

Rural Marketing: The 'New Avtar' of Marketing and The Key Driver for Indian Economy



Management

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ABSTRACT

In the recent years, rural markets have acquired significance in countries like China & India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. In Indian rural market generates about 50% Gross Domestic Product (GDP). Rural India comprises around 840 million people and growing income levels & greater ambition are progressively driving demand there. In the period 2009-2012, rural consumption per person increased annually at 19 percent according to data from National Sample Survey Organization (NSSO).

1.1 Introduction of the study

Rural India is on the threshold of momentous change. With a population of 790 million 50% of India's income contribution comes from it. Nearly 100 million people have evolved out of poverty in the last 10 years. Rural India will be a market worth USD 500-600 billion by 2020, according to McKinsey report. Rural consumption levels are also anticipated to equal current urban levels by 2017. The economy is vibrant, incomes are rising; and the habits, preferences and attitudes are changing rapidly. On account of green revolution; the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has emerged. Rural marketing in Indian economy can be classified under two broad categories. In tapping rural markets, 4As- availability, affordability, awareness and acceptability have to be used as marketing framework in place of the conventional 4 Ps. The 4 As model presents marketing mix elements from the customer's perspective and defines the rural consumer's expectations and the role of the organization in delivering the desired results. The concept of rural marketing in India is often found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The rural market in India is vast, scattered and offers a plenty of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers. Nearly 70% of the country's population (of the 121 crore, 83.6 crore) live in rural areas lives in rural areas where, for the first time since Independence, the overall growth rate of population has sharply declined, according to the latest Census (Census of India's 2011)

1.2 Factors influencing rural marketing in India

Seasonal Demand: 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.

1.3 Nature and source of the data

The study is descriptive in nature. Various websites and books are explored to gather the relevant information.

1.4 Strategies for rural marketing

Strategies that may be helpful in improving marketing in rural areas are listed below

- A. Product Strategies
- B. Pricing Strategies
- C. Distribution Strategies
- D. Promotion Strategies

- E. Marketing Strategies
- F. Sales Strategies

2.1.0 Product Strategies:

2.1.1 Small unit and Low price packing:

By making the product available in small and low price packing, a company can attract villagers to at least try its product because larger pack sizes may be out of reach for rural consumers because of their price and usage habits. For example: Shampoos, Biscuits.

2.1.2 New Product Design:

A company can opt for new product designs or modified designs that are specially meant for rural areas keeping their lifestyles in view.

2.1.3 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 colours such as red, blue, green etc., and feel that products with such colours are sturdy but they are more concerned with the utility of the item also.

2.1.4 Brand Name:

The brand name awareness in the rural areas has fairly increased. A brand name and is very essential for rural consumers to remember the product.

2.2.1 Pricing Strategies:

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.

2.2.2 Low cost Products:

This strategy can be adopted by both, manufacturing and marketing men. Price can be kept low by small unit packing.

2.2.3 Simple Packaging:

Sophisticated packing should be avoided and Simple packaging should be adopted to cut down the cost.

2.2.4 Reusable packaging:

Packaging that is reusable and can be refilled attracts the attention of rural buyers. For examples: Zandu Chyawanprash is providing plastic Containers that can be reused by the consumers.

2.2.5 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.

2.3.1 Distribution Strategies:

Most of the manufacturers and marketers can arrange for distribution to villages using the strategies listed below:

2.3.2 Using Own Delivery Vans:

One of the way of distribution to rural area can be using delivery vans which can serve two purposes-it can take product to consumer in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only big companies can adopt this channel.

2.3.3 Annual Melas:

Annual melas organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to Indian Market Research Bureau-around 8000 such melas are held in rural India every year. Also every region consisting of several villages is generally served by one satellite town termed as Mandis and Agri-markets where people prefer to go to buy their commodities. By making product available in these annual Melas, Mandis and Agri Markets, a firm can cover large section of rural population.

2.3.4 Paintings:

A picture is worth thousand words. This way of conveying message is simple and clean. Rural people like the sight of bright colours. COKE, PEPSI and TATA traders advertise their products through paintings.

2.4.1 Promotion Strategies:

Mass media is a powerful medium of communication and other strategies that can be followed to promote the product in rural market include:

2.4.2 Promoting Products with Indian Models and Actors:

Companies should picking up Indian models, actors for advertisements as this will help them to show themselves as an Indian company. Shahrukh Khan is chosen as a brand ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford.

2.4.3 Associating them with India:

MNCs must associate themselves with India by talking about India, by explicitly saying that they are Indian. M-TV during Independence Day and Republic Day time make their logo with Indian tri-colour.

2.4.4 Promoting Indian Sports Team:

Companies may promote Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. ITC was promoting Indian cricket team for years; during world cup they launched a campaign "Jeeta hai jitega apna Hindustan India India India".

2.4.5 Talking about a Normal Indian:

It is a normal tendency of an Indian to try to associate him/her with the product. If he/she can visualize himself/herself with the product, he /she become loyal to it. That is why companies like Daewoo based their advertisements on a normal Indian family.

2.5 Marketing Strategy:

Marketers need to understand the psyche of the rural consumers and then act accordingly. Rural marketing involves more intensive personal selling efforts as compared to urban

marketing. Firms should refrain from designing goods for urban markets and subsequently pushing them in the rural areas. 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 number so that the brand can be associated with the rituals, celebrations, festivals, melas and other activities where they assemble.

2.6 Sales Strategy:

Rural sales strategy will include hiring employees genuinely like spending time in the rural areas and who are comfortable with the local language. Marketers can continuously assess all aspects of the business by interacting with the people and their family members personally, evaluating product choices for popularity and keeping favorites on the list.

2.6.1 Understanding Cultural and Social values:

It is recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

2.6.2 Changing Perception:

If one go to villages they will see that villagers using Tooth-paste, even when they can use Neem or Babool sticks villagers are using soaps like Nima rose, Breeze, Cinthol etc. even when they can use locally manufactured very low priced soaps. Villagers are constantly looking forward for new branded products. What can one infer from these incidents, is the paradigm changing and customer is no longer price sensitive? They just want value for money.

2.7 Problems in rural marketing

The rural market offers a vast untapped potential. It is not that easy to operate in rural market because of several problems and also it is a time consuming affair and it requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The major problems are to underdeveloped people and underdeveloped markets, Inadequate Media coverage for rural communication, multi language and Dialects traditional Values and lack of proper physical communication facilities.

2.7.1 Strength

647% Million populations largely uncovered. 72% population contributes to half of India's GDPs. Approximate size of Rural Market 123000 Corers. Rural India has seen growth in income due to rise in agricultural prices. Less exposure to various brands so less completion. Rise in expenditure is 9% since 2002. Government Initiatives like Barat Nirman, NAREGA, and loan waiver, have made rural Indian approachable and marketable.

2.7.2 Weakness of Rural Markets

There are several weakness reported in Indian rural market. The major cause is low Literacy rate. Lack of Infrastructure facilities like Power and Roads etc. Moreover the fake products in the Market. No common Language across area. Sparsely located population. Low Earning per Household. Low penetration of traditional media. Traditional outlook of rural consumers which makes them resist change.

2.7.3 Opportunities

Government spending in Rural India is on increases 41 million kisan credit cards issued providing a cumulative credit of 977 billion of rural India. Bharat nirman and Pradhanmantri Grameen Sadak Yojana has resulted in increased Rural connectivity. 90% villages are electrified. Scheme like Rural Em-

ployment Guaranteed Act (NREGA) and Loan waiver have pumped liquidity. Rural Markets are Ripe and Fresh. A new brand can enter easily as competition is low. Rural India's resistance to change give established brand a leverage.

2.7.4 Threats

Creating products for Rural India is Tricky. Only corporate with deep pockets can enter as huge infrastructure is required. Tough Rural terrain required extra handling. To reach sparsely located population a very scattered distribution network is required. Low availability of Infrastructure facilities can cause loss of investment. Initial entrants in Rural India are exposed to more risk. Rural population is mostly illiterate; communicating message to them is a real challenge.

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