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Does benchmarking rural spending on Cost per Contact (CPC) act as a deterrent?



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Realising the potential of rural markets is just the beginning of a long and arduous journey. There are several stumbling blocks along the way. Getting the right product at the right price, evolving the right distribution model and finally the right marketing strategy are all challenges often faced by marketers targeting rural India. You can now add to this the issue of the right communication and the right cost per contact.

In the several years that I have spent in the business of rural communication, the issue of cost per contact often crops up as a spoke in the proverbial wheel. Most Marketers are used to operating in the comfort zone of mass media advertising which has evolved over the years, with several databases like NRS, IRS & TAM reports, providing them with the statistics required to support their theories. However they are often at sea when it comes to spending on rural communication, where little or no data is available to benchmark their spending.

The Indian rural market is probably one of the most complex universe of diversities in terms of demographics and lifestyle. Rural Marketing itself is a science which is evolving as marketers have realised its potential only in the last 15 years. Most companies are today trying to cope with the challenges of distribution in reaching the rural consumer 'cost effectively'. Given these diversities and the geographical spread of the rural consumers, the cost of reaching each of these consumers is bound to be relatively high. While one does sympathise with marketers who have to constantly guard their quarterly bottomlines, what is required is a change in mindset when it comes to evaluating rural spends until someone comes up with a universally acceptable evaluation model. Till then I am afraid the 'Bogey' of cost per contact will certainly act as not only a deterrent to increase in rural spending but also in realising the potential of rural India!