



RURAL MARKETING: THE REAL MARKETS OF INDIA

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ABSTRACT:

Rural markets are gaining importance in emerging economies. A large number of businesses are involved in the marketing of various products in the rural areas of India and elsewhere. 2/3 of Indian population live in rural areas and almost half of the national income is generated from there. The Indian rural market has a huge demand base & offers great opportunities to marketers. Rural Market is growth engine of Indian Economy According to many market research agencies. Indian rural market is witnessing fast change in its consumption pattern, due to number of factors. As everyone know that Indian Rural Marketing is a very complex and unique thing to be forecast. It has been observed that in rural market many companies have entered and proved themselves with proper understanding of the market an innovative marketing idea. It is very difficult for the companies to overlook the opportunities they could from rural markets. The companies have to overcome the challenges. The present paper consists of the importance of rural market for companies in modern time, challenges that has to be faced by companies, opportunities, communications & other strategies to overcome challenges in rural market.

Keywords: Rural Marketing, Strategies, Opportunities, Challenges, Growth Engine, Forecast.



Introduction:

Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals. Now a day rural marketing consider to be nerve centre of rural development activities. In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. In the past, rural marketing was reckoned only as marketing of agricultural produce. Because of special interest taken by the Government, many regulated markets have been established in our country to facilitate proper marketing of farm produce. Adoption of scientific and commercial farming popularized the use of inputs like chemical fertilizers, pesticides, cattle and poultry feeds, high yielding varieties of seeds, and also tractors, tillers, other farm equipments etc. Because of all these, the scope of rural marketing started widening. The penetration of television also gave an impetus to provide accessibility to marketers into rural India, for promoting consumer products.

Few Features of Rural India:

Some common features that do exist amongst most of the rural markets in India are as follows.

- i. **Population:** 83.3 per cent of the villages have a population of less than 2000
- ii. **Literacy Rate:** Although the percentage of literates has increased from 36 in 1981 to 67 in 2011.
- iii. **Occupational Pattern:** Almost 72 per cent of the rural population depends on cultivation or wages for their living.
- iv. **Diverse socio-economic background:** This is different in different parts of the country and brings diversity in rural markets.



- v. **Changing demand pattern:** Demand pattern of rural customer is fast changing due to increasing in income and credit facilities offered by banks like 'Kisan credit card'.
- vi. **Traditional outlook:** Rural customer values old customs and traditions.
- vii. **Low standard of living:** Rural consumer have low standard of living because of low literacy, low per capita income and social backwardness.

Literature Review:

The focus of literature, mainly written in the post liberalization period, is on highlighting potential of vast rural market and providing description of a few cases of commercial organization of rural areas. The literature has uncritically borrowed theories, framework and concept from the main stream marketing discipline, which has shifted the growth of the subject as an independent field of academic investigation. There is an urgent need to build a distinctive perspective and a sound theoretical base for rural marketing, which would create its own concepts, frameworks, theories and body of knowledge. Rural India also accounts for sales of \$ 1.7 billion for cars, scooters and bikes and over one billion dollars of durables. In total, that represents a market worth a whopping \$27 billion. It is no wonder that even MNCs have cottoned on to the idea of a resurgent rural India waiting to happen. Mahindra Krishi Vihar, has been instrumental in increasing the groundnut yield in Rajasthan through a new seed sourced from the state of Maharashtra and it has also introduced a new variety of grapes in Maharashtra. Rural India accounts for a market worth \$27 billion.

Research Methodology:

The study is a descriptive method. The Secondary data were collected from different sources, such as, text books, magazines, articles and online.

Objectives of the study:

- i. Analyze the importance of rural market in current scenario.
- ii. Identify the challenges faced by rural marketing.
- iii. Understand the opportunities in rural marketing.
- iv. Determine the implementation of different strategies by companies for rural marketing.

Important of rural market:



Rural market is getting importance because of the saturation of urban market. So the marketers are looking for extending their product categories to an unexplored market .With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Development in infrastructure facilities has improve their supply chain. Different sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future.

For Example

In India HLL derives more than half of its Rs. 12,000 crore revenues from the rural markets. The rural market is an enigma for the companies. Due to the lack of deeper insights into the psyche of the rural consumers, companies are hesitant to explore this territory. But local brands, like “Ghadi” detergent in Kanpur, have been able to successfully tap the opportunities presented by rural market.

The market scenario in the rural areas today is changing very rapidly. Rural consumers demand branded products mainly because of increase in disposable income and literacy level. Rural families do not like to cut their expenditure on weddings, pilgrimages, constructions and consumptions. Rural consumers have more aspirations, today this segment of buyers consumes large variety of products, both durable and non-durables and willing to pay right price for right products. Pardeep Kashyap, CEO, MART, says “The rural India has cash in hand and is not bound by EMIs or loans, with the majority of our population based in tier III, tier IV cities and villages. It is right time to penetrate into rural market.”

Challenges in Rural Marketing:

- i. **Traditional pattern:** Rural society is found by tradition, old customs, practices etc. The impact of modern science and technology have made very less impact of the old beliefs which are still continuing.



- ii. **Undeveloped markets:** Rural markets are not developing because of inadequate banking and credit facilities. Rural market needs banks to enable remittance, to transact on credit basis and to obtain credit support from the bank.
- iii. **Communication problems:** Still most villages even today largely depend on telegrams and phones for their communication needs. Print media and visual media (Television cinema) etc. reaches only about 20% of rural Indians.
- iv. **Multi languages:** India is a country of many languages. Language becomes a barrier in effective communication in the marketing efforts. The languages vary from state to state, place to place, and district to district.
- v. **Poor infrastructure facilities:** Infrastructure facilities like roads, warehouses, power etc. are inadequate in rural areas. Infrastructural costs are very high and impact adversely in the rural market activities.
- vi. **Seasonal demand:** Rural economic is seasonal, Rural people have two seasonal demands namely, khariff and rabi. Villages have money mostly in this seasons. As village incomes are seasonal, demands are also.
- vii. **Barter system:** This system is practiced In the developing country like India, even today the barter system i.e., exchange of goods for goods exists. This is a major obstacle in the way of development of rural marketing.
- viii. **Buying Decisions:** Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after satisfying personally, they buy the product.
- ix. **Transportation:** Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

4 A's of Rural Marketing:

Awareness: Events like fairs, festivals, haats etc. are to be used for brand communication. Ideas like putting sticker on the hand pumps, walls of the wells, tin palates on trees surrounding the ponds etc. are some of the innovative media used by soap companies like Lux, Lifeboy, Rin and Wheel. The idea is to advertise at the time of consumption.



Availability: The first challenge is to ensure availability of products and services. India's 627,000 villages spread over 3.2 million sq. km, given the poor state road; it is not easy to reach 700 million rural Indians.

Acceptability: The third challenge is to gain acceptability for the products and services. Therefore there is a need to offer products that suites the rural consumer needs and customs.

E.g. LG developed a customised TV for the rural market and promoted 'Sampoorna'

Affordability: The second challenge is to ensure affordability of the products and services. With low disposable income products need to be affordable to the rural consumers. Some companies consider it by introducing small unit packs, e.g. Godrej introduced Fair glow in 50 gm packs.

Opportunities in Rural Marketing:

- i. **Increase in Literacy Rate:** Literacy rate is increasing in rural areas. According to census 2011 it stood at 68.9% (2001 census 58.7%).
- ii. **IT Penetration in Rural India:** Today's rural children and youth will grow up in an environment where they have „information access“ to education opportunities, job opportunities, government schemes, worldwide news and mandi prices. Rural areas offer a great potential for growth in internet usage with the number of claimed internet users in these spaces to be reached at 70 million by Dec. 2016. As the electronic ethos and IT culture moves into rural India, the possibility of change are becoming visible.
- iii. **Infrastructure improving rapidly:** In 50 years only, 40% villages have been connected by roads, in next 10 years another 30% would be connected. Rural telephone density has gone up by 300% in the last 10 years. Government of India is planning its most ambitious national program in Jan.2013 to facilitate electricity through decentralized renewable energy sources. The government aims to provide LED lights to around 400million homes that do not have an electricity connection by 2017. Rapid development of rural infrastructure is also major attraction for marketers



- iv. **Increase Population and hence Increase in Demand:** The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers. More than eighty percent of rural markets in India still do not have access to any sort of organized marketing and distribution.
- v. **Increasing exposure to western world:** Due to TV, Internet, mobile revolution the village folk are also exposed to western world, due to which the demand for consumer durable has been increased. The greater awareness in rural market creates new demands and discriminating buyers. This is observed in younger generation. In village today this segment of buyers consumes a larger variety of products both durable and nondurable.

Strategies to overcome rural marketing challenges:

The rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corporate. Very few companies, mainly the agro-based ones, were concentrating in these markets. There is no innovative strategies and promotional campaigns. A distribution system did exist, but was feeble. Illiteracy and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst villagers. Gradually, corporate realized that there was saturation, stiff competition and clutter in the urban market, and a demand was building up in rural areas.

For Example:

Companies came up with special rural products, like Chic Shampoo sachets @ Re. 1, Parle-G Tikki packs @ Rs.2, customized TVs by LG, Shanti Amla oil by Marico. All these brought positive results for them.

The following are some of the strategies adopted by Companies for Rural Markets for their Products and Services:

- i. **Communication Media for consumer durables/services:** The companies have realized the importance of proper communication in local language for promoting their products especially in rural market. They have started selling the concept of



quality with proper communication and easily understandable way of communications.

- ii. **Patriotism with Products and Services:** Companies are associating themselves with India by talking about India, by saying that they are Indian and they are more patriotic. Using Indian Tricolor while doing advertisement during Independence day and Republic day like Nokia has designed a new cellular phone 5110, with the India tricolor and a ringing tone of “Sare Jahan se achcha”
- iii. **Focus on Customer Requirement:** All customers want value for their money. They do not see any value associated with the products. They aim for the basic functionality. However, if the sellers provide frills free of cost they are happy with that. They are happy with such a high technology that can fulfill their needs. For example Nokia and Reliance have launched a simple product, which has captured the market.
- iv. **Developing Specific Products:** Many companies are developing rural-specific products. Keeping into consideration the requirements, a firm develops these products. Electrolux is working on a made-for India fridge designed to serve basic purposes: chill drinking water, keep cooked food fresh, and to withstand long power cuts. In Service sector like Insurance they are focusing on micro insurance products for rural segments.
- v. **Media modes of communication:** Traditional media or the modern, media used for rural marketing is being used by companies. The traditional media include melas, puppetry, folk theatre etc. while the modern media includes T.V, Radio and E-Chaupal. LIC uses puppets to educate rural masses about its insurance policies. Govt. of India uses puppetry in its campaigns to press ahead social issues.
- vi. **Below the line activities:** The important of BTL activities in any rural marketing effort can never be underestimated. It include following activities.

A) Folk Media,	B) Magic shows
C)Sports /Contest	D)Special Event

Conclusion:



The study concluded that rural India offers huge opportunities which companies can tap for their growth and development. However, Companies face many challenges in tackling the rural markets. Thus, looking at the challenges and the opportunities, which rural markets offer to the marketers and the manufacturers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and make use of them to their best advantage. There is no doubt that the rural India offers tremendous opportunity for any company to tap. However, companies face many challenges in tackling the rural markets. Some of the important factors being an understanding of the rural customers' needs, a reliable distribution channel, and an effective marketing communication strategy to put their message across to the rural consumer. Now trend has gone to change literacy rate in rural area is increasing. Number of middle and higher income household in rural India is expected to grow. There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. The Rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.

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