



Indian Rural Market: a New Dawn of Marketing in India

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ABSTRACT

India is country which has lakhs of villages. The rural market of India started showing its potential in the 1960s. There are clear indications that the 21st century is going to see its full blossoming. Rural Marketing is defined as any marketing activity in which one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs (products or services) to the rural as well as marketing of outputs from the rural markets to other geographical areas. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves. The perception of the Indian about the desired product is changing. As rural Indian customer always wanted value for money with the changed perception, one can notice difference in current market scenario. Villagers are constantly looking forward for new branded products. Many companies like HUL, Godrej, ITC, etc have been successful in tapping the rural market but there many which are lagging behind in this area. Authors would like to highlight the importance of marketing in rural India and suggest certain strategies for the companies to create a strong foothold on rural grounds. So the fact remains that the rural market in India has great potential, which is just waiting to be tapped. Progress has been made in this area by some, but there seems to be a long way for marketers to go in order to derive and reap maximum benefits.

Keywords: Indian Rural Market, Rural Marketing, Rural Marketing Strategiest

INTRODUCTION

As urban markets saturate and companies spread their wings in search of new markets, everybody is in search of getting a strong foothold in the Indian rural market. The quest to discover the real rural India still continues in great earnest. According to census of 2010, rural population of India was 818,485,662. So the potential for penetrating into rural market and growth opportunities in rural market are very high. For quite some time now, the lure of rural India has been the subject of animated discussion in corporate suites. And there is a good reason too. With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. Today, the idea has grown out of its infancy and dominates discussions in any corporate boardroom strategy session. A survey by the National Council for Applied Economic Research (NCAER), India's premier economic research entity, recently confirmed that rise in rural incomes is keeping pace with urban incomes. From 55 to 58 per cent of the average urban income in 1994-95, the average rural income has gone up to 63 to 64 per cent by 2001-02 and touched almost 66 per cent in 2004-05.

CONCEPT OF RURAL MARKETING

Marketing is the process used to determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business development. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves.

Rural Marketing is defined as any marketing activity in which one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs to the rural as well as marketing of outputs from the rural markets to other

geographical areas. Rural marketing function manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into effective demand for specific products and services to create satisfaction & a better standard of living for achieving organizational goals. Rural Marketing is growing at a far greater speed than their urban counterpart. Many national and multinational companies have realized the potential and are ready to tap rural markets. In most of the developing countries development strategies are mostly in and around urban areas while technical advancement and improvement in the agricultural sector is receiving less attention. On the other hand, promoting strategies for marketing of the manufactured goods in the rural areas requires equal attention.

Rural marketing has become the latest mantra of most corporate. Companies like Hindustan Lever, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, Coca Cola, L.G., Philips, Cavin Kare are all eyeing rural markets to capture the large Indian market.

FEATURES OF RURAL CONSUMER

Large, Diverse and Scattered Market: Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market products.

Agricultural Income: Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected.

Standard of Living: It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.

Traditional Outlook: Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.

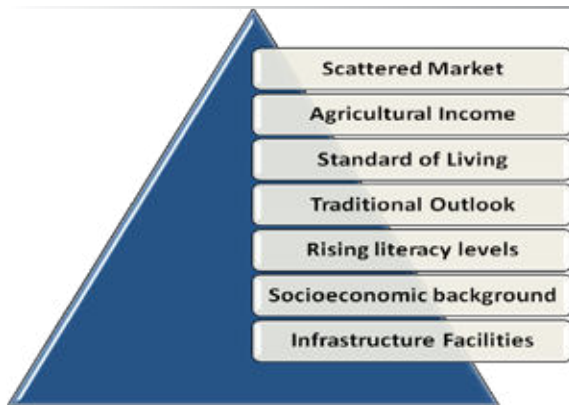


Fig 1: Features of rural consumers

Rising literacy levels: It is documented that approximately 45% of rural Indians are literate. Hence awareness has increases and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better life-style.

Socioeconomic background: Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic background, which ultimately affects the rural market.

Infrastructure Facilities: The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence physical distribution is a challenge to marketers who have found innovative ways to market their products.

Differentiating the Rural & Urban consumer

1. **Community Influences:** Community influences are very high in rural India as compared to urban India. Large dependency is on neighbors, word-of-mouth, existing users of product and community heads. Intra community influences are relatively more important than inter-community ones. Word-of-mouth in close knit communities is more powerful.
2. **Internet Medium:** Rural India is characterized by scarcity of internet media. Rural individual's access to media channels is limited and in the case of broadband the comparable upload and download speed may be slower. Many parts of rural India are not having sufficient communication networks and as a result communication is halted. Online shopping is seen as a solution by many but will be dependent on broadband speed.
3. **Rate of Brand Adoption:** Rural India is very slow to adopt new brands as compared to urban area. Rural consumers will be slower to pick up trends or brands but will remain loyal when accepted. Rural consumers are risk averse and do not trust any new brands as far as they are satisfied with existing brand. They may exit a product category use if certain trusted brands are not available.
4. **Seasonal Income:** In rural India expenses are throughout the year but income is seasonal. Many rural areas rely on seasonal tourism peaks when income will be high and to a lesser extent agricultural incomes from seasonal crops. This means there will be more disposable income at certain times with rural businesses and employees. Many products and brands will strive to survive in rural areas during recession times. In urban India the product demand is quite near the benchmark throughout the year.



Fig 2: Diagram highlighting point of differences between rural & urban markets

5. **Absence of entertainment centers:** In urban India consumers are exposed to many entertainment centers. These are also advertising centers for marketers. Urban consumers quickly respond to such advertising media and positive results are there for marketers. Rural consumers are information hungry; and entertainment starved. Isolation from entertainment centers has led to companies trying to penetrate their message through other media.
6. **Experience Advertising:** Rural consumers will have higher receptivity to experience advertising. Retail outlets in rural areas have many demonstration areas along with markets for tasting. Urban consumers do not have sufficient time to listen to roadside announcements and attend road shows but in rural India, these practices are quite successful.

RURAL MARKETING STRATEGIES BY COMMUNICATING AND CHANGING QUALITY PERCEPTION

Companies are coming up with new technology and they are properly communicating it to the customer. There is a trade-off between Quality a customer perceives and a company wants to communicate. Thus, this positioning of technology is very crucial. The perception of the Indian about the desired product is changing. Now they know the difference between the products and the utilities derived out of it. As a rural Indian customer always wanted value for money with the changed perception, one can notice difference in current market scenario.

BY PROVIDING WHAT CUSTOMER WANT

The customers want value for money. They do not see any value in frills associated with the products. They aim for the basic functionality. However, if the seller provides frills free of cost they are happy with that. They are happy with such a high technology that can full-fill their need. As "Motorola" has launched, seven models of Cellular Phones of high technology but none took off. On the other hand, "Nokia" has launched a simple product, which has captured the market.

BY PROPER COMMUNICATION IN INDIAN LANGUAGE

The companies have realized the importance of proper communication in local language for promoting their products. They have started selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer started asking for value for money.

BY UNDERSTANDING CULTURAL AND SOCIAL VALUES

Companies have 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.

BY TALKING ABOUT A NORMAL INDIAN

Companies are now talking about normal India. 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.

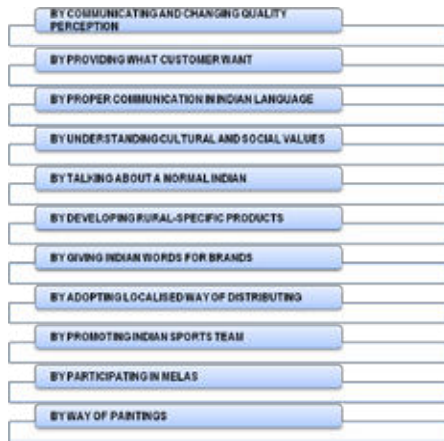


Fig 3: Diagram highlighting rural marketing strategies

BY DEVELOPING RURAL-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.

BY GIVING INDIAN WORDS FOR BRANDS

Companies use Indian words for brands. Like LG has used India brand name "Sampoorna" for its newly launched TV. The word is a part of the Bengali, Hindi, Marathi and Tamil tongue. In the past one year, LG has sold one lakh 20-inch Sampoorna TVs, all in towns with a population of around 10,000. By the end of 1999, roughly 12Thats Rs 114 crore worth of TV sets sold in the villages in a year.

BY ADOPTING LOCALISED WAY OF DISTRIBUTING

Proper distribution channels are recognized by companies. The distribution channel could be big scale Super markets; they thought that a similar system can be grown in India. However, they were wrong; soon they realized that to succeed in India they have to reach the nook and the corner of the country. They have to reach the "local Paan wala, local Baniya" only they can succeed. MNC shoe giants, Adidas, Reebok, Nike started with exclusive stores but soon they realized that they do not enjoy much Brand Equity in India, and

to capture the market share in India they have to go the local market shoe sellers. They have to reach to local cities with low priced products.

BY PROMOTING INDIAN SPORTS TEAM

Companies are promoting Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. LG has launched a campaign "LG ki Dua, all the best". ITC is promoting Indian cricket team for years; during world cup they have launched a campaign "Jeeta hai jitega apna Hindustan India, India, India". Similarly, Whirlpool had also launched a campaign during world cup.

BY PARTICIPATING IN MELAS

Melas are places where villagers gather once in a while for shopping. Companies take advantage of such events to market their products. Dabur uses these events to sell products like JANAM GHUTI (Gripe water). NCAER estimates that around half of items sold in these melas are FMCG products and consumer durables. Escorts also display its products like tractors and motorcycles in such melas.

BY WAY OF PAINTINGS

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

CONCLUSION

Rural marketing requires the understanding of the complexities and this article reviews some of the key issues. Indian agricultural industry has been growing at a tremendous pace in the last few decades. The rural areas are consuming a large number of industrial and urban manufactured products. The rural agricultural production and consumption process plays a predominant role in developing the Indian economy. Till recently, the focus of marketers in India was the urban consumer and by large number specific efforts were made to reach the rural markets. But now it is felt that with the tempo of development accelerating in rural India, coupled with increase in purchasing power, because of scientific agriculture, the changing life style and consumption pattern of villagers with increase in education, social mobility, improved means of transportations and communication and other penetrations of mass media such as television and its various satellite channels have exposed rural India to the outside world and hence their outlook to life has also changed. Because of all these factors rural India in now attracting more and more marketers.

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