

BRAND EQUITY IN RURAL MARKETS

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Abstract: *"Perhaps the most salient factor for the most successful brands is the promise of consistent quality. Whether it's a business or a consumer making a purchasing decision, they want to be sure in this world of endless choice that their decision is the right one."—Rosi McMurray, executive director of strategy, The Brand Union. The word "brand" derives from the Old Norse "brandr" meaning "to burn" - recalling the practice of producers burning their mark (or brand) onto their products. A brand has many accepted definitions according to each researcher associated. A brand can be defined as "a distinguishing symbol, mark, logo, name, word, sentence or a combination of these items that companies use to distinguish their product from others in the market". Most of the under developed and the developing nations have much of the geographical area as rural areas where typically poor people live. For example, in Indian scenario, India has a rural population of 70% who live in near about 620,000 villages across the nation. Though having such a huge population and geographical advantage the rural markets is sharing as least as just 6.6% which is just 8 billion rupees out of 120 billion rupee pool of the total Indian market which clearly shows that the rural markets are to a far extent untouched and also could be understood that there are extreme opportunities the rural India provides to those who understand the market well. Though rural markets are not the most promising area and one cannot have their good market share until the brand is well set into the market and a high equity, once if it's done rural market has got so much of business to handle. Brand equity plays an important role in marketing as it facilitates the effectiveness of brand extensions and brand introductions. The adoption of a brand is dependent on the trust and loyalty of the customers towards the brand. Branding in rural markets is a difficult task as it is a mass market with diversified emotions and meeting all of them is a critical job. The present article aims at elaborating the brand and the brand equity of products/services with a focus on the rural customers/markets.*

Keywords: *branding; rural markets; rural customers; brand equity.*

JEL Classification: M3.

1. Introduction:

The word "brand" derives from the Old Norse "brandr" meaning "to burn" - recalling the practice of producers burning their mark (or brand) onto their products. A brand has many accepted definitions according to each researcher associated. Philip Kotler in his book principles of marketing published in the year 1991 has defined a brand as "a distinguishing symbol, mark, logo, name, word, sentence or a combination of these items that companies use to distinguish their product from others in the market. (Kotler, 1991). Keller after working to understand the power of the brand he has come up with an understanding that "the power of the brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time (Keller, 2003)."

American Marketing Association defines a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors". Simply, a brand is any symbolic, tangible, intangible or rational thing which is targeted to make a difference between the

products or service with which it is associated and the other products which serve the same purpose.

Pradhan along with Misra (2014) says "brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. Keller (1993) defined the customer based brand equity as "Customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand. A brand is said to have positive (negative) customer-based brand equity."

Brand knowledge plays a key role in customer based brand equity. Brand knowledge is nothing but the awareness and image of the brand among the customers. The first dimension distinguishing brand knowledge is brand awareness. It is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions Rossiter and Percy (1987). Brand image is defined as perceptions about a brand as reflected by the brand associations held in consumer memory.

Brand Equity is defined as the commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself. It can also be defined as "brand equity is the quantifiable sum of a brand's worth and is validated by assessing the effectiveness of these branding components". In a frequently changing market in which the conventional linear models of business are being swapped by more radical interconnected models, brand equity is one significant marketing technique that remains firmly rooted in prosperity. Somewhere around 80s was when the term brand equity has flared its popularity and since then the many researchers like David Aaker and Keller researched and made significant development in the concept of brand equity.

Rural marketing has certain hurdles. "Few of the main issues faced by marketers to distribute their products in rural markets are connectivity, communication feasibility, retailer's size, media access"- Kale (2016). By a common understanding the literacy rate of the rural areas is comparatively much low which results in communication hurdles and promotion problems for the marketers. Another issue in rural markets is, the purchase power of the rural customers is fluctuating as most of the rural population is dependent on agriculture, and they get income once or twice in a year.

"Approximately half of the world's population lives in rural areas" (World Bank report 2015). Although appreciable progress has been achieved in rural poverty eradication in many nations over the last couple of decades, available statistics indicate that there is still much more to be done in order to further lessen the poverty, especially in developing countries. According to IFAD (2011), "rural people comprise about 72% of the people living in extreme poverty (less than US\$1.25 per day) in these countries, down from about 80% ten years ago. About 51% of all the people in these countries live in poverty (less than US\$2/day); while 27% live in extreme poverty. Absolute poverty levels are generally low in the developed countries. For instance, about 37 out of 42 European countries have less than 2% of their population leaving in poverty."

2. Brand, Brand Equity, Rural markets

Kotler (1991) has given a clear definition of a brand in his book *Principles of Marketing* as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors (Kotler, 1991)." Rossiter and Percy in their international edition "Advertising and Promotion Management" has mentioned that the "first dimension distinguishing brand knowledge is brand awareness. It is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions" (Rossiter and Percy 1987). Strategic brand management book of Keller bears a statement "the power of the brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time (Keller, 2003).

Brand Equity is previously defined and is still being defined by many of the researchers across the world, while most of them are appropriate the definition given by the brand expert Aaker in the year 1991 as “A set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers” seems to be perfect to the authors. American Marketing Association has offered the definition of the brand equity as “The value of a brand. From a consumer perspective, brand equity is based on consumer attitudes about positive brand attributes and favourable consequences of brand use.” Keller in his fourth edition of Strategic Brand Management has mentioned that “We formally define customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand.” The concept of brand equity has gained its popularity since the 1980s. The field has undergone significant development, and an increasing number of empirical models (Yoo and Donthu, 2000; Netemeyer et al. 2004; Erdem et al. 2006) succeed the conceptual models (Aaker 1991; Keller 1993). In order to distinguish between consumer-based brand equity and brand equity expressed in financial terms, the literature uses *consumer-based brand equity* (Keller 1993). According to Kapferer (2008) “the concept of consumer-based brand equity has become a central marketing concept due to the increasing scientific and business interest in brands, since the approach according to which brands constitute one of the most valuable intangible assets of companies is becoming increasingly widespread” (Kapferer 2008). “Brand awareness is a key determinant of brand equity” (Aaker, 1996; Keller, 2003; Mackay, 2001; Yoo and Donthu, 2001; Washburn and Plank, 2002; Pappu et al., 2005).

The brand equity according to Lassar, Mittal and Sharma (1995), consists of two basic components

1. Brand Value
2. Brand Strength

Brand value is the financial performance of a brand that is calculated to understand the profitability of a company. The financial performance is calculated based on the sector and the region analysis in which the sector analysis is about the sector in which the brand belongs to and the region analysis includes the performance of it in a specific region. These analysis give a good insight of the performance of brand and one can understand easily if the brand is not appropriate according to the sector or the region in which it is supposed to make the business. The brand strength is how well the brand is associated with the customers.

Ahmed (1991) mentioned in his work that “With the increasing disposable income with rural population, their per-capita consumption is also increasing. They deserve best quality products, correct information about the product and a door step delivery”. In his statement Ahmed has made it very clear that the rural population is now finding new opportunities to adapt new brands and now the games left for the brands to play the smartest to grab the opportunity. Rural market no more seem to be seeking and satisfying to the low levels and they now are really ready for the best quality products and it is now time to introduce the modern promotion strategies and to build the brand equity in the rural markets. Kannan (2001) had come up with an observation that “For successful marketing in rural areas, an integration of traditional and modern methods of selling is required. To communicate effectively with the prospective rural consumers and to ensure effective distribution and prompt delivery, organizations must understand the specific requirements and needs of the villagers and then plan their strategy to convert the prospective consumers into active consumers. According to Bhattacharya (1998, p.17) the multinationals are focussing to tap an untapped opportunities in the rural markets, and he says this would result in high volume-high value market.

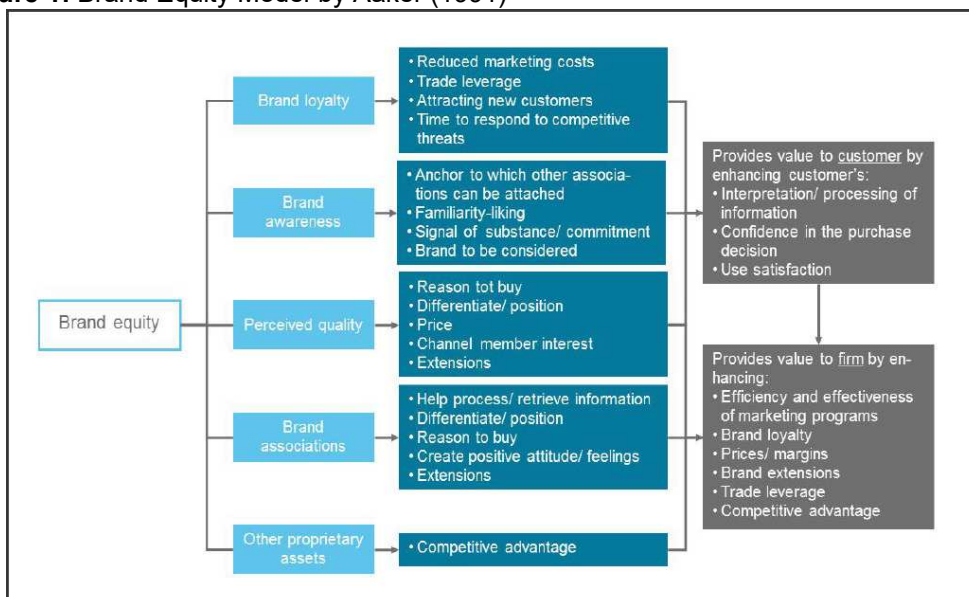
2.1 Brand Equity model

According to Aaker (1991) brand equity has been considered a multi-dimensional construct which is composed of a variety of factors; viz:

- a) Brand awareness
- b) Brand association
- c) Brand loyalty
- d) Perceived quality

Aaker has defined all these dimensions which were also supported by Bakert (1996), Keller (1993), Kim et al (2008), and Yoo et al (2000). He has defined the brand awareness as “the strength of the trace of a brand in consumer memory, as reflected by the consumers’ ability to identify the brand under different conditions”. Making your target customers aware of the brand is of utmost importance because until it is built no further dimensions could be possible. The brand association is defined by Aaker as “Anything, including attributes of a product/service, reputation of a company, and characteristics of product /service users, which linked in consumer memory to a brand”. Now when the brand is associated to the target customers the brand starts to make the customers stick to the brand and they start understanding the quality of the product or service and this is how the reputation of certain brand increases resulting in the customer retention. Brand loyalty is defined as “A deeply held long-term commitment to consistently repurchase or re-patronize a product/service of the same brand, free from the effects of situational factors and marketing efforts that have the potential to result in switching behaviours”. Customers start buying and using the products or services of the same brand whenever they need and soon these customers evolve to be the loyal customers of the brand. So the association of brand and building the loyal customers is very important. After all the retention of customers is as important as the building of the brand itself. A brand must always focus on customer loyalty and the brand must take care of the precedence of its customers. The promises made while selling the product or service should be kept and also the after sale services should be taken care of. The customers evaluation of the product or service, the feedback about the product or service and evaluation of the customer’s experience is very important to hold the customer loyalty the same is explained by Aaker as “A consumer’s evaluation of a recent consumption experience regarding a product’s overall excellence”.

Figure 1: Brand Equity Model by Aaker (1991)



Source: Aaker (1991)

2.2 Branding in rural markets

A brand should always possess its own fame. The target of a brand is to connect to the customers in a way that they tend to stick to the product or the service and so there is a booming contribution towards the brand equity and also a competitive advantage. For example, India is a land of religious people and the brand Nandi milk is famous in most of the rural areas as it connects to the religious emotions of the customers and gives an impression of purity. Same is the case with the jersey milk which is famous worldwide and the branding helps in the maximization of the equity of the product.

National Council of Applied Economic Research says that more than half of India's 'Consuming Classes' are rural consumers and this pie of population has become the prime target market for the consumer durable and non-durable, food, construction, electrical, electronics, automobiles, banks and other sectors. Rural market accounts for almost hundred percent consumption of agri - input products such as seeds, fertilizers, pesticides, farm machinery etc. and is fast growing for both, agri and consumer products.

There is an argument that the brands in the rural markets/bottom of the pyramid market segment are identified in the context of the packaging. A study revealed that the better packaging attracts more rural customers when compared to the same product with normal packing. The thought of better packaging contains better products and also the idea of future storage facilities influences the choice of that particular product. Sherawat and Kundu (2007) has also mentioned that easy to carry size of package, gross weight, simplicity, transparency and similarity of packaging have also emerged as critical brand identity factors among the consumers of BoP market segments in urban areas. In his book *Marketing Decision Making and the Management of Pricing : Successful Business Tools*, Rajgopal mentioned truly that the individual incomes of the bottom of pyramid people might be considerably low but still the aggregate buying power of these people is quite high which makes it a substantial market.

2.3 Brand preference of the rural customers

Those marketers who believe that the rural customers are less intelligent and has a less brand preference than their urban counterparts, can never make a good place in the rural markets. Often the rural customers are more clever than their urban counterparts pertaining to the financial constraints they usually have. They always try not to be wrong with their choices and they very particularly analyse the choices in all the possible ways to make sure they buy the best product/service.

Rural customers are usually not monthly wage earners like the urban customers, so the smaller packets of their daily durables is the best idea. In India chick shampoo has started the sachets packing targeting the rural customers and that was a huge success. Sachets with best utility options may have the best response from the rural customers.

3. Conclusion

Rural markets is a huge market for all the sectors and is of utmost importance. Many multinational companies around the globe are now focusing on the rural markets. The consumer and market research in the area of rural markets is the need of the hour to understand many aspects of rural markets. Markets, products, services, brands – all are for customers. Brands must be as per the requirement of the customer. Customers are of different types, actually, every customer will have his/her own perspective or behaviour towards a brand. The peculiar task a company has is how to make the strategies to attract all of these targeted group of customers.

Media plays a vital role in promoting a brand in both rural and urban places. Selecting an appropriate media for the promotion of the particular brand is highly important. The time of advertising also plays a key role in building of the brand strength and so the brand equity.

The conventional mass media techniques may not work well in all of the rural areas so the brands should come up with other out of box techniques to reach out the rural customers. Using of different innovative advertising strategies has always proved to be best for the rural markets. The advertisings like village fairs, demonstration centres, test use or test drive centres never went wrong.

A brand can be and is said to be successful when a customer choses its product or service over the other brands which satisfy the same need. Experiences play an important role in the decision making of the customer towards a brand and the trust he/she builds on that particular brand. Though brands in the rural markets and the bottom of the pyramid segment of markets is growing rapidly, the response towards the branding is sensed to be very sensitive and is dependent on many factors such as region, religion, social status, traditional beliefs, etc. But on a whole the trust of the customers, quality of the product/service are the two basic understood aspects which can increase the equity of a brand.

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