



## HAATS AND MELAS - FACILITATING RURAL REACH AND ACCESSIBILITY

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### **ABSTRACT**

*This research paper examines the issue of effective and efficient reach of rural markets because of the geographical spread and the low density population in the interior villages of the rural markets. Rural population is scattered over a large land area and it is almost impossible to ensure the availability of products and brands all over the country. Reaching rural consumers is the most difficult as it requires maximum time and resource to service these markets, spread across 600,000 villages and a 3.3 million sq.km area, economically. The traditional multi-level channel provides reach and breaks bulk but these too are not effective and efficient in reaching the interior rural markets. Innovations to overcome the barriers of reach and volume include the use of Haats and Melas to facilitate rural reach and accessibility. This research paper understands the important role played by Haats and Melas in rural way of life and examines their critical distribution role in facilitating rural reach and accessibility.*

**Key words:** Distribution, Haats, Melas, Periodic Markets, Rural

### **INTRODUCTION**

The father of our nation, Mahatma Gandhi has rightly said that India lives in its villages as close to 70 percent of the population lives in rural areas. Rural India is the single largest market segment of the Indian market, accounting for more than 840 million consumers. India's vast rural market offers a huge potential for a marketer facing stiff competition in the urban markets. The vast untapped potential, increasing income and purchasing power, improved accessibility and the increasing competition in urban markets make rural markets an attractive destination for world-weary marketers of products and services. The estimated size of India's rural market stated as a percentage of world population in 2011 was 12.4 per cent (CSO, 2011). As per Census 2011, and Population Projections for India 2001-26, the rural market consists of 833 million people out of the total population of 1210 million people and is projected to reach 935 million people out of 1423 million by 2021. Accessibility is the single largest challenge for rural marketers. As per Census 2011, India's 640,867 villages are spread over 3.2 million sq. km. The vastness of the country makes reaching the 'last mile' a herculean task. The low density of population and inaccessibility makes the problem of

servicing villages individually difficult and often uneconomical. Mahajan and Banga (2006) assert that even the best conventional distribution systems have been unable to penetrate beyond one-sixth of India's rural villages. Many researchers and practitioners agree to the fact that distribution systems is the most critical component to tap rural markets and perhaps even a barrier to be overcome (Prahalad and Hammond, 2002). The cost of reaching the rural markets is higher because of the geographical spread. There is also a difference due to the type of channels available to the marketer. A distinct feature of the rural markets is the presence of Haats, and Melas. These channels of distribution exist because of the value that rural marketers derive from these institutions. The research perspective is to not only understand the working of Haats and Melas but also to understand the value they add to rural markets from the consumer perspective.

### **DEFINING RURAL MARKETS**

The criterion used by the Indian Census is, useful and prudent and most accepted definition of rural market. Rural is defined as 'that which is not urban'. Indian Census 2011 classifies settlements as 'urban' if they meet the following three conditions:

- (a) a minimum population of 5,000;
- (b) a population density of at least 400 per sq. km; and
- (c) 75 percent or more of male working population engaged in non-agricultural employment.

These are termed as 'census towns'. The settlements classified as 'municipalities' but not meeting the above criteria are listed as 'statutory towns' by the census department. The 'statutory towns' therefore, are more likely to have the characteristics of a rural area than that of an urban area. Similarly, non-municipalities listed as 'census towns' are likely to have urban characteristics even though they are not declared as 'municipalities' by the state government. The Census definition is best suited as it is relevant, simple, and measurable.

### **HAATS**

Haats are periodic markets and an important part of the rural way of life. Haats are rural bazaars that come up every week across rural India. They are epicentre for the rural marketing system in India, and a readymade distribution network embedded in the rural fabric. A haat is an open-air market and a trading venue for rural folks. Please refer table 1 for facts and figures about Haats in India

**Table 1 – Facts and figures about haats**

Total number of haats	43000	
Average annual sales	INR 5,000 billion	
	Large haat	Small haat
Total number of stalls	545	327
Average number of visitors	12,000	5,600
Catchment area (number of villages)	57	21
<b>Source:</b> RMAI, Haats as Marketing Hubs, 2010		

Haat bazaars are conducted on a regular basis, like once, twice, or three times a week and in some cases every two weeks. Haats are mostly unregulated markets and also known as Angadi, Hatwari, and Shandies. Exact figures on Haats are difficult to obtain. As per the study conducted by Rural Marketing Association of India (RMAI) in 2010, there are believed to be around 43,000 permanent haats, mostly concentrated in Bihar (including Jharkhand), Kerala, Madhya Pradesh (including Chhattisgarh), Maharashtra, Orissa, Uttar Pradesh (including Uttaranchal) and West Bengal, all relatively backward parts of the country. As per the RMAI study, every week on an average 545 stalls appear in a large haat (located in a 10,000+ population place), while around 327 stalls are set up in a small haat (located in 5,000-10,000 population villages). Out of the total footfalls, around two-fifth belongs to female visitors. Haats provide tremendous opportunity for consumer goods companies to promote and sell their products to the rural populace. Haats are generally located in places that are well connected, and act as nodal centres of the region and cater to a large population. Please see figure 1 for atypical Haat in rural India.

**Figure 1 – A typical Haat in Rural Chattisgarh**



Though Haats were started for the distribution of agricultural products, manufactured goods are gaining a lot of importance in Haats. This augurs well for companies interested in using Haats as marketing hub for their products. Sale of fast moving consumer goods (FMCG) is increasing in Haats. The RMAI Haats report says rural Indians prefer to buy branded fast moving consumables like soaps, shampoos, detergents and tea at the haat rather than the permanent village shop because of the

variety on offer at haats. FMCG brands like Clinic Plus, Lifebuoy, Colgate, Tajmahal Tea, Ponds, and Fair & Lovely have gained dominance and preference among rural buyers at haats across India. Please refer Table 2 for profile of products sold at Haats. Companies like Mahindra, Hero, Tata (Ace), Emami, Nippo Batteries, Dabur, Samsung, Tata Docomo, Reliance, Vodafone, BSNL and Aircel are taking maximum advantage of this huge potential by using haats as awareness generation mediums. The Haat seller generally buys his wares from the nearby wholesaler, preferably on credit. Most sellers feel that the longer they sell in a haat, the larger would be their loyal customer base. Sellers usually visit large number of haats to increase their sales. Sellers usually make weekly purchases, on non Haat days. Though sellers buy goods on credit, not many offer credit to customer at Haats.

**Table 2 – Profile of Products Sold at Haats**

<b>Category of outlets</b>	<b>Percentage of outlets</b>
Agri products	53
Manufactured goods	19
Processed food	6
Handicrafts	5
Forest products	5
Services	4
Meat/poultry	3
Others	5
<b>Source:</b> RMAI, Haats as Marketing Hubs, 2010	

The average amount of sale of branded products by an FMCG seller is around INR 2,224 per Haat day, while his total sale (including unbranded FMCG products) adds up to around INR 7,521 per Haat day (RMAI, 2010). In Haats, dis-intermediation is greater and there is an opportunity for producers to directly sell to consumers or small rural retailers. Haats are grassroots retail networks, selling mind boggling a variety of products like a hypermarket. The Rural Marketing Association of India (RMAI), report, says that India’s 43,000-odd haats can offer immense thrust to rural marketing with their readymade distribution network. Haats generate INR 50,000-crore sales which are under 3% of all rural private consumption expenditure, but their importance in rural life goes beyond sales. 70% of all haats have been in existence before Independence, making it an integral and inseparable part of rural life and landscape. Rural folks are regular haat visitors, with over three-fourths visiting one every week. The RMAI report further states that the average distance between a haat and the nearest big town is 24 km (16 km in case of the most urbanised state in Tamil Nadu). Haats double up as shopping-cum-outing opportunity for millions of entertainment-starved rural Indians. Growing rural incomes and rising brand awareness, is pushing big brand marketers at converting huge unbranded and copycat goods consumption at haats into sales for their value-priced brands.

According to Mr.S Siva Kumar, chief executive, Agribusiness, ITC, rural marketing has evolved and it is not just about a combination of low price and outreach but building a complete ecosystem around marketing and haats seem to be a very important part of that ecosystem.

#### **HAATS – PROFILING (Source: RMAI, Haats as Marketing Hubs, 2010)**

- Large haat, in a 10,000+ village, caters to 57 villages attracts 12,000 visitors daily
- Small haat, in a 5,000+ village, caters to 21 villages, average footfall of 5,600 a day
- 545 stalls appear in a large haat while around 327 stalls are set up in a small haat
- 98% rural people are regular visitors to haats
- 75% visit any particular haat almost every week
- Three-fifth come to buy specific products from haats despite the fact that similar products are available in their villages
- A buyer spends Rs 40 on purchase of FMCG products in a single haat day. It nears INR 60 in UP and Maharashtra and comparatively lower INR 22 in Orissa and AP
- On an average, a haat accounts for Rs 2,224 of sale of branded products for an FMCG seller while total sale (including unbranded FMCG products) is Rs 7,521

#### **VILLAGE FAIRS (MELAS)**

Melas are part of the Indian culture. Melas are fairs where people converge to celebrate festivals, important occasions and to commemorate other important events. Haats cater primarily to the essential needs of the local people, while Melas cater to a much larger population, more sophisticated factory-made products. Almost half the outlets in the melas sell manufactured goods (Kashyap, 1998). Melas are very important to rural marketers for following reasons:

- Melas are invariably connected to religious festivals, which makes it obligatory for rural people to attend.
- Melas are part of our culture and history and therefore, rural people are aware when and where the melas takes place.
- They are organized after harvest season, and so rural consumer have surplus money to spend in the melas.
- Melas are usually joyous, lively affairs that create an atmosphere putting consumers in a spending mood (Ghosh, 1994)
- Rural folks bring their families along at Melas. Women folks, who are ordinarily restricted from moving out of the village, have universal social sanction to visit melas. Marketers can take advantage of this tradition to establish direct communication with women (Kashyap, 1998)
- Melas are also a market to shop for higher priced products, as greater choice is available.

The 2013 Maha Kumbh Mela at Allahabad, India was a defining moment in Mela marketing in India with participation of top brands like Colgate, Vodafone, Dabur and HUL. Marketers are looking forward to participating and promoting their offerings to rural consumers in Melas. psLive (the rural specialist division of Dentsu Aegis) claims to create Mela calendars for marketers. Religious melas like the Maha Kumbh that draw 5 - 8 crore people over 30 to 40 days are a better bet for marketers as they are the greatest aggregator of an otherwise very diverse and hard to reach audience. According to Ashish Bhasin, chairman and CEO, Dentsu Aegis South Asia, large congregations of rural folks at Melas like Maha Kumbh is an opportunity to get a sizable number of rural consumers at one go.

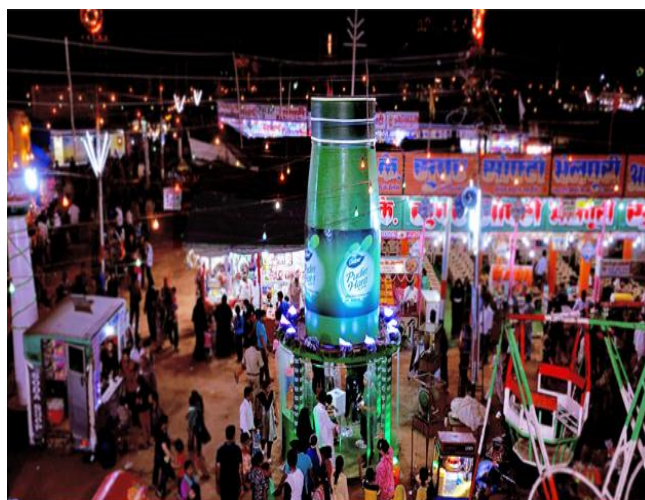
### **THE 'MELA' MINDSET**

The major melas typically happen at the end of the harvest season which is relatively work free period for the agrarian economy. Farmers and their families usually have disposable income and the time to spend. Though the main attraction of Melas are religious, shopping and soaking in the difference of a new location, tops the agenda subsequently. The technical advisor and managing director, Geometry Global Indonesia likens melas to a trip abroad. Shoppers get to explore, see, experience and learn new things. Melas also offer rare moment of intimacy for rural consumers, driven by purely functional reasons. Melas are only place where you will see rural folk holding their wife's hand. It's not due to intimacy necessarily but because of the fear of being lost or separated. The social sanctions that usually keep women secluded don't apply as strictly at melas. Marketers view this as a unique opportunity to reach out to women influencers who are otherwise hard to connect with.

### **WINNING AT MELAS**

Local brands use melas in the best way by garnering attention with small rhymes in local language and making an appeal to the entire family. There is always a prestige attached to participating in big melas. The local media do stories on the best stalls and it gives brands added publicity without spending a thing. The brand needs to appear ubiquitous, even if it isn't actually. At the Kumbh Mela in 2001, Lifebuoy had 50 hand wash stations across a 50 kilometre radius. Fair & Lovely was sold by 500 salesmen kitted out with trays of the style used by vendors at smaller railway stations. At the Rajamundhary Maha Pushkaram in Andhra Pradesh, HUL distributed 3000 special cups across 250 tea stalls to market and promote HUL's 3 Roses's improved formulation. The brand logo and message appeared on the cup when it was filled with hot beverage, something of a novelty for large parts of the rural audience. According to Shiva Krishnamurthy, general manager and category head tea at HUL, the company wanted to convey the message of improved formulation of 3 Roses during

the direct interaction with customers. Vodafone decided to help pilgrims take on the cold temperatures at the 2013 Maha Kumbh at Allahabad, by supplying them with branded headphones. The headphones had pre-recorded bhajans and commercial messaging, and doubled up as earmuffs. At the Nashik Kumbh Mela in 2015, Dabur's sampled its digestive brand Hajmola at all large eateries. Telecom brands frequently provide separate boats for their subscribers -old and new -to ferry them to and from the major ghats. In 2016, Dabur launched a unique branding and sampling initiative at Nauchandi Mela, which is one of the key congregations in rural India. The brand took biggest sampling exercise and had biggest umbrella in Nauchandi Mela. In the mela customers got opportunity to experience cooling effect of Dabur Pudim Hara Lemon Fizz, which eventually lead to gaining substantial market share. Please see figure 2 for Dabur Pudim Hara stall at Nauchandi Mela.



**Figure 2 – Dabur Pudim Hara stall at Nauchandi Mela**

Dabur launched experimented with its series of social initiatives to boost its toilet cleaner brand Sanifresh at Melas like the Nauchandi Mela. Most significant of them was “700 se 7 Kadam”. In this Dabur decided to utilise Rs1 from every sold pack of Sanifresh for building toilets in rural India. It was aimed at improving sanitation facilities especially for women in rural areas. The campaign gathered much accolade and response from all over India.

## **CONCLUSION**

Rural markets in India hold great promise for businesses aspiring for long-term growth. Evidences indicate strong linkage between rural mastery and business success. Deploying the right distribution channels can assist companies in driving profitable growth in a relatively short span of time. Winning customers and markets in rural India calls for companies to achieve breadth of rural coverage and deeper penetration to realize the true potential of rural markets and achieve high performance. Rural marketers need to supplement their sales through haats and melas. Haats reach rural

consumers efficiently, as each haat serves number of villages. Haats can be used to sell products that are regularly used including packaged foods, toiletries, cosmetics and certain low-value durables like utensils. Haats offer an opportunity for sales promotion campaigns and also for new product launches. Haats can be used for sampling of new products or increased penetration of existing products. A marketer can use melas to create awareness and preference for products and brands as they provide an excellent opportunity for promotion. Marketers can reach a large population at a fraction of other mass media tools like television. A marketer can use melas to introduce new products and brands for durables or non-durable products. As festive mood prevails, novelty and change are welcome. Sellers of durable goods can use melas to improve sales and brand promotion because melas are held immediately after the harvest season and consumers have more money at this time.

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