

'Rural middle class an untapped market'



Mr M.P. Nandakumar, Director, Anugrah Madison Advertising Pvt Ltd., Chennai, addressing the Commerce and Business Management students of Auxilium College, Vellore, on the occasion of the inauguration of the Business Line Club in the College. - S.S. Kumar

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THE rural middle-class constitutes a potential market lying to be tapped by the corporates in the business of fast-moving consumer goods (FMCG), consumer durables, two-wheelers and four-wheelers, but they should be sensitive to the requirements of the region while devising strategies for promoting products, according to Mr M. P. Nandakumar, Director, Anugrah Madison Advertising Private Ltd, Chennai.

There are 16.4 million urban middle-class households and 15.6 million rural middle class households in the country, but the latter had a better purchasing power because they do not incur any expenditure on rent, transport and school fees, compared to their urban counterparts, who spend a sizable portion of their income on these items.

The estimated annual business from rural markets was Rs 1,23,000 crore, comprising Rs 65,000 crore of FMCG, Rs 5,000 crore of durables, Rs 45,000 crore of agricultural inputs including tractors and Rs 8,000 crore of two-wheelers and four-wheelers.

Twenty nine per cent of the rural people own cars, 27 per cent own colour televisions, 24 per cent own refrigerators and 10 per cent own washing machines, which points to the untapped potential in the rural areas. "We therefore have to look at the rural market very seriously for future expansion," said Mr Nandakumar while inaugurating the Business Line Club and delivering the keynote address on the topic, 'Brand Building Beyond the Urban' under the auspices of the Departments of Business Management and Commerce of the Auxilium College here on Friday.

Rural domination: Another revealing aspect of the market is that 55 per cent of the LIC policies, 50 per cent of the BSNL mobile connections, 53 per cent of the FMCG products, 59 per cent of durables, 60 per cent of Rediffmail sign-ups and 50 per cent of online shopping on Rediffmail are accounted for by the rural sector.

New-generation motorcycles are replacing cycles and mopeds, while cars are replacing tractors, as the new status symbol among the rich. Gold-plated wristwatches are being replaced by mobile phones and cement-roofed houses are replacing the old asbestos and tiled houses.

Mr Nandakumar said that the popular products had amazing innovative usages in the rural areas. Godrej hair dye is used for buffaloes to enhance their market value in the shandy, while paints are used on cattle horns for easy identification.

Innovation: The most innovative usage is that of washing machines to make lassi in bulk in Punjab. Horlicks was used as a health drink to fatten up cattle in Bihar, while Iodex is rubbed on animals to relieve their muscular pain after a hard day's work.

The advertisement executive said that better education and the TV revolution has triggered knowledge enhancement and brought about changes in the aspirations of the rural people, while the telecommunication revolution has brought the world at their doorsteps.

TV impact: The dressing style of the rural people has also changed due to the impact of the TV. Studies revealed that TV advertisements are not understood by the rural people who think "they are for the rich". "Being sensitive and relevant to the requirement of the region should be of utmost importance in the choice of products, packaging, pricing, promotions, markets and communication," he said.

N. Krishnan, Regional General Manager-Circulation, *The Hindu* said that the objective of the Business Line Clubs being started in different colleges was to initiate useful interactions between the educational institutions and the corporate world.

Ms S. Kavitha, Secretary, Association of the Department of Commerce, Auxilium College welcomed the gathering.

Ms Natasha, Assistant Secretary of the association proposed a vote of thanks.