



Changing Scenario of Rural Marketing – A Review

KEYWORDS

Rural Marketing, Rural Consumer, Rural marketing strategy

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ABSTRACT Indian rural market is attractive as well as challenging. It offers a huge opportunities to the marketers as it is in developing stage and account 80 per cent consumers. The lifestyles of rural consumers have undergone wonderful changes due to growing incomes, increasing literacy rate, exposure TV and interaction with the urban counterpart. Liberalization of trade, on one side, opened up new vistas to the marketers and on the other side, posed stiff competition. The present paper is an attempt to understand changing consumption habits of rural consumers, significance of rural marketing, its problems and prospects and to make some possible suggestions.

Rural marketing has certain problems. Poor and inadequate infrastructure i.e. roads, storage facilities, communication facilities, small size of outlets etc. badly affect the distribution of products to rural consumers. In addition, the literacy rate in rural India is much lower which creates communication deficiency. Illiterate consumers are more prone to fraudulent tactics of greedy marketers. The degree of consumer awareness in rural areas is too lower. Rural economy still depends on gambling of monsoon and there are considerable fluctuations in income which have deep impact on purchasing power of rural people. Rural indebtedness has been serious problem which enforced more than 5000 farmers to embrace suicidal deaths in the last five years. This is clear indication towards faulty rural credit supply system. Rural women still has no major role in purchasing.

Rural marketing in India is meant considering the needs and requirements of 80 per cent population and fulfilling their needs timely, adequately and at the price affordable to them. In recent years, demand for agriculture inputs has grown significantly. Special efforts are made to boost industrialization in rural areas. Rural development programmes and welfare schemes have been contributing significantly in upgrading the standard of living of rural people. Information and communication technology (ICT) is instrumental in disseminating the information about various products in remote rural areas, albeit the process is slow. Rural consumers are adopting urban lifestyles. It has resulted in ever increasing demand for white goods in rural areas. There is shortage of drinking water but you can find Pepsi soft drinks in tiny rural outlets. Dhoti – Kurta has been replaced by pant shirts. Cosmetics are in great demand in rural markets. Modernization of agriculture and rapidly growing rural industries are responsible for increased demand for capital goods. In the changing business scenario world over, rural marketing is the most preferable destination to the marketers.

Introduction:

Liberalized economic policies introduced by the government and hi-tech communication facilities have brought revolutionary changes in the lifestyles of consumers. The impact of these changes can be noticed in rural areas too, as consumption pattern of rural consumers has changed to a great extent. Today, rural marketing is a catchword. And why it shouldn't be? The Rural market, having a strong consumer base of 74 crore plus people living in more than 6.30 lakh villages, has opened up new vistas for the marketers. The number of middle and high income earning households in rural India is expected to grow from 80 million to 115 million by 2007. Today's rural consumer is more receptive and adept to socio-economic and technological changes. Increasing income from agriculture and allied activities, employment generation initiatives undertaken by the government have been responsible for enhancement of purchasing power of rural people. Lokhande, M.A. (2004) observed in his study that Rural India, have more than 70% (72.10 crore) population living in 6.27 lakh villages, is a huge market. Obviously, a number of FMCG companies are trying their best to harness the business opportunities in rural India. Electronic media, efficiency transportation system, increasing income levels and strategic marketing policies are the major contributing factors to enhance to the scope of rural Marketing. Rural consumer is changing his consumption habits to suit himself to changing environment. Lokhande M.A (2006) in his

study revealed that majority of the respondents were given inferior quality goods, 14 (15.56%) had got less quantity of goods, 28 (31.11%) respondents had received look-alike goods as original goods, 33.33% respondents had got adulterated goods and 35 (38.89%) respondents had to pay too high prices than printed prices. The conclusion of the study is that in spite of understanding about exploitation, a few consumers i.e. only 33 (36.67%) respondents had dared to complain against faulty sellers. This throws adequate light on the different attitude of consumers and also highlights the degree of unawareness among the consumers.

Rural marketing dimensions:

Rural marketing is the process of discovering and translating rural consumer needs and wants into products and services specifications creating demand for these products and services and then in expanding this demand. Rural marketing has different dimensions. Rural agricultural marketing consists of the marketing of agricultural capital goods such as tractors, power tillers, and electric / diesel pump sets, harvesters, threshers etc. agricultural inputs i.e. improved seeds, chemical / bio fertilizers, insecticides, and pesticides are being used by the farmers on large scale to increase the production and productivity. Agricultural inputs market in India is around Rs 45,000 crore. Agriculture produce marketing is another area of rural marketing which needs innovations in procurement of the produce, its pro-

cessing, storing, quality control, pricing branding and effective distribution.

Rural consumer marketing is the largest segment of rural marketing. Consumer goods such as tooth pastes, toilet soaps, washing soaps, cosmetics, edible oil, hair oil, ready-made garments, cloths, packed tea power, Biscuits, beedies and cigarettes, alcoholic beverages, medicines, soft drinks etc. have been in great demand in rural areas. Rural India has a substantial share in the FMCG market. The size of rural FMCG market is Rs.65,000 crore. Rural service marketing refers to the marketing of health, education, banking, insurance, transportation, communication, repairing and maintenance services etc.

In recent years, a number of rural industries (i.e. cottage industries, agro-processing, dairies, poultries etc.) are coming up due to conducive and supportive environment created by the government and NGOs. There is a huge scope for marketing of raw material, machineries and equipment, spares required for rural industries. Rural marketing is a vast area where there are a lot of opportunities for innovative marketers.

What they need to do is to understand the needs, consumption habits and lifestyles of rural consumers.

Profile of rural consumers:-

A Rural consumer may be belonging to either the middle class, the upper class or the labour class. Accordingly, one can observe variations in income size and consumption patterns of rural consumers. The middle class and the upper class consumers have good exposure to TV, newspapers etc. and they are much aware about branded products. On the contrary, the labour class consumers, almost illiterates, have no exposure to the modern media of communication and hardly have brand knowledge. Rural children are found much aware about branded products, such as, toothpastes, biscuits, chocolates, toilet soaps, electronic toys etc.

Rural women have significant role in purchasing daily use goods. Tradition bound rural women prefer low priced but durable goods and services. Most of the women consumers are imitative. Working women (agriculture workers) have low purchasing power. On the other hand, young women belonging to well to do families in rural areas prefer to use modern home appliances, go to beauty parlors and purchase high quality clothes and cosmetic. College going young generation people are technology savvy and are habitual of using mobile phones, internet, satellite TV, new variants of two wheelers, soft drinks, readymade garments. A sizeable number of the rural consumers are accepting the changes without hesitation, while others still resist the changes. We can see a person still using the 25 years old Rajdoot. Old fashioned farmers and workers in rural areas prefer to use traditional dresses while young generation people prefer to use modern garments. There is high demand for new brand two wheelers and four wheelers by rich farmers and salaried persons. The size of the market is around Rs. 8,000 crore. There is misconception about rural consumers that they are old fashioned and adverse to modern technique. This is not true. For instance, Dhoti-Kurta has been replaced by pant shirts. Cutting hairs of a woman was a sin, but today it is fashion in rural India. Premium Toilet soaps, readymade garments and cosmetics are used by middle and upper class families which is clear indication towards increasing living standards of rural people. The researcher has observed that ru-

ral people are enough innovative. One farmer from a small village Mandna in Marathwada, used his old billet motor-cycle machine for pumping the water from well. Another farmer used cassette film tape in his field to keep away the birds from the crop of jowar. One farmer designed a crane for digging the well. One farmer in Sarati village prepared a mixture of Neem seeds and sprayed it on cotton plants to control pests and got good results. Washing soaps and shampoos are used to clean milch animals in villages. These are some examples indicating innovativeness of rural people.

Majority of the rural consumers purchase necessary goods from nearby retail outlets. At present, there are around 1.25 crore rural outlets in India. Rural retailer extends credit to

the consumers and has a good deal of influence on their purchasing decision in relation to daily use goods (e.g. tea, soaps, edible/hair oil, tooth paste etc).

It is observed that credit availing consumers have no choice but to select the available branded products with the retailer. Haats (weekly bazzars), around 50,000 in India, are the marketing centers for rural people. Rural consumers purchase daily use as well as durable goods from haats.

There are a number of traditions, customs, and faiths prevalent in rural India. On Saturday, they don't purchase edible oil. In the month of Shradh (Pitru Paksha), rural consumers do not purchase durable products as the period is considered bad. As well, Amavashya is a bad day for purchasing. So, it becomes indispensable to the market to understand the traditions, faiths and customs prevalent in rural areas.

It is noteworthy that the consumption pattern of rural consumers has been changing significantly. Increasing income levels, awareness regarding standard of living, increasing number of literates and exposure to TV and internet (although to a small extent) are responsible for changing rural consumer behavior in recent years. During 1998-2004, the monthly expenditure on food items of an average rural consumer had reduced by 6.46 per cent while the expenditure on non-food items had shown a substantial increase of the same proportion. Now a days, rural consumers are expending more on consumer goods, clothing, fuel and electricity (automobiles, electrical and electronic goods), education and health, beverages, durable goods etc. (Table-1). One can observe CTVs and DTH sets, comfortable furniture, grinders, air coolers and fridges in rural house. Latest mobile handsets and new models of motor cycles are much popular in rural areas. However, a large section of rural population cannot afford such comfortable products due to lower purchasing power.

Rural marketing strategy:

Rural market offers great opportunities to the marketers. Leading FMCG companies such as HLL, P&G, Pepsi, Godrej, Nestle, ITC, etc. have formulated new strategies for expanding their business in rural markets. Hindustan Lever Limited has been on top in the list, as far as rural market share is concerned. HLL's rural marketing projects i.e. operation bharat project shakti cover 85,000 villages and it intends to cover 2,35,000 villages in a few years period. Project Shakti is being implemented with the help of self-help Groups of rural women. SHG's distributed the products of HLL and earn an average income of Rs. 15,000 per month. Another FMCG major, ITC's e-choupal provides

information to the farmers regarding the products (inputs) and the services they need to increase production and productivity as well as current market prices of agriculture produce. ITC intends to cover 1,00,000 villages under e-choupal. The FMCG majors have introduced small packages of their products (i.e. sachets, small bottles) with affordable prices to rural consumers. For instance, a 10 gm. Sachet of Colgate tooth powder (Colgate) is priced just Re. One, a 3.5 ml. Clinic plus shampoo (HLL) is available in just Re. 0.50! to have effective distribution of the products at right time and right place, the marketers are using vans, availing the services of self help groups and NGOs on a large scale. As far as marketing of capital goods is concerned, the manufacturers and the distributors have ties with the banks working in rural areas so that timely and adequate credit is available to the customers.

Problems:

Marketing in remote rural areas is not an easy task. A vast geographic area, a number of languages, different traditions and customs, deficient communication and transportation systems and high proportion of illiteracy, are some of the problems to be carefully tackled while exploiting the rural market. The socio-economic environment in rural India is difficult to understand due to its complexity. Rural India is characterized by religious diversity (7 major religions), linguistic diversity (16 major languages), diversity in dress and food habits are the great challenges before the marketers in rural areas. The challenges are How to communicate the products and services? How to distribute the products in vast and remote rural areas deficient in good road infrastructure?

Around 2.5 lakh villages out of 6.38 lakh villages in India, still have no road connectivity (India today, Aug., 2004). This is a major hindrance in distributing the products to the consumers. Rural outlets are small in size, lack in good storage facility and hardly have credit facility. Obviously, these outlets are not in position to have benefits of bulk purchases. To add to the fuel, the MNCs viz. Wam Mart, Tesco, Star Bus and Reliance, etc. has decided to enter the retailing sector. Would small rural outlets be able to complete with these giants? If not, 1.25 outlets would be wiped out and it will add to the Number of unemployed persons in poor rural areas. Due to bad roads, transportation cost is high. In addition, there is lack of expert sales force in rural areas. As far as the communication of the products to the rural consumer is concerned, audio-visual means are very effective. However, due to high illiteracy rate i.e. 35 per cent in rural areas, rural consumers easily fall prey to spurious products. Around 84 million have no

electricity connectivity as there is 1 lakh MW shortage of electricity in India. This adversely affects the demand for electrical home appliances as well electrical equipments used in agriculture sector. Monsoon (good / bad) has deep impact on the income levels of rural people and decides the fate of rural market. The variations in income levels adversely affect the purchasing power of rural consumers. There is a great diversity in food habits in rural India. For instance, in Maharashtra groundnut oil is used for cooking while in Kerala coconut oil is used. In the month Shravana (August), rural people in Maharashtra avoid shaving and consuming non-vegetarian food. Obviously, there is an adverse impact on demand for blades, razors, eggs, mutton and chicken. Therefore a systematic market research is required for understanding the needs, habits, social customs and values of rural consumers as well as bottlenecks in rural marketing.

Suggestions:

The marketers have great opportunities in a vast and fast developing Indian rural market.

In order to tap rural market, the manufacturers should reduce production cost. The distributors should find out effective methods of distribution and minimize selling and distribution costs. Price and durability of the products are sensitive issues for majority of the rural consumers.

In order to increase the purchasing power of rural people, efforts are needed to be undertaken for increasing agriculture income, providing credit facilities and creating employment opportunities to non-farm workers.

Priority should be given for creation of transportation and communication infrastructure and electrification of all the villages.

An effective communication strategy should be formed to make aware rural consumers about dangers of consuming spurious products.

Conclusion

Indian rural market is fascinating as well as challenging. Rural marketing has a great potential for growth in future. Rural India is becoming more accessible because of ambitious rural road connectivity programme (Prime Minister Gram Sadak Yojana), satellite TV, internet, mobiles and modern automobiles. Today, rural consumer has become aspirant, quality conscious and well acquainted with branded products and services.

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