
Rural Marketing- Factors Contributed to Growth

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Abstract: The rise in income coupled with increased awareness and need of acquiring modern goods have induced rural marketing in India. About $\frac{3}{4}$ of Indian people live in rural areas and over 50 % of national income is generated in rural India. It became a buzz word among marketing professionals and preachers. Rural India is emerging as a large market for number of goods and services such as consumer goods, durables financial, health services etc .This will bring many socio economic changes in Indian villages. So, rural marketing plays an important role in India's development strategy specially in areas of structural diversification, modernization, globalization and self reliance. There are opportunities to market modern goods and services in rural areas and also market agriculture goods in urban areas. This paper focuses on concept of rural marketing, their challenges and helps in understanding strategies made for better growth of rural markets.

Keywords: Rural Market, Rural consumers, Disposable income

1. Introduction: Rural marketing in India gets its potential in 1960's. It has gained bloom full attention due to green revolution, rise in Agri-produce prices and MNREGA spending. Budget 2013 further motivates development of rural market because there has been touchstone increase in their spending which change the behavior of rural consumer towards brand, good quality. The term rural marketing is combination of two words, Rural and Marketing.

Rural: It refers to country side that are sparsely populated places having poor basic facilities such as house, education, water supply, transport etc. Govt. agencies like IRDA and NCAER (National council for Applied Economic Research) define rural as a village with population less than 5000 with 75% male population engaged in agriculture, While Hindustan level, ITC and most FMCG companies define rural as any places with less than 20000 population.

Marketing: It is defined as process of defining, anticipating and knowing customer need and organizes resources to satisfy them.

Thus Rural Marketing is the process of marketing in rural areas. It includes adoption of various marketing strategies and policies in rural market with a view to change need and wants of rural people into demand development.

2. Development Stages of Rural Marketing:

- ❖ **Agriculture marketing (before 1960's):** In the stage, focus of rural marketing is on sale of agriculture produce like cotton, sugar cane, oil seeds, paddy etc. It includes all pre post harvest operating grading, assembling, and distribution activities. It is totally unorganized market where all banias and mahajans dominated the market.
- ❖ **Agricultural Inputs Marketing (1960 to 1990):** The trust on rural development and green revolution during 1960's and early 1970's focused on used of high yielding varieties of seeds, fertilizers, pesticides which resulted in high yield. In this period, marketing of rural product received good attention with new framework. Many agencies like khadi and village industries commission, IFFCO, KRIBHCO etc. were come into existence which provides a large market potential in rural areas.
- ❖ **Consumer Goods Marketing (After 1990's):** The new economic reforms in 1991 made a salutary impact on rural economy and demand for consumer durables have increased. Many companies like Hindustan limited, ITC, Colgate, Godrej, Philips came into rural market which increases rural market contribution to GNP. In this period many development programmes run by central/state government, service organization for overall all round socio-economic progress.

Thus, rural marketing is process of performing marketing activities for rural specific goods and services between urban and rural markets to satisfy consumer and to achieve organizational objectives. It is defined as a process which manages all those activities indulge in assessing, stimulating and converting purchasing power of rural people into effective demand and increase standard of living for specific goods and services and their satisfaction.

3. Factors Contributed to Growth of Rural Market:

1. **Increase in Literacy Rate:** Literacy rate is increasing in rural areas. This being social-cultural changes in rural consumer's behavior in purchasing products towards brands. Increase in literacy helps in booming their purchasing power and now they prefer to buy branded products. Table 1 below shows share of rural in total population

	2001(in crore)	2011(in crore)	Difference(crore)
India	102.9	121.0	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

Source: Census of India 2011

2. **Increase in disposable income/purchasing power:** Income level of rural people has improved due to modern farming policies, industrialization of rural areas and growth of service sector. Different projects started by private agencies and Government like MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), Jawahar RojgarYojna, Pradhanmantri GramadyogYojna etc helped rural population to meet their basic needs. Government gives loan to rural sector at low interest rate by microfinance initiatives and Kisan credit cards also boost the income level of rural people which provide potential opportunities to different companies to enter in rural areas.
3. **IT in Rural India:** Internet technology plays an important role in rural India and brings socio-culture changes in rural markets. Today's rural children and youth will grow up in environment where they have information access to education opportunities, health, legal advice, worldwide news etc. which changes the language of brand communication in rural India. Web connectivity creates a great demand of goods and services in rural and urban markets which helped in growth of rural marketing according to recent IMRB survey conducted jointly by internet and mobile association of India (IMAI).
4. **Improved Infrastructure:** Rapid development of rural infrastructure is also major attraction for marketers. Infrastructure includes rail, water supply, electricity, good transport facilities and good financial facilities through banks. Government of India

continuously makes efforts to improvements its infrastructure like rural telephone density has gone up by 300% in last 10 year. The government aims to provide LED lights to around 400 million homes that do not have an electricity connection by 2017 through decentralized renewable energy sources.

- 5. Increase in population and increase in Demand:** The rural market in India is vast and scattered. It covers maximum population i.e. maximum numbers of consumers. More than 80% of rural markets in India still do not have access to any sort of organized marketing. CRISIL studies estimates that over 60% India's population would be residing in rural areas in 2026 which creates opportunities for markets to serve rural/semi urban consumers.
- 6. Favorable Government policies and development programmes:** The central and state Government has made many initiative development programmes for development of rural areas through five year plans which show great investment in rural market. The current and previous five year plan gives high priority to development of rural areas, transportation, communication and other services etc which generate income for rural people and increase their standard of living. Some of development programmes are:
 - High yielding varieties programme (HYVP).
 - National Food Security Mission.
 - Providing urban facilities in rural areas (PURA).
 - Small Farmers Development agency (SFDA).
 - Microfinance
 - National Agricultural Extension System.
 - Intensive Agricultural District Programme (IADP).
- 7. Green Revolution:** The vision of Dr Swami Nathan, the father of green revolution to achieve self sufficiency in food grain production. In this period efforts are made to increase high yield or crops through modern cultivation methods. New agronomic activities, selective mechanism, multiple cropping were main features of green revolution which increase in disposable income of rural people.

8. Others:

- Accessibility of markets.
- Change behavior of consumer
- New employment opportunities.
- Media Development
- Role of Bio-tech in Indian agriculture sector.

4. Challenges for Rural Marketing:

While rural market offers tremendous opportunities for marketers, yet there are many problems in rural marketing and it is not possible to take a sizable share of market in short time due to following reasons.

- 1. Underdeveloped people and market:** In India, village structure itself creates problems. The rural society is still governed by old customs, traditions. They do not adopt modern technology easily. The rural markets are highly scattered which increase distribution calls and create barrier in reaching rural consumers. Rural market is underdeveloped due to following reasons.

- Low Literacy
- Low Income
- Seasonal demand
- Price sensitivity
- Low quality consciousness
- Lack of banking/credit facilities.

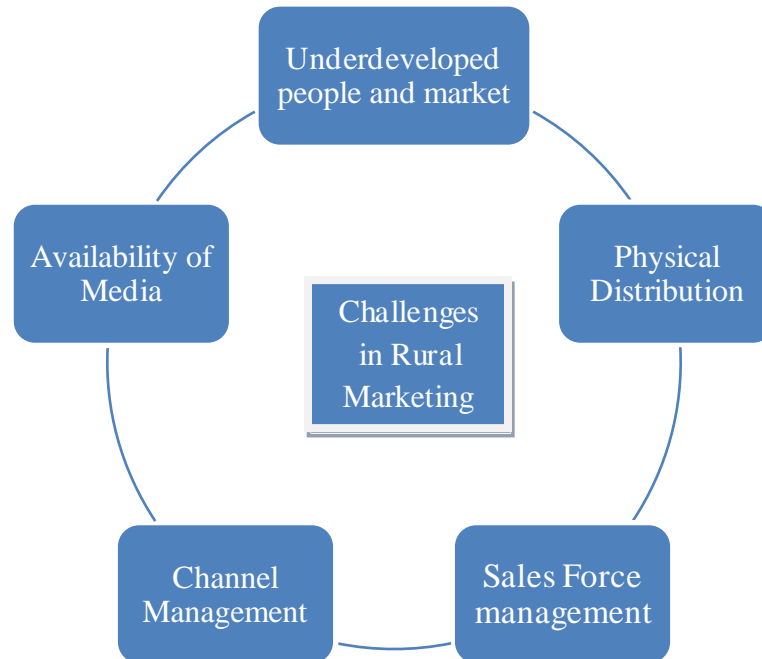


Figure 1 Challenges in Rural marketing

2. Availability of appropriate Media: All organized communication facilities are available in urban areas. Only 30 % of rural populations get modern communication facilities. Print media reaches only 18% of rural Indians according to old survey. TV is popular medium for communicating rural masses but due to non availability of power, its benefits can not taken by rural population. Efforts are made to build data communication to villages and get a leap frog but it is slow process which affects the substantial growth of rural markets.

3. Physical distribution:

- **Transportation:** It is the process of movement of products from urban production centers to remote villages. The infrastructure of transport is very poor in rural India which decreases accessibility of markets. Through India is second largest railway system in world but many parts of rural areas remain outside the rail network. Other problems are non availability of bus/lorry services in villages, poor structure of roads.
- **Warehousing:** Gap between production and consumption time require storage facilities. Storage infrastructure is low in rural areas and cannot meet seasonal requirements. But storage should be proper so that grains are protected against

birds, pests, and insects. Thus lack of adequate and scientific storage facilities in rural areas pose major challenges to marketer in rural marketing.

- **Communication:** Marketing communication in rural market suffers a variety of constraints. Various factors responsible for it are low level of literacy, traditional customs of people and economic backwardness. In spite of this, there is another problem i.e. language which vary from state to state, place to place. In rural markets, there is no common language. In some parts, Hindi/English is not understood by many people. Due to this rural consumer, unlike urban consumer do not exposure to new products. The distribution channel in villages involves high/large intermediaries which increase high consumer prices.

4. Channel Management: It is a difficult task in rural marketing which includes many problems.

- High Distribution cost due to inadequate banking and credit facilities.
- Difficulty in product positioning due to lack of multi-tier system.
- Limited availability of Retailers
- Low brand popularity because local brands are sold in rural markets inspite of lower quality.

5. Sale force Management: Rural marketing involves a greater amount of personal selling efforts. Sales force management is very challenging for marketers. Because communication facilities location of personnel in small town and large number of salesman required to service rural markets. The salesmen are selected for rural areas in such a way so as to guide rural consumers. The rural salesman should have many qualities like fluency in local language, patience, devoting a lot of time, adequate knowledge of values, beliefs of consumer and types of rural customer selling skills.

5. Innovative Marketing strategies for Rural Marketing:

1. Rural Market segmentation and Targeting: Market segmentation means divide the market into different segmentation according to homogeneous features of rural

consumers. Right segmentation and targeting policies are key to success in rural market. There are various variable for segmentation rural markets.

- **People Oriented**
 - A. **Geographical:** Region, Density and Climate.
 - B. **Demographic:** Age, Gender, Marital status.
 - C. **Socio-economic:** Income, Occupation, Education, Culture.
 - **Product Oriented:** Brand loyalty, buyer attitude, Personality, Benefit pattern.
 - **Others:** Land holding pattern, cropping pattern, irrigation facilities, proximity to cities and occupation (labour, farmer, employees etc).
2. **Product Portioning:** Product portioning refers to portion or image which a product enjoys in present or potential customers. It is called renting mind space i.e. finding a space in mind. It is based on USP (unique selling proportion) It must be unique features in product which make your product others from rivals for e.g. Billy Wales cells (every ready batteries) using cat as symbols. It includes 3 steps.
- a. Finding difference in offer of product w.r.t competition i.e. offer
 - b. Finding differences that have competitive edge.
 - c. Communicate and show special benefits to prospective consumers.
3. **Product Strategies:** For rural consumers, companies have to make market survey to understand their needs/wants and then choose product strategy. Rural people spend money for basic needs and think twice while purchasing so following points must be kept when developing products for rural markets.
- a. Product must be in small size packing.
 - b. It must be simple in design, operate and maintain.
 - c. Price should be with in economic competence.
 - d. Innovation in product design.
 - e. Utility oriented products
 - f. Brand name should suit rural background.
4. **Pricing strategies:** It must be linked with packaging and product strategy for rural segments. Different things like low income level, poor cash flow in rural sector must be kept in mind for decision of fixing price. But it is wrong to presume that rural people always buy cheap or low priced product. But they purchase utility oriented products so

low pricing cost saving in packing, competition premium product value are carefully through in case of rural pricing.

5. Distribution strategy: Product should be available in rural market through an effective distribution system. The company has to establish an appropriate channel of distribution consisting whole seller, stockiest, village level retailer. The company should extending credit facilities to rural distributor to motivate them to stock and sell in rural areas. Many distribution problems are faced in rural areas like availability of dealers, badly damaged roads, poor communication, banking facilities. Strategies for various regular segment are

- Agro input dealers
- Activating co-operative Societies
- Utilizing public distribution stores/petrol pumps.
- Towns as feeder centres (Mandis)
- Potential village linkage.

6. Promotion Strategies: Promotion is process of marketing communication to inform persuade, remind and influence consumer to purchase the product. It includes advertising, publicity, personnel selling and seller promotion. There is different way of approach in urban and rural markets for e.g. in urban markets, e-shopping, TV shopping, E-mail, voice mail are main ways of direct selling but in rural markets, there are direct talk with traders, co-operative societies, village fair hoarding in towns/high ways etc. The marketer has to pass message about product through rural media like use of audio-visual van, group meeting huts, melas wall paintings, direct mailers in regional languages. The salesperson also plays important role in promoting product. In rural market, he has to identify potential market and carry field activities such as house to house/farm to farm visit, group meeting, film shows, product demonstration in village fairs/festivals. In additional, TV, radio print media, Hoarding are other promotional ways in rural markets.

7. Other strategies in Indian rural markets adopted by different companies:

- Decentralizing rural market by detaching them from urban bases i.e. a give and take approach should replace present one-way exploitation.

- Salesman should be selected from educated on employed villagers, trained well as salesmen i.e. town to village salesman are replaced by stationary salesman in villages.
- Changing pattern of rural customer by educating villagers to save them from spurious goods.
- Client and location specific promotion.
- Joint or co-operative promotion among marketing agencies and client.
- Brand promotion through rural youth because rural consumers are not brand loyal they are brand stickiness.

8. Co-operative Initiatives in Rural Markets: Rural India is emerging as a large market for number of goods and services. Many companies are actively promoting their products and have achieved high percentage of sales in rural market. Some of the companies are

- ASIAN PAINTS,
- BRITANNIA INDUSTRIES LIMITED (BIL),
- CAVIN CARE,
- COLGATE-PALMOLIVE INDIA LTD,
- HINDUSTAN UNILEVER LIMITED,
- NOKIA INDIALIMITED
- TATA GROUP.

6. Conclusion: Rural marketing is emergent distinct activity of attracting and serving rural markets to fulfill needs of rural people. These are growing at a faster pace and offer tremendous opportunities which companies can tap for their growth and development. However there are many challenges in tacking rural markets so, to succeed in rural market, they should have long term plans, high level of commitment, effective distribution channel and a reliable communication and promotion strategy with dedicated sale force so that their message should effectively across to rural consumer. Thus a healthy rural marketing give a multiplier effect to economy. Improvement in infrastructure and reach provide bright future for rural markets. Macro level strategy should be framed on availability, accessibility and affordability.

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