



## Rural Marketing Potential in India – An Empirical Study

\* Ms. R. Gomathi \*\* Ms. M. Gomathi

\*, \*\* Assistant Professor, Department of Management Studies, Surya Engineering College, Perundurai Road, Mettukadai, Kathirampatti (PO), Erode – 638 107, Tamilnadu, India

### ABSTRACT

*Rural India has become the hot spot for the corporate firms in the recent times as urban markets are saturated with some many different categories of consumer products and also because of the fact that rural incomes are increasing. This study provides the significant information on rural marketing process carried out by consumer durable and non-durable companies in order to market their products and it also assess the reason for paradigm shift from urban to rural market. This study even identifies the actual reasons for the failure of durable and non-durable companies while marketing their products. This study identifies the significant problems faced by companies in marketing their products to rural areas. This study even suggests marketing strategies and methods to be followed in order to overcome those problems.*

**Keywords : Rural Market, Consumer Products, Marketing Strategies, Market Potential**

### Objectives

- To understand the rural market.
- To unleash the potential of rural market.
- To assess the paradigm shift from urban to rural market.
- To analyze the various parameters of potential of rural market.
- To offer the conclusions.

### II. Methodology

An exhaustive questionnaire was structured to gather as much primary information as possible and hence, the most common form of research, descriptive research was used. A preliminary study in the form of informal interviews with 107 persons was conducted. Secondary data collected from various market segments and other players of the market, and randomly collected printed promotional material across the countryside.

### Literature Review

#### Overview on Indian Rural Markets

Today, this idea of business expansion in rural locations is taken more seriously even by the corporate firms and is a subject of discussion and strategy. Godrej, having a range of business from personal stuff to real estate business and whose chairman, Adi Godrej, does not hesitate to reveal that today's fast changing world does of globalization does not distinguish the gap between rural and urban lifestyle. People are smart and quality conscious irrespective of their place of living and want quality products and services from the companies.

A survey by the National Council for Applied Economic Research (NCAER) confirms that the rural income levels are matching that of the urban level and quality of life is improving at a very faster pace in the rural areas. With the availability of a variety of products in any domain, buyers are more inclined towards quality and feature rich products rather than just paying and settling down for anything. Now the average rural income has gone up to 63% to 64% in 2001-2002, and in 2004-2005 it almost touched 66%.

The rural middle class is on a rapid pace of growth with 12% as compared to its urban counterpart with 13% growth. Higher rural incomes are nothing but a whole new world of oppor-

tunities to the business firms. As far as sales of automobiles is concerned, rural India automobile sales account to \$ 1.7 billion which includes sales of cars, scooters, bikes etc.

### Challenges in Indian Rural market

Rural markets, as part of any economy, have untouched potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges. Distribution costs and non availability of retail outlets are major problems faced by the marketers. The success of a brand in the Indian rural market is as unpredictable as rain. Many brands, which should have been successful, have failed miserably. This is because most firms try to extend marketing plans that they use in urban areas to the rural markets. The unique consumption patterns, tastes, and needs of the rural consumers should be analyzed at the product planning stage so that they match the needs of the rural people. Therefore, marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern.

The main problems in rural marketing are: -

- \* Understanding the Rural Consumer
- \* Poor Infrastructure
- \* Physical Distribution
- \* Channel Management
- \* Promotion and Marketing Communication

**The major hurdles in tapping the rural markets can be summarized as: -**

- High distribution costs
- High initial market development expenditure
- Inability of the small retailer to carry stock without adequate credit facility
- Generating effective demand for manufactured foods
- Wholesale and dealer network problems
- Mass communication and promotion problems
- Banking and credit problems
- Management and sales managing problems
- Market research problems

### Rural Marketing in Modern India

"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:

**URBAN TO RURAL (U 2 R):** A major part of rural marketing falls into this category. It includes the transactions of urban marketers who sell their goods and services in rural areas, like pesticides, fertilizers, seeds, FMCG products, tractors, bicycles, consumer durables, etc.

**RURAL TO URBAN (R 2 U):** Transactions in this category basically fall under agricultural marketing where a rural producer seeks to sell his produce in an urban market, like seeds, fruits and vegetables, milk and related products, forest produce, spices, etc.

**RURAL TO RURAL (R 2 R):** This includes the activities that take place between two villages in close proximity to each other, like agricultural tools, handicrafts and bullock carts, dress materials, etc.

**Analysis & Interpretation**

**Table No: 1**

**Age Group of the Respondents**

Age Group	No. of Respondents	% of Respondents
Less than 20 years	8	7
21-30 years	19	18
31-40 years	35	33
41-50 years	18	17
50 years and above	27	25
Total	107	100

A question was administered to sample of respondents describing the age. 33% having age group 31-40 years and 17% with age group 41-50 years, constituting rural market.

**Table No: 2**

**Gender of the Respondents**

Response	No. of Respondents	% of Respondents
Male	69	64
Female	38	36
Total	107	100

Gender wise analysis shows that 64% respondents are male and rest of them are females. It means rural markets are being dominated by male folk.

**Table No: 3**

**Respondents Education**

Response	No. of Respondents	% of Respondents
Less than V	01	1
Till VII	37	35
Till X	29	27
Till XII	18	17
Graduation	14	13
Beyond Graduation	08	7
Total	107	100

The above reveals the respondent educational background. It is evident that the majority of the respondents are having the education between VII – XII, Which constitute the rural market.

**Table No: 4**

**Respondents' Monthly Income**

Response	No. of Respondents	% of Respondents
Less than Rs. 2000	12	11
Rs. 2001 - Rs. 5000	37	35
Rs. 5001 - Rs. 8000	26	25
Rs. 8001 - Rs. 10000	14	13
Rs. 10001 – Rs. 15000	12	11
Rs. 15001 & Above	6	5
Total	107	100

It is found that monthly income of the respondent ranging between Rs. 2000 and Rs. 10000, which is an indication of the respondents affordability of making purchases.

**Table No: 5**

**Preferred Mode of Communication**

Response	No. of Respondents	% of Respondents
TV	48	45
Mobile	03	3
Radio	11	10
Announcements	08	8
News paper	06	6
Poster	05	4
Word of mouth	19	18
Skits/plays	07	6
Total	107	100

Advertisements through television and use of Viral marketing as communication mode are most desirable. Rural communication depends on two major factors – Creating Awareness and Inducing Trials. With the penetration of television media increasing rapidly, the rural consumers are becoming more aware of brands through advertisements.

**Table No: 6**

**Purchase Practices**

Response	No. of Respondents	% of Respondents
Personal	22	21
Small Group	28	26
Mass	57	53
Total	107	100

The purchase practices of rural consumer are shown in above table. It is evident that 53.27% of consumers practices mass purchasing. The small group practices and personal purchase practices constitute 26.17% and 20.56% respectively. The effect of mass media is evident here.

**Table No: 7**  
**Marketing Strategy**

Response	No. of Respondents	% of Respondents
Urban	66	62
Rural	03	3
Both	38	35
Total	107	100

Marketers can benefit most if they can make the rural people feel that they value them as their customers. The key success to an effective rural marketing is that it should be firmly grounded in rural tradition, rural perspectives, rural mentality and their values. It requires complete focus on local language, culture, customs and modes of communication.

**Table No: 8**  
**Effect of Languages**

Response	No. of Respondents	% of Respondents
Regional	77	72
National	13	12
Both of them	11	10
None of them	06	6
Total	107	100

It is obvious from the above that regional languages are preferred in marketing. The success of rural marketing depends on the appropriate localization of campaigns and regional language plays an important part in it.

**Table No: 9**  
**Purchase Influencers**

Response	No. of Respondents	% of Respondents
Price/Discounts	29	27.10
Brand/Company Name	35	32.71
Celebrity endorsement	17	15.88
Language	11	10.28
Content	09	8.41
Tagline	06	5.62
Total	107	100

The result depicts the increasing trend of disposable income in rural areas. Prices and discounts are not the sole parameters that drive their purchases. Rural customers are increasingly becoming brand conscious.

**Table No: 10 Purchasing Decisions**

Response	No. of Respondents	% of Respondents
Self	41	38.31
Parent	23	21.49
Spouse	28	26.16
Children	15	14.04
Total	107	100

Above table reveals that the decision making in the rural market are taken by self followed by spouse. No particular tactic can be derived out of this, rather the idea is to target the individual or the spouse or the child as per the product types and categories.

**Table No: 11 Perception on New Product/Brand**

Response	No. of Respondents	% of Respondents
No effect, stick to existing one	28	26.16
Experiment with the new one	09	8.43
Try out when dissatisfying with existing one	24	22.42
Try out on receiving positive feed back	46	42.99
Total	107	100

The study shows that the rural consumers usually do not experiment with a new product unless something triggers them. The most influential triggering factor is positive feedback about the product from others.

## V. Conclusion

The significant information on overview of rural marketing process is presented within this study along with the information on advantages and disadvantages of social marketing process. The actual aim of this study is to identify the importance of rural marketing process and the significance of marketing the company products in order to create brand awareness among the customers and to overcome different problems related to marketing process.

This study specified the significant information on importance of rural marketing process to the companies along with the role played by social marketing process in improving the brand awareness levels among the customers. According to this study rural marketing is the process that can be used as the best marketing technique in order to communicate the information of products and goods of the companies from existing customers to new customers.

This study concludes that rural marketing process is playing vital role in marketing the products and services of the companies by using customers as the major marketing sources without implementing marketing plans and techniques. Finally, rural marketing process can be used as an alternate for traditional marketing process in order to create brand awareness among customers and improve the sales of company products.