the country accounted for only 52.2 per cent of ownership of durable goods. The average number of durable goods owned for rural household was only 3 compared to 7 in urban areas. (NCAER, 1998)

The hierarchy of acquisition in the rural household depends on the location of the village from the urban center, disposable income, educational qualification of the members and the mobility of family members to the nearby urban centres. Studies by NCAER (1998) showed that

- Rural markets for group I durables are bigger than urban markets already
- Rural markets for group 2 durables will be bigger than urban markets by 2001-02
- For group 3 durables, rural markets will be smaller than urban ones even in 2006-07
- Rural market growth rates are faster than urban ones, even on larger bases of group I and 2. (Table 6.1)

**Table 0.1 Classification of Consumer Durable Goods**

Group-I	Group-II	Group-III
Pressure Cooker	Television (B&W)	Television (Colour) Small
Pressure Pan	Television (B&W) (Regular)	Television (Colour) (Regular)
Bicycle	Geyser (Instant)	Video Cassette Recorder (VCR)
Mechanical Wrist Watch	Geyser (Storage)	Video Cassette Player (VCR)
Quartz Wrist Watch	Sewing Machine	Motorized 2-Wheeler (Scooter)
Radio/Transistor	Vacuum Cleaner	Motorized 2-Wheeler (Moped)
Electric Iron	Mixer/Grinder	Motorized 2-Wheeler Motor C
Ceiling Fan	2-in-1 (Mono)	Refrigerator
Table Fan	2-in-1 stereo	Washing Machine
Walkman		Music System
Mono Cassette Recorder		Car/jeep

As table 6.2 shows, the share of durable purchase in most categories for the country as a whole is showing an increase over the years



**Table 6.2: Ownership of Consumer Durables (All India)**

	Number (millions)				Percent			
	1986	1990	1994	1996	1986	1990	1994	1996
<b>Group-I</b>	212.9	328.5	447.9	513.7	83.9	79.4	76.5	72.9
<b>Group-II</b>	29.1	59.5	94.6	128.1	11.5	14.4	16.1	18.2
<b>Group-III</b>	11.8	25.8	43.3	63.1	4.6	6.2	7.4	8.9
<b>TOTAL</b>	253.8	413.8	585.8	704.9	100.0	100.0	100.0	100.0

Table 6.3 shows the almost steady transition in ownership shares of durables for rural markets, with rise in rural incomes. A comparison of columns would make it clear how, not only are percentages of ownership rising, the share in higher end purchase is also growing from year to year.

**Table 6.3: Rural Share in Market for Consumer Durables.**

Rural Share%	1989-90	1992-93	1995-96
Over 75		Bicycle, Radio/Transistor	Bicycle, Radio/Transistor, Mechanical Wrist Watch
50-75	Motor Cycle, Table Fan, Sewing machine Mechanical Wrist Watch	Table Fan, Sewing Machine, Mechanical Wrist Watch, Quartz Wrist Watch	B&W Television, Cassette Recorder, Pressure Cooker, Table Fan, Sewing Machine, Quartz Wrist Watch
30-50	Moped, B&W Television cassette Recorder, pressure Cooker, Electric iron , Ceiling Fan, Quartz Wrist watch	Moped, Motor Cycle, B&W Television, Colour Television, Cassette Recorder, Pressure Cooker, Electric Iron, Ceiling Fan	Moped, Electric Motor Iron Cycle,
20-30	Scooter, Mixer/Grinder	Scooter, Mixer/Grinder	Scooter, Colour Television VCR/VCP, Refrigerator, Mixer/Grinder
10-20	Colour Television, Refrigerator	Refrigerator	Washing Machine
5-10	Washing Machine	VCR/VCP, Washing Machine	
Less than 5	VCR/VCP		

A comparison of the rural and urban durables acquisition shows that while the urban households owned an average of 5.22 durables in 1989-90, their rural brethren owned an average of only 2 durables. A decade later, the differential still remains significant. The NCAER Indian Demographic Report 2002 shows that the durable ownership in urban and rural areas at the end of 98-99 was 8.19 and 3.89 goods per household respectively.

These shares of rural markets come with very low levels of penetration in different product categories. You would appreciate that as more companies take up the rural



challenge and the rate of penetration go up, in the days to come, the rural share will improve further.

**Activity 1**

Analyse table 6.2 and 6.3 carefully. What are the implementations of the trends in shifts of consumer durable ownerships for marketers of

1. Motorcycles
2. Music systems
3. Colour Television Sets

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**6.3 PRODUCT ADOPTION PROCESS**

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Marketers are keenly interested in understanding the process of adoption of a product in a new market. The theory of diffusion developed by E.M. Rogers addresses this vital issue. Rogers carried out extensive research in the late fifties and 1960's to examine the acceptance of new agricultural innovations amongst the rural farming community in U.S. The major findings of this study later held good when similar studies were carried out for other product categories in different countries.

**The Rate of Adoption**

The rate of adoption is the relative speed with which members of a social system adopt an innovation. It is measured as the number of individuals who adopt a new idea in a specific period such as a year. The perceived attributes of innovation are one important explanation of the rate of adoption. The five major attributes that have direct influence on the rate of adoption are:

1. Relative advantage
2. Compatibility
3. Complexity
4. Trialability
5. Observability

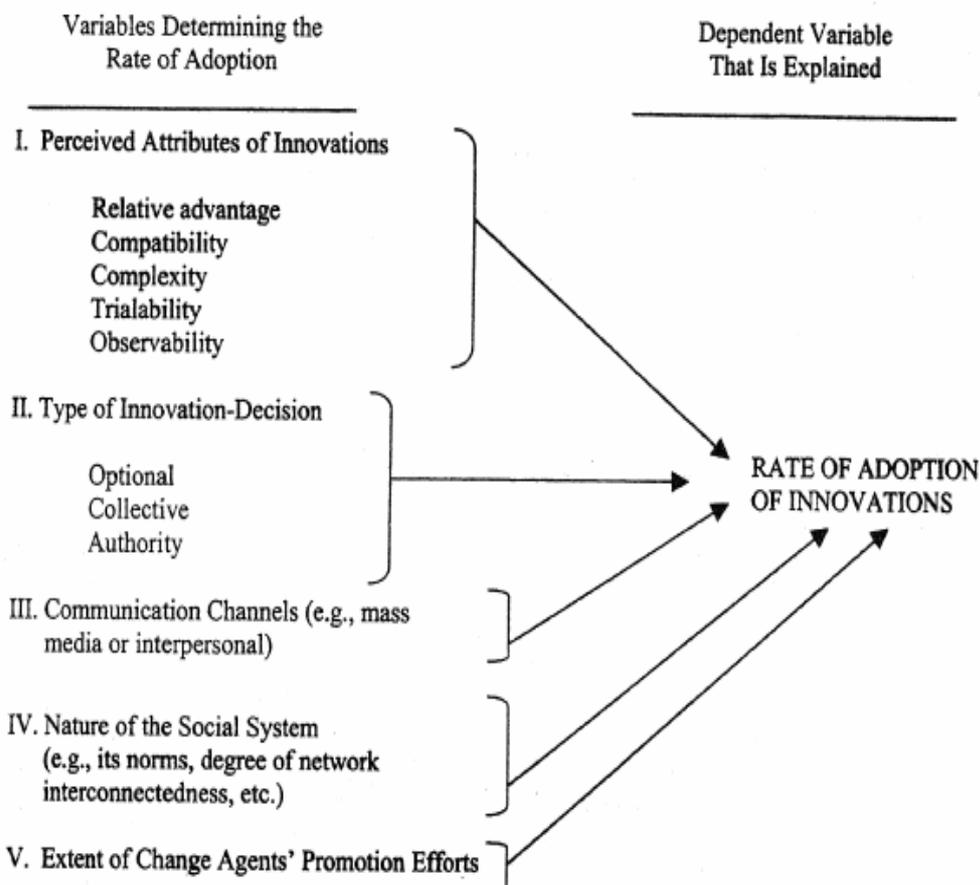
Besides these other variables such as (1) the type of innovation decision, (2) the nature of communication channels (3) the nature of the social system (4) the extent of change agents' promotion efforts, affect the rate of adoption.

A new product launched in rural areas will have a faster acceptance if it scores high on each of these perceived attributes of innovation. The rural customers primarily want functional utility, thus the products with higher performance to price ratio will have a faster acceptance. Compatibility has several dimensions such as social, cultural and technical compatibility. Certain income generation activities, though highly profitable would not find favour with rural customers if they are not compatible with the cultural religious values.



Figure – 6.1

**Variables Determining the Rate of Adoption of Innovations**



Innovation resistance exists across product classes. Innovation resistance affects the timing of adoption. The two basic causes of resistance are: the degree of change or discontinuity brought about by the innovation and the extent to which it conflicts with the consumer's belief structure. The products that can be tried out without much of an effort will have a competitive edge over other products that are difficult for trial. Companies dealing with agricultural equipment, fertilizer, pesticide, hybrid seeds etc. have benefited by adopting sampling and demonstration in rural areas. Distribution of free samples compresses the long cycle of awareness to adoption. Hindustan Lever Ltd experimented with the various modes of introducing new products into rural household while fine-tuning "Project Bharat". They bundled small unit packs of four different product categories such as Sunsilk shampoo, Pepsodent toothpaste, Fair and Lovely cream and Ponds talcum powder. The cost of this bundled pack to the company was Rs.25. It did experimental research in the district of Kolhapur, Maharashtra to find out the relative rates of interest to purchase at different price levels of Rs.5, Rs.10, Rs.15, Rs.20, and Rs.25. Finally a trade-off between cost and trial was made and the company decided the promotional pricing to be Rs. 15 per pack. The post experimental survey showed that about 33% of the sample households went for repeat purchases of at least one of the four bundled items. This demonstrates the power of promotional pricing in converting the non-user segment into regular users.

Observability enhances the rate of adoption of the product. When the potential customers see for themselves the performance of any new gadget or some new hybrid seeds in a demonstration plot they get convinced easily and if they have further queries, they can check out with their peers with less effort.



## Activity 2

Consider the following products which are being newly targeted to the rural market . Evaluate them on the adoption criteria just studied by you and evaluate which of them has got the highest potential of getting accepted fast.

1. Multiutility vehicles
2. Frost free refrigerators
3. Stain fighting detergents
4. Battery operated TV sets

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## 6.4 ADOPTER CATEGORIES AND PRODUCT LIFE CYCLE

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Product life cycle analysis shows the stage of a particular product category in a specific market. There are five different stages in the life cycle which are introduction, growth, shake out, maturity and decline. Each of these stages provides distinct opportunities and threats and hence affects the firm's strategy as well as the marketing programmes. A vast majority of durable products in rural markets are actually in the early growth to late growth stage. Even several FMCG products are in the growth stage. PLC analysis is generally done by taking product class as the unit. However if it is done for a category one has to wait for decades to draw inferences. Have marketers go for PLC analysis for other product levels, such as the product form and product brand. Product form analysis has great relevance for the rural markets of India. For example, if we take wrist watches as the unit of analysis, the PLC will be really long, stretching over decades and being still there in the growth stage. If product form is taken, such as quartz or mechanical watches, distinct preferences for each of the form can be noticed in the rural and urban areas. It is seen that the time taken by customers to graduate to the latest product form takes a very long time, stretching over decades. In the mosquito repellent category, the coexistence of different product forms can be seen. There are coils, mats, liquid and aerosol sprays. The rural markets still seem to be using coil and mats. Lack of electrification and high price of the new variants are some of the reasons for the old product form's popularity. One agricultural pump manufacturer introduced energy efficient lighter pumps in rural areas. He was surprised by the continued preference of rural farmers for the bulky and heavy pumpsets. Cost of energy could not become a decisive criteria since in large parts of the country, power is available either free of cost or at a nominal price.

Marketers have to examine the acceptance level of different product forms in the different regions of the country and accordingly should design market entry strategies for different sub-markets,

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## 6.5 ADOPTER CATEGORIES

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Marketers have categorized adopters using the criteria of "innovativeness." Innovativeness is the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than other members of a social system. The different categories of adopters and their distribution in a population are:



Adopter Category	Percentage Distribution
1. Innovators	2.5
2. Early Adopters	13.5
3. Early Majority	34
4. Late Majority	34
5. Laggards	16

The findings of Rogers (1958) with regard to distribution of different classes of adopters in the rural society have held good for many other products. Innovators are venturesome and they have a higher propensity to take risk. The innovator is willing to accept occasional setback. Though he leads some sort of an "isolated elite" life and is not respected much, he plays the important role of launching the new idea into a system and thus plays the role of a gate keeper. -

Early adopters are the second group of adopters and they are more integrated into the local rural system than innovators. This category has the greatest degree of opinion leadership. The early adopter is considered by many as "the individual to check with" before using a new idea. The early adopter decreases uncertainty about a new idea by adopting it and then communicating it to peers through interpersonal networks.

### Characteristics of Adopter Categories

All characteristics of adopter categories can be summarized under three classes such as: (1) Socioeconomic status (2) Personality Values (3) Communication behaviour. Early adopters have higher social status and they have a greater degree of upward social mobility than later adopters. Early adopters are less dogmatic than later adopters. Dogmatism is the degree to which an individual has a relatively closed belief system. The earlier adopters are better able to cope with uncertainty and risk than later adopters. Earlier adopters have higher aspirations than later adopters. When it comes to communications behaviour, research shows that early adopters are more highly interconnected through interpersonal networks in their social systems than late adopters. They have greater exposure to mass media communication than late adopters and also seek information more actively than late adopters. These distinctive characteristics can be used for audience segmentation and for designing specific communication programmes. In the rural markets the adoption categories are characterized by both income and education variation as well as by rates of mobility of at least some members of the family, to towns or semiurban areas. Spread of mass media, like television is also making an impact on speed of adoption as product familiarity is built up. Early adopters have been found to be better off socio economically and more aware of product/brand alternatives than late adopters or laggards.

### Activity 3

Talk to some rural families to find out trends in their adaptation behaviour. Ask them about a few consumer non durables products and gather information on

- When did they first start using the product?
- Who had they first seen using the product around them?
- How did they get information about the product, in the first instance?

Comment on your findings

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## 6.6 MARKET AND PRODUCT STRATEGIES FOR RURAL MARKET AND PRODUCT MODIFICATION DECISIONS

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The core product designed has to be rural centric. Product and pricing strategies are closely related and it is more so for the rural markets. There are some basic differences between markets in rural India and in the industrialized nations of the world. Given below are some of the strategies relevant for rural markets:

**A. Utility Oriented Products:** The basic driver of the product purchase for the rural customers is the functional utility rather than rich features and sophistications. By doing away with the frills, if the cost can be reduced substantially the product will have a higher chance of succeeding.

Philips India Ltd introduced low cost medium receiver sets named Bahadur, which was hugely successful in rural areas.

**B. Sturdy Products:** The products designed for rural markets should be sturdy enough to withstand rough handling and the rigours of transportation. TI Cycles Limited, Chennai; the makers of Hercules and BSA brands have identified the specific purposes for which the cycles are used. The company has methodically gone about mapping the consumption chain. Here the first step is to map the customer's entire experience with a product. Farmers use cycles to carry bags of paddy, cement, fertilizer and some surplus, which they take to the Haats or Mandis. Accordingly, they developed cycles with strong carriers and better frames. With this approach they could increase their market share in the southern states of Tamilnadu, Andra Pradesh and Karnataka.

Philips adopted this strategy and made their radio heavier and louder for the rural markets. It is not enough to design products of good quality, but to undertake certain initiatives to manage perceived quality.

**C. Value Engineering:** This approach is used to develop cheaper products by substituting certain costly raw materials. Britannia Industries Limited deployed this technique to develop a cheaper Glucose biscuit for the rural market. The new product "Tiger" was introduced in the small towns and rural markets. The company withdrew the previous brands such as Circus and Glucose-D meant for the lower segments and introduced a new brand "Tiger". It was launched at Rs.3.50 per pack. This product did exceptionally well in the rural markets and could reach the Rs. 100 crore mark within a year.

Asian Paints, the largest paint-manufacturing firm in the domestic market category, realized the potential of a cheaper distemper for rural markets. It understood that in vast majority of rural areas, people go for white washing at least once a year primarily as a ritual preceding the major festivals of the region. With low disposable incomes, they have to settle for the cheaper modes of white washing that are not of decent quality. This prompted Asian Paints to introduce "Utsav" range of low priced coloured distempers. This low priced brand got a very enthusiastic response from the rural market.

Nirma that offered a value for money detergent powder at the lower end of the price quality spectrum could increase its penetration into rural households and today it is Rs. 1500 crore brand. Before Nirma, the lower end of the market was dominated by several unorganized players



In the recent past many companies such as T-series, Ghadi detergent, Anchor Toothpaste, NewPort, Ruf & Tuf jeans from the house of Arvind Garments have used this technique to tap the potential at the lower ends of the market.

This does not mean that only cheap brands or the models in the lowest end of a product-line sell in rural markets. Usha found that in rural markets some of its premier brands like Usha Century are doing better though it is priced 20 per cent higher than the economy models. (Das Gupta and Menon, 1990) Philips also had similar experience with regard to its radio product category.

**D. Low unit packings (LUPs):** The small packs have a better chance of gaining acceptance because of their affordability. Majority of the small and marginal farmers/daily wage labourers do not buy consumables that would last for more than a week. In case of certain products like tea and biscuits; they buy on a daily basis. Marketers have understood the role of LUPs in driving penetration. Brooke Bond decades back launched a 5 paisa pack, Vieks- 5 tin was available at 50 paise. In the early 1980s, Velvette revolutionized the small pack concept through its sachets. Shampoo was seen as a new and novel product by a vast majority of Indians, though the product category had been available in the market for a couple of decades. It was only available in 75ml and 100ml bottles and the price was in the range of Rs.35 to Rs.50; which was a great barrier. People were even skeptical about the efficacy of this new hair care product. By making it available at Rs. 1/-, customers who were in two minds got a chance to try out the product and it gained faster acceptance. Today 60% of shampoo sales come from sachets and 70% of sachet sales come from rural markets. Small unit packs, being priced low induce high levels of trial purchase. Pepsi had launched chhota Pepsi at Rs.5/-. Coke had followed suit with its "Mini Coke" in the rural markets. Recently both the companies have reduced prices of their bottles from Rs. 10/- to Rs. 7/- to increase volume. Today marketers of different FMCGs have gone for adopting small pack route to achieve greater penetration.

**E. Product Adaptations for different regions:** Marketers have understood that the rural market in India is not one homogeneous entity. The social and cultural climate differs from one hinterland to another and so also the customer preferences. Hindustan Lever Limited developed region specific blends for its A 1 Kaddakchaap and Red Label tea brands. The agricultural equipment manufacturers make suitable changes to the product features depending upon the topography and soil characteristics of different regions.

Prof. C.K. Prahalad elaborates on the great opportunity and challenge before the Indian marketers. The main challenge is to deploy technology to come out with rural centric products that would be able to create a new-consuming class out of the poor people. Low price and functional value being the driving forces, this new category of products would be able to offer higher value than the ones' currently available in rural markets. Firms have the opportunity to go for the real Indian mass markets that want good quality at lower price points, well designed and packaged, branded and well advertised. This focus on low, price-quality business model can later help the Indian firms to tap similar price sensitive markets of African and Latin American markets. Now Unilever has initiated a project to tap the lower ends of the Latin American market with the low cost solutions developed by Hindustan Lever.

#### Activity 4

Study the website of 2 consumer durables manufactures of your choice. Identify the product adaptation they have made for the mass market or the rural market. Also "study their growth product segmentwise. What type of growth trends the lower end products show



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## 6.7 BRANDING DECISIONS

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A look into the extant literature shows that rural customers were not specifically or consciously brand loyal. They were supposed to be content with any brand that was handed over to them by the retailers. The present market data shows clearly that it is no longer so. Many of the recent empirical studies reveal that a rural customer is particular about the brand he/she wants and cannot be easily persuaded to buy anything just because it is so advised by the retailers. The increased exposure to television has resulted in the rural customer getting direct information and life style cues from the advertisements. In the early 80s, Nirma could establish itself as a popular brand through consistent advertising. Today there is lot of advertisement clutter and audience fragmentation. In this context, marketers have to pay greater attention in selecting the brand elements to cut through the clutter. The different brand elements that the rural marketers should pay attention to are:

1. Brand Name
2. Logo/Symbol
3. Brand Character
4. Slogan/one liner
5. Jingle
6. Packaging

Brand name is one of the most important component of the brand. All the investments that are made to enhance awareness and developing the right associations get linked to this name, which finally acts as an anchor. Therefore selection of the right name assumes importance, given the fact there is a high level of diversity amongst the rural pockets of different regions.

Among the different brand elements, the logo or symbol has a special role in building brands in the rural markets. In India, there are 16 official languages and more than 460 dialects. However a well-conceived logo can mean the same thing to diverse groups of customer. MRF Tyre's "Muscular Man Lifts the Tyre" would connote the same meaning to people in different regions. Thus the logo is able to transcend the geographic and linguistic barriers. High levels of illiteracy in rural areas also propel people to use visual cases/pictures to identify brands. Brand characters can be used to add new levels of meaning and appeal to the brand. Amul's "Utterly butterfly girl", Gujarat Ambuja's Giant Like Man, all have played important roles in developing right brand associations. Arvind Garments roped in Akshay Kumar to endorse Ruf& Tuf Jeans. The "infil" brand personality of Akshay Kumar as a tough character helped the brands.

Jingle or musicals can be associated with a brand and thereby giving potential buyers one more cue for easy retrieval from memory. Titan's signature tune, and Liril's "La-La-La", are attempts to surround the brand with interesting and memorable cues.

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## 6.8 PACKAGING DECISIONS

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Packaging today is being used as an important marketing tool in addition to its role of protecting the main product during shipment and transportation. Its effective role in



attracting the customers' attention at the point of purchase has led to its recognition as a "silent salesman". In rural markets a brand is most often identified on the basis of the packaging of the brand, primarily because of

1. Low literacy levels
2. Availability of few brands
3. Low exposure to other media vehicles

How small fractional packages have resulted in higher trial purchase and regular consumption has been discussed in the previous section. Marketers have observed retailers cutting larger toilet soaps and detergent cakes into two pieces and selling them. (Joshi, 1991) It has showed them the utility of small SKUs (Stock Keeping Units).

**Packaging in reusable containers:** The rural customer is very price sensitive and feels rewarded when the package can be put to some other use after the consumption of the main product. PET containers are being increasingly used as value added modes of packaging. However, polypacks are used to drive costs to the lowest ebb.

**Packaging Colour and Design:** Package becomes a veritable identification tool and helps in brand selection and reinforcement process for rural markets where mass media reinforcement relatively of a lower order as compared to urban markets. Bright colours, bold labeling and recognizable logo, specially those that the consumers can readily identify with are specially useful. The evocative colours of Brooke Bond Red Label tea, Nyle Shampoo, Colgate's red & white recognizable tooth paste, Lifebuoy's familiar package and Britannia's Tiger biscuit packs are the prominent examples which generated brand identification and recall partly on the basis of package colour and logo designs. Similarly, depiction of recognizable logos on the package are positive aids in brand recognition and recall. Successful examples are the Eveready Cat-o-nine lives, Gemini Tea with elephant as the logo, Tortoise mosquito coil etc. These widely understood symbols help the rural customers in making brand associations and generating recall.

#### Activity 5

Carefully study the packaging modifications made by FMCC3 companies for rural markets. Comment upon the major variations that you observe in size, colour and information given on the package.

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Product modification decisions have direct implications on the cost structure and finally on pricing. The major product modification strategies that focus on developing rural centric products at affordable prices have been discussed here.

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## 6.9 MENACE OF SPURIOUS PRODUCTS

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Marketers of many consumable goods have to encounter the menace of the emergence of a number of fake or spurious products. As soon as a brand becomes popular in rural areas, at least 117-15 imitations or spurious products flood the market. Since a large section of the rural buyers are illiterate and they identify products by their logo and colour scheme of the packs, these unscrupulous products exploit the rural buyers' weakness by flooding the market with look-alikes. These spurious products are of two types:



1. Complete imitation of brand name and packaging
2. Part imitation of the brand name: They copy the packaging, colour scheme design but alter one or two alphabets in the brand name. Nirma gets imitated as Neerma, Nirman etc.

In all these cases, they pass on a product far below in quality and priced about half of the original brand. These fake counterfeit products create havoc in rural markets. The early users of the product discover the poor quality and in turn loses faith in the 'genuine brand. Thus the promotional investments of real brands get blunted to some extent. The manufacturers of fake products offer higher margins to both wholesalers and retailers and in many cases it is 100-200 per cent higher than real products.

Marketers have recognized the deleterious impact of a large number of fakes and of late have initiated certain steps to tackle the problem of counterfeits and pass-off products. The Brand Protection Committee (BPC), formed with representation of several corporate houses has urged the Government to do away with hindrances in the implementation of Trademarks Law.

The Brand Protection Committee (BPQ with the assistance of law enforcement agencies, has been initiating raids, taking legal action, creating awareness in the market, to eradicate the problem of counterfeits and pass offs. According to a study conducted by AC Nielsen, the FMCG industry alone suffers an annual loss of Rs 2,600 crore while the Government loses revenue to the tune of Rs 870 crore annually on account of counterfeit and pass-off products. The pharmaceutical industry also loses around Rs 700 crore annually, due to this problem. One study reveals that the States badly affected by counterfeits and pass-offs are Delhi, Punjab, Haryana, and Uttar Pradesh. The other affected states include Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh, Tamil Nadu, West Bengal and Bihar.

Apart from the initiatives taken to crack down upon the spurious marketers, firms need to pay attention on, packaging and communication. They can go for innovative packaging making it difficult for small players to copy, Usage of holograms on the packs and communicating effectively to distinguish the real brand from fakes need to be undertaken. Companies can organize contests in haats and big villages to distinguish the original products from the counterfeits. This way the villagers sensitivity on this issue can be heightened, benefiting both the marketers and the customers.

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## 6.10 SUMMARY

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Product is one of the key elements of the marketing mix and occupies a central position in marketing strategy decisions. Product decisions have to be adapted to the socio economic and usage pattern profile of a given market before a decision to launch the product in a specific market is made. Rural markets with their purchase patterns and buyer aspirations, as well as differential paying capacities present a unique market scenario. There are a series of adaptations and product modifications that the rural marketer may have to make to ensure success in rural markets. This unit tries to explain the product adoption behaviour in rural markets and discusses the various aspects of product strategy in the rural markets. Branding and packaging decisions have been discussed and the menace of spurious products in rural markets is also presented.



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## 6.11 SELF ASSESSMENT QUESTIONS

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1. How has the hierarchy of consumer durables ownership in rural markets changed over the years? Explain. What are the implications of such trends for marketers?
2. Explain the factors affecting rate of adoption of innovation in the given market. How would these apply to a service like life insurance or credit cards offered to the rural market?
3. Discuss the product strategies for the rural market. In view of the vast heterogeneity of the market, what would you suggest to a marketer of economy range of personal hygiene products, seeking to enter the rural market, in terms of his product strategy?
4. Is product modification a better course of action than developing a product specifically for the rural market? Critically assess.
5. How would you, as a marketer, address the menace of spurious products? Suggest appropriate measures.

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## 6.12 SUGGESTED READINGS

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1. Das, V. Mukund (1991) "India's Emerging Consumer Markets: Relevance of the Evolving Rural Consuming Systems". In "In Emerging Trends in Indian Marketing in 1990s" Eds P.K Sinha and S.C Sahoo
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