



## **GROWING IMPORTANCE OF RURAL MARKETING**

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### **Abstract:**

The rural market of India started showing its potential in the 1960s. The 1970s and 1980s witnessed its steady development. There are clear indications that the 21st century is going to see its full blooming. A country side refers to rural areas that are open. The term 'rural marketing' used to be an umbrella term for the people who dealt with rural people in one way or other. The term got separate meaning and importance after the economic revolution in India after 1990. Looking at the opportunities, which rural markets offer to the marketers in India, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

**Keywords:** rural market, rural marketing, population etc.

### **➤ Introduction**

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. In fact Rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70% of India's population lives in villages. More than 800 million people live in rural area in India. Marketers are now using new slogan 'Go Rural'. The rural market of India started showing its potential from the 1960s and the 70s and 80s showed its steady development. During 90's, there was a steady growth of purchasing power of rural India, and there are clear indications that the 21st century is going to see its full blossoming. To a large extent, villages contribute towards the economic development of the nation through the production of food grains, vegetables, fruits etc. Export of these agricultural products generate capital and earnings from foreign exchange. Indian marketers and as well as global players have focused on rural markets in India as rising markets.

Rural marketing involves a bunch of processes that includes developing, pricing, promoting, distributing rural specific product and service which satisfies the consumer demand and also achieves organizational objectives as expected from the target market.

### ➤ **Structure of Rural Market**

It is basically a three-way marketing stage where the transactions can be –

- **Urban to Rural** – It is a process of selling the products and services by urban marketers in rural areas. These products mostly include pesticides, FMCG products, consumer durables, etc.
- **Rural to Urban** – It is a process where a rural producer sells his products in urban market. This may or may not be direct, but mostly there are middlemen, agencies, government co-operatives etc. who take initiatives in the successful running of the selling process happen successfully in an appropriate price.
- **Rural to Rural** – It is a process which includes selling or exchange of agricultural products, tools, cattle, carts and others to another village in its proximity.

Thus Indian rural market is providing lot of opportunities to the marketers. The players who can understand the importance of rural markets and use them to their best advantage has a promising future.

#### **Definition:**

Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

The **Rural Marketing** refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.

### ➤ **Features**

The marketers are attracted towards villages due to following attractions:

#### **1 Large and scattered population:**

According to the census approx. 70 percent population of India live in rural areas. the rate of increasing population is higher in rural area comparing to urban area. It is also scattered in over some lakhs villages. Though it is highly scattered but holds a big opportunity for the marketers. Means the majority of the population in India lives in Villages and therefore, the marketers find more potential in the rural areas and direct their efforts to penetrate the rural market.

#### **2. Higher Purchasing Capacity:**

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities

#### **3 Market Growth:**

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years. Today the rural customers spends money to get value and is aware of the happening around him.

#### **4 Development & Infrastructure:**

The infrastructure facilities like warehouses, communications systems and financial facilities (or) inadequate in rural areas physical distribution is a challenge to marketers who has found innovative ways to market their products. There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

#### **5 Low Standard of Living:**

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

#### **6 Traditional Outlook:**

Villages develop slowly and have a traditional outlook. Change is a continuous process but 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. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

#### **7 Rising Literacy Level:**

It is documented that approximately 45% of rural Indians are literate. Hence awareness has increase and the formats are well informed about the world around them. They are also educating themselves on the new technology for a better life style.

#### **8 Diverse Socio Economic Background:**

Due to differences in geographical areas and uneven land fertility, rural people have different socio economic background, which ultimately affects the rural markets.

#### **9 Specific Marketing Mix:**

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

##### **➤ Nature of rural market**

The nature of rural market is as follows:

##### **➤ Large, diverse and scattered market:**

Rural marketing in India is large, and scattered into a number of regions. There may be less number of shops available to market products.

##### **➤ Major income of rural consumers is from agriculture:**

Rural prosperity is tied with agriculture prosperity. In the event of crop failure, the income of masses is directly affected.

##### **➤ Traditional outlook:**

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

- **Standard of living and rising disposable income of the rural customers:**  
It is known that majority of the rural population lives below poverty line and has low literacy rate, low savings, etc. Today the rural customer spends money to get value and is aware of the happening around him.
- **Rising literary levels:**  
It is documented that approximately 45% of rural Indians are literate. Hence, awareness has increased and the formats are well-informed about the world around them. They are also educating themselves on the new technology for a better life style.
- **Diverse socio economic background:**  
Due to differences in geographical areas and uneven land fertility, rural people have different socio economic background, which ultimately affects the rural markets.
- **Infrastructure facilities:**  
The infrastructure facilities like warehouses, communications systems and financial facilities (or) inadequate in rural areas physical distribution are a challenge to marketers who has found innovative
- **Significance of rural marketing**

Rural marketing implies applying marketing theory and directing marketing efforts to create and satisfy needs and wants of rural market (customers). Importance of marketing indicates the contribution of rural as well urban marketing.

**Table**

**Rural Share in total Population**

	2001 (Cr)	2011 (Cr)	Difference(Cr)
India	102.9	121.6	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

**Source:** Indian Census 2011

The above table clearly reflects that the share of rural population in total population is highly increased from 2001 to 2011. It shows that more than 68% population is in rural area. This factor provides a large opportunity of market players.

Rural market is growing faster. Hence rural marketing results into overall balanced economic and social development. Rural marketing turns beneficial to business units, people residing in rural areas, people residing in urban areas, and to the entire nation. Let’s see how growth and development of rural marketing contribute to overall prosperity and welfare.

**1 Rapid Economic Growth:**

Naturally, marketing acts as catalyst agent for economic growth. There exists more attractive business opportunities in rural than urban. Rural market is more potential for consumer durables and services. Rural population largely depends on agriculture and it can contribute nearly 50% to total national income. Agriculture enjoys significant portion in export business, too. Rural marketing improves agricultural sector and improved agricultural sector can boost whole economy of the country.

## **2 Employment Generation:**

At present, nearly 70% of total Indian population feeds on agricultural activities in rural areas. Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

## **3 Reduced Burden of Urban Population:**

Rural marketing can contribute to rural infrastructure and prosperity. People can also live comfortably in villages due to availability of all goods and services in villages, even comparatively at low price. People, due to growth of marketing activities, can earn their livelihood in rural places. Population pressure on urban can be reduced.

## **4 Improved Living Standard:**

Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

## **5 Easy Marketability of Agricultural products:**

Growth of rural marketing improves whole marketing system. Multiple options are available to farmers and local producers to market their products. Big domestic corporate houses and multinational companies prefer to buy agricultural products directly from villages by their own or through agents and small firms. Rural producers can sell their produces easily at satisfactory prices. Their improved income level can improve their purchasing power that can further fuel to industrial demand.

## **6 Development of Agro based Industries:**

Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

## **7 Price Stability:**

Marketing results into better transportation, warehouses, and communication facilities. Agricultural products can be systematically marketed throughout the year. Huge gap between demand and supply can be avoided and, as a result, prices of most of commodities remain more or less stable.

## **8 Balanced Industrial Growth:**

The gap between rural and urban development can be reduced gradually. Rural development improves rural life and reduces pressure on urban life.

## **9 Optimum Utilization of Untapped Rural Resources:**

There are unlimited businesses opportunities exist in rural areas. Untapped and underutilized resources can be utilized at optimum level and that can further accelerate overall economic growth.

➤ **Conclusion:**

Marketing may be described as the process of defining, anticipating and knowing customer needs and organizing all the resources of the organization to satisfy the customers. The rural market of India started showing its potential in the 1960s. rural marketing is promotion of a company's products in the rural area. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Rural India is the mirror of India. According to 2011 census, rural population is more than 68% of total population and it is scattered over a wide range of geographic area. The products which have attained the maturity stage in urban market are still in growth stage in rural market. India's rural population resides around 6,38,365 villages spread over 32,00,000 Sq Kilometer and 41% of Indian middle class resides in rural areas. rural marketing involves a greater amount of personal selling effort compared to urban marketing.

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