



RURAL MARKETING

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ABSTRACT

Fast pace of technology advanced every sphere of social, economic, political cultural life, produce, reduce costs, distribute, and expect higher profits. The focus is on tapping the rural markets. Urban markets have saturated lied to look rural markets. This paper presents a review of rural markets" environment, Problems and strategies in India.

KEYWORDS :

INTRODUCTION OF RURAL MARKETING.

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer's need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner. The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behavior has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behavior, particularly from the marketing point of view. Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market.

OBJECTIVES:

- To study the present scenario of rural market India.
- To identify the major opportunities available in rural market.
- To study the major challenges faced by the marketer in rural market.

RESEARCH METHODOLOGY:

The present study is descriptive in nature. The matter have been collected from various websites and reputed journals.

DEFINITION OF RURAL MARKETING

"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" (Iyer, 2010). The process should be able to straddle the attitudinal and socio-economic disparity between the urban and rural customers.

The McKinsey report (2007) on the rise on consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today, and almost four times the size of today's urban Indian market and estimated the size of the rural market at \$577 Billion.

Why rural india?

There are various reasons why every industry is taking a very serious look at rural markets:-

- 742 million people
- Estimated annual size of the rural market
 - FMCG Rs. 65,000 Crores
 - Durables Rs. 5,000 Crores
 - Agri-inputs (incl. tractors) Rs. 45,000 Crores
 - 2/4 wheelers Rs. 8,000 Crores
- 41 million Kisan Credit Cards issued (against 22 million credit-plus-debit cards in urban) with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.
- Of 20 million Rediffmail signups, 60% are from small towns. 50% transactions from these towns on Rediff online shopping site
- 42 million rural House Holds availing banking services in comparison to 27 million urban House Holds.
- Investment in formal savings instruments: 6.6 million House Holds in rural and 6.7 million in urban
- 53% of FMCG sales happen at Rural India.
- Talcum powder is used by more than 25% of rural India.
- Lipsticks are used by more than 11% of the rural women and less than 22% of the urban women.
- Close to 10% of Maruti Suzuki's sales come from the rural market.
- Hero Honda, on its part, had 50% of its sales coming from rural market in FY'09.
- Rural India has a large consuming class with 41% of India's middle-class and 58% of the total disposable income accounting for consumption.
- By 2010 rural India will consume 60% of the goods produced in the country.
- In 20 years, rural Indian Market will be larger than the total consumer markets in countries such as South Korea or Canada today, & almost 4 times the size of today's urban Indian market
- Rural India accounts for 49% of motorcycle sales.
- Rural India accounts for 59% of Cigarettes sales.

OPPORTUNITIES:

1. Rapid improvement in Infrastructure is attracting companies to shift focus from urban to rural market
 - a. In 50 years only 40% villages connected by road, in next 10 years another 30%.
 - b. More than 90% villages electrified, though only 44% rural

homes have electric connections.

- c. Rural Literacy level raised from 36% to 59%
2. Low penetration rates in rural so there are many marketing opportunities.
3. Marketers can make effective use of the large available infrastructure
- a. Post offices - 1,38,000

PROBLEMS & CHALLENGES OF RURAL MARKETS:

Some of the problems which can be faced while marketing in rural areas are:

1. The development of appropriate communication systems to rural market may cost up to six times as much as reaching an urban market through established media, need rural communication facilities.
2. The problems of physical distribution and channel management adversely affect the service as well as the cost aspect. The existent market structure consists of primary rural market and retail sales outlet. The structure involves stock points in feeder towns to service these retail outlets at the village levels. But it becomes difficult maintaining the required service level in the delivery of the product at retail level.
3. Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.
4. Culture is a system of shared values, beliefs and perceptions that influence the behavior of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behavior of people in villages.
5. As a general rule, rural marketing involves more intensive personal selling efforts compared to urban marketing. Marketers need to understand the psyche of the rural consumers and then act accordingly. To effectively tap the rural market a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, melas and other activities where they assemble.
6. Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.
7. An effective distribution system requires village-level shopkeeper, Mandal/ Talukalevel wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.
8. Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. However, reach of formal media is low in rural households; therefore, the market has to undertake specific sales promotion activities in rural areas like participating in melas or fairs.
9. Many rural areas are not connected by rail transport. Kacha (wet) roads become unserviceable during the monsoon and interior villages get isolated.
10. There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all-India average of 52%.
11. Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

STRATEGIES:

A. Product strategies

Meaningful product strategies for rural market and rural consumers are discussed here.

1. Small unit and low priced packing-
Larger pack sizes are out of reach for rural consumers because of their price and usage habits. This method has been tested by other products like shampoos, biscuits, pickles, vicks five gram tins, etc. In the strategy of keeping the low priced packed the objective is to keep the price low so that the entire rural community can try. This may not be possible in all types of products, but wherever this can be resorted to, the market is bound to expand.

2. New product designs-

A close observation of rural household items indicates the importance of redesigning or modifying the products. The manufacturing and marketing men can think in terms of new product designs specially meant for rural areas keeping their lifestyles in view.

3. Sturdy products-

Sturdiness of a product either in terms of weight or appearance is an important fact for rural consumers. The product meant for rural areas should be sturdy enough to stand rough handling and storage. People in rural areas like bright flashy colors such as red, blue, green etc., and feel that products with such colors are sturdy but they are more concerned with the utility of the item also.

4. Brand name-

The rural consumers are more concerned with the utility of the products. The brand name awareness in the rural areas is fairly high. A brand name and/or logo is very essential for rural consumers for it can be easily remembered.

B. Pricing strategies

Pricing strategies are very much linked to product strategies. Some of these strategies are mentioned here.

1. Low cost/cheap products-

This is a common strategy being adopted widely by many manufacturing and marketing men. Price can be kept low by small unit packing's.

2. Avoid sophisticated packing-

Simple package can be adopted which can bring down the cost as it is presently being done in the case of biscuits. Some innovation in packing technology is very necessary for rural markets.

3. Refill packs/reusable packaging-

Such measures have a significant impact on the rural market. By such technology also the price can be reduced. In addition the packaging material used should preferably lend itself for reuse in rural areas. An ideal example in this direction can be the packing of fertilizers. Now companies have started packing fertilizers in LDPE or HDPE sacks, which are not only tamper proof but also reusable.

4. Application of value engineering-

This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'soya protein is being used instead of milk protein. Milk protein is expensive while soya protein is cheaper but the nutrition value is same. This technique yields itself for application in many engineering or product designed areas so that the price can be kept at an affordable level. These areas have to be explored by manufacturing and marketing men in the context of rural markets.

The pricing strategy for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not compromising with the utility and sturdiness of the product.

C. Distribution strategies

Most manufacturers and marketing men do have a distribution arrangement for village with a population of at least 5000 people.

While it is essential to formulate specific strategies for distribution in rural areas, the characteristics of the product, its shelf life and other factors have to be kept in mind. The distribution strategies that are specifically designed for rural areas are: through co-operative societies, public distribution system, multi-purpose distribution centers, distribution up to feeder markets/ mandi towns shanties/hat/jathras/melas, agricultural input dealers.

Experience has shown that the cooperatives have played a useful role in improving the marketing services in the regulated markets. The fact, however, remains that these societies command only a small share of the total markets and do not present any challenge to the private trade at in most places. The Gujarat Cotton Cooperative Marketing Societies set a good example of vertically integrated markets. The cooperative marketing institutions have to introduce scale economies in their marketing operation and provide efficient and comparable services to the customers in competition with the private trade.

Cooperative institutions would do better if the state level marketing federations enter into multilevel activities to improve the turnover of their business. The non-governmental organizations can anchor a key role in conscientizing the rural people to form into cooperatives highlighting the possible benefits without being exploited.

D. Promotion strategies

Mass media is a powerful medium of communication. It could be television, cinema, print media, radio and so on. The other means of mass media available are hoardings/wall paintings, shanties/hats/melas, non-price competition, special campaigns etc. Besides these, other mass media like hand bills and booklets, posters, stickers, banners of the schemes etc.

For disseminating the information, related to agricultural and other rural industries products, the government should circulate pamphlets either to panchayati raj office or to schools where it can be documented for the reference.

While making efforts to improve the marketing system within rural areas and the marketing of rural produce to other areas, we should foresee the forces of globalization affecting the market forces.

CONCLUSION

Companies that enter a rural region of an emerging market to sell a product or service will face myriad challenges. Dispersed populations, sporadic incomes, and low education levels are just a few of the many problems that companies will have to address to be successful. It is suggested that the key to building a successful marketing channel in a rural emerging market depends on a company's ability to activate customers, deliver products, and maintain products. Of course, merely performing these activities is not enough, if a company seeks to be profitable in the long-term, the activities will have to be performed with an eye towards cost effectiveness and economic return. Thus, we find that the rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Rural market is not exploited completely and is yet to be explored. Therefore, we can say that rural India is the hub of the opportunities for real and potential innovators

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