

## RURAL MARKETING IN INDIA

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### ABSTRACT

*The paper describes the challenges and strategies of rural marketing in India. The rural market in Indian economy can be classified under two broad fields. These are the market for consumer goods that consist of both durable and non-durable goods and the market for agricultural inputs. In recent years, rural markets have acquired importance, as the overall growth of the economy has resulted into considerable increase in the purchasing power of the rural people and preferences of rural people are also getting changed. The rural market consist 70 percent population, twice as entire market of USA and would become bigger than total consumer market in countries like South Korea/Canada in another 20 years. Using primary and secondary data collected from various market segments. It exhibits linguistic, regional and cultural diversities and economic disparities. Rural Marketing is a developing concept, and as a part of any economy has untouched potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Focused attention needs to be paid to market research that goes on to reduce the uncertainty in dealing with these markets.*

### **INTRODUCTION:-**

Marketing today has completely changed the nature and strength of business. Marketing of products has taken control over the process of production itself. Customer today indeed is the "King". He can build or destroy the company. Now days the basic needs of consumer is awareness of product and its uses. And when this information is presented in a creative and effective manner, it creates an everlasting impression on the consumer's mind and may even alter his perception of what he needs.

The rise of rural markets has been the most important marketing phenomenon of the 1990s, providing volume growth to all leading companies. Many corporate have been trying get a grip on rural market. The term 'rural marketing' used to be an umbrella term for the people who dealt with rural people in one way or other. It got a separate meaning and

importance after the economic revaluation in india after 1990. Rural market is defined as managing all the activities involved in assessing, stimulating and covering the purchasing power of the rural consumers into effective demand for specific products and services and moving them to the people in rural areas to create satisfaction and a better standard of living and thus achieving organizational objectives.

#### What is Rural Marketing?

“According to B.N. Garudachar these are low population numbers, low median income, poor infrastructure [roads, electricity, communications], and agrarian rather than industrial activity. Such rural areas are within the sphere of influence of neighbouring cities and metros.”

Rural marketing is the process of marketing in rural areas; it includes the adoption of various marketing strategies and policies in rural market with a view to convert the needs and wants of rural people in industries.

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

#### Why is Rural Marketing?

The rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets.

Thus, looking at the opportunities, which rural markets offer to the marketers, 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. Haats are basically a weekly event, and are central to the village economy.

Since ancient times, Indian villages had the concept of village markets popularly known as the vil-lage haats. The haats are basically a gathering of the local buyers and sellers. The barter system was quite prevalent, which still continues in a number of places even today.

**1. Large and scattered population:**

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

**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 have also grown over the years.

**4. Development of infrastructure:**

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:**

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

**7. 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.

Step needs to follow by a company to cover rural are with their product and services:-

**1. Best Promotion and Quality Perception:**

Companies with new technology are properly capable to communicating its products and services to their 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 especially in case of services given by the companies.

## 2. Easy-Way Communication especially for Rural Market:

The companies have realized the importance of proper communication in local language for promoting their products especially in rural market. They have started selling the concept of quality with proper communication and easily understandable way of communications. Their main focus is to change the Indian customer outlook about quality.

## 3. Focus on Customer Requirement:

Every customers want value for their money. They do not see any value additional associated with the products. They aim for the basic functionality. However, if the sellers provide frills free of cost they are happy with that. They are happy with such a high technology that can fulfill their need. For example Nokia and Reliance has launched a simple product, which has captured the market. Promoting Products and Services with Right Person in Case of Celebrity Endorsement Companies are picking up Indian models, actors for advertisements as this helps them to show themselves as an Indian company. Diana Hyden and Shahrukh Khan are chosen as a brand ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford. Another example Penelope Cruz endorses for Pantene Shampoo but it's more effective with Indian Models and Actors because peoples know them very well.

## 4. Changing Pattern of Rural Marketing:

Now-a-days villagers are constantly looking forward for new branded products and good services. Indian customer in rural market was never price sensitive, but they want value for money. They are ready to pay premium for the product if the product is offering some extra utility for the premium. Regards for Cultural and Social Values Companies have recognized that social and cultural values have a very strong hold on the people in rural markets. Cultural values play major role in deciding what to buy. Furthermore rural people are emotional and sensitive. Thus, to promote products and services we should regard their social and cultural values.

### Problems Faced in Rural Marketing:

#### 1. Deprived people and deprived markets:

The number of people below the poverty line has not decreased in any appreciable manner. Thus, poor people and consequently underdeveloped markets characterize rural markets. A vast majority of rural people is tradition bound, and they also face problems such as inconsistent electrical power, scarce infrastructure and unreliable telephone system, and politico-business associations that hinder development efforts.

#### 2. Lack of communication facilities:

Even today, most villages in the country are inaccessible during the monsoons. A large number of villages in the country have no access to telephones. Other communication infrastructure is also highly underdeveloped.

### 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 have also grown over the years.

### 4. Many languages and dialects:

The languages and dialects vary from state to state, region to region and probably from district to district. Since messages have to be delivered in the local language, it is difficult for the marketers to design promotional strategies for each of these areas. Facilities such as phone, telegram and fax are less developed in villages adding to the communication problems faced by the marketers

### 5. Dispersed markets:

Rural population is scattered over a large land area. And it is almost impossible to ensure the availability of a brand all over the country. District fairs are periodic and occasional in nature. Manufacturers and retailers prefer such occasions, as they allow greater visibility and capture the attention of the target audience for larger spans of time. Advertising in such a highly heterogeneous market is also very expensive.

### 6. Low per capita Income:

The per capita income of rural people is low as compared to the urban people. Moreover, demand in rural markets depends on the agricultural situation, which in turn depends on the monsoons. Therefore, the demand is not stable or regular. Hence, the per-capita income is low in villages compared with urban areas.

### 7. Low levels of literacy:

The level of literacy is lower compared with urban areas. This again leads to a problem of communication in these rural areas. Print medium becomes ineffective and to an extent irrelevant, since its reach is poor.

### 8. Prevalence of spurious brands and seasonal demand:

For any branded product, there are a multitude of local variants, which are cheaper and hence more desirable. Also, due to illiteracy, the consumer can hardly make out a spurious brand from an original one. Rural consumers are cautious in buying and their decisions are slow, they generally give a product a trial and only after complete satisfaction they buy it again.

### 9. Different way of thinking:

There is a vast difference in the lifestyles of the people. The choice of brands that an urban customer enjoys is not available to the rural customer, who usually has two to three choices. As such, the rural customer has a fairly simple thinking and their decisions are still governed by customs and traditions. It is difficult to make them adopt new practices.

**10. Warehousing problem:**

Warehousing facilities in the form of go-downs are not available in rural India. The available go-downs are not properly maintained to keep goods in proper conditions. This is a major problem because of which the warehousing cost increases in rural India.

**11. Problems in sales force management:**

Sales force is generally reluctant to work in rural areas. The languages and dialects vary from state to state, region to region, and probably from district to district. Since messages have to be delivered in the local language, it is difficult for sales force to communicate with the rural consumers. Sales force finds it difficult to adjust to the rural environment and inadequate facilities available in rural areas.

**12. Distribution problem:**

Effective distribution requires village-level shopkeeper, toluca-level wholesaler/dealer, district-level stockiest/distributor, and company-owned depot at state level. These many tiers increase the cost of distribution.

Rural markets typically signify complex logistical challenges that directly translate into high distribution costs. Bad roads, inadequate warehousing and lack of good distributors pose as major problems to the marketers.

The literacy level in rural areas in 2001 was 59%. In 1991 it was 45%. Alongwith literacy levels, levels of education have also increased. The thinking perspective changes with the level of education. The social status also goes to a higher elevation. Literacy and education will have its impact on the promotional mix of the marketers. The types of products related to learning like books, exercise books, pens etc will be in greater demand. The demand for newspapers has increased. The readership has increased.

The number of rural households in 2001 was 138 millions. In 1991 the number was 112. The rate of increase continues in a similar manner (Census of India).

With increasing incomes the types of houses are also changing (from 'kuchcha' to pucca houses) The construction industry materials-steel, cement & paints marketers are getting a larger number of

consumers in the rural segment now than it was about five years back. The changes in occupational patterns are also bringing changes in the rural consumer profile.

**Physical Environment:** The Physical Environment is characterized by the dwellings and clusters. The numbers of villages below five hundred populations have decreased by about five percent (during 1991-2001). As per census 2001, villages in 2000 plus category account for about fifty percent of the rural population and sixty percent of rural incomes. The marketers would like to target these consumers in the first stage.

**Historical Environment:** The Historical Environment the traditional environment. Traditionally, in the Indian rural environment the spending patterns are mostly to spend on essential necessities. Even the rural rich will think twice before spending on the items which they consider as not necessary. This environment is now changing as the farmers are coming in closer contacts with urban areas. It has started in the states of Punjab & Haryana and slowly moving to other states.

**Economic Environment:** This is partially discussed in Part (a) Mr. Laveesh Bhandari (2007) has given some interesting analysis of NSSO data (released recently) in the Indian Express newspaper of 4th May 2007 9. According to this analysis the percentage growth in per capita monthly expenditures has been higher in rural areas than in the urban areas. (2004-2005) another point which needs to be considered is that food items used to account for about three-fourths and two-thirds of the household expenditure budget in rural and urban areas respectively in 1972-73. That has fallen dramatically by 18 and 12 percentage points to 55 percent 53 percent respectively.

**Social,Cultural and Political Environment:** The urban societies in India are now mostly homogeneous. When we travel in the country, it is noticed that in the urban markets, many commonalities exist. Same brands and similar services are available. In the rural segments there are still variations from state to state. The caste system still prevails in many parts. In market mapping, socio-cultural regions need to be mapped. Consumer behaviour in similar socio-cultural regions is likely to be similar. The political leadership prevalent in the rural areas, especially the Grampanchayats and the 'Panch' and 'Sarpanch' are most likely to be the opinion leaders. For many types of purchases with special reference to agricultural inputs – the 'Mukhiya's' opinion may be the final word.

**Technological Environment:** Technological thrust was given in the field of agriculture during the sixties and seventies. Green revolution was its effect. New high yielding varieties (HYV's) of several crops were accepted by the cultivators. These varieties of agricultural inputs like seeds, fertilizers, pesticides, irrigation and farm equipments are now demanded by the farmers. Farm productivity increased and there was a change in the quality of life in villages. After the green revolution arrived the white revolution. The National Dairy Development Board has accomplished this under the

stewardship Dr.Kurien. Milk gave an additional supplementary income to the rural population. Poultry industry is also having a good progress in some parts of the country giving added income to these farmers. As an independent enterprise also it has proved to be a profitable business. The technology of rearing of birds and more and better production gives increased incomes to the farmers. Thus these technological changes have improved the financial conditions of the farmers. Presently the telecommunication revolution has penetrated the rural areas. Initially the Subscriber Trunk Dialling (STD) telephone booths and now availability of satellite communication through mobile phones has revolutionized the communication sector. The cultivators are getting the market information at the touch of the button. ITC has developed a new model for the procurement and sale of products from and to the villagers. Reliance fresh has another type of market.

The major issues related to definitions and ways to resolve them:

**Consumer Behavior:** It is a major issue in marketing and more so in rural marketing. In a vast country like India, there are so many diversities. They are a part of the historical, geographical and social situations. Marketers will have to think on the basis of regions. Targeting, segmenting and positioning needs to be region specific. Whatever is the nature of the product, the consumer behaviour in the rural markets will have to be understood in each of the areas like product, price, promotion and physical distribution. Prof. Velayudhan (2002) 4 has given the examples of behavioural patterns for buyers of watches and LML scooters in the northern and southern parts of the country. Similarly there are many products where variations are observed. For resolving this issue the marketing plan should be able to cater to the needs of the consumers of specific regions. Then only capturing the rural markets will have an element of success.

**Disparities in various states of the Union:** There are wide differences in literacy, income levels and infrastructural facilities which facilitate marketing. The literacy levels vary from nearly one hundred percent in Kerala to about fifty percent in Bihar. Availability of the published print media also differs. Roads per one hundred sq.km. are different state wise. Per Capita Income in each state varies considerably. Hence the marketing plan cannot be based on aggregates of the country. It will have to be flexible in view of the differences that exist. The linguistic, social and cultural diversities also will have its impact on various dimensions of marketing.

**Suitability of the Product:** With reference to the discussions in (i) and (ii) above, manufacturers of products will have to bring out products suitable for the rural markets. Example can be given for the textile industry. For sarees and dress material the colours needed for the rural markets are different from the fashions for the urban markets. The automobiles industry – both the two wheeler and the four wheeler manufacturers – have brought out different models for the rural markets.

The packing needed for rural distribution has to be more sturdy in view of the multi modes of transports that are used. We have examples of 'LG Sampoorna TV', 'Philips Battery-Free Radio', 'Electrolux Battery' operated refrigerator, where the manufactures heeded to the specific needs of the rural consumers. They were successful. This issue of product suitability is important and can be resolved by knowing more about the specific rural markets.

Marketing of Agricultural Inputs: This is another issue which has its own importance. Prof. Sukhpal Singh (2004) 11 stresses that agricultural inputs are at the heart of rural marketing and rural development. They support farm production which is the source of income for a very large part of rural population and create market for other consumable and durable products in rural areas. Each input will require different marketing strategy in various geographical regions. Availability of good quality of inputs is also an issue. National Commission on farmers under the Chairmanship of Dr. M. S. Swaminathan (2007) 12 has given the well deserved thought to this issue. It has mentioned about the development of 'Gene Banks' for good quality seeds.

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