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## DYNAMICAL PERSPECTIVE OF MODERN RURAL MARKETING IN INDIA

**Anupam Srivastava,**

Ph.D. Scholar (Marketing),

Guest Faculty Institute Of Engineering and Rural Technology (IERT),  
Allahabad, (U.P.), India.

**Sanjay Kumar Yadav,**

Ph.D. Scholar (Marketing).

### **ABSTRACT**

*The growing complexities in the modern marketing are also generating ample opportunities in the business world and it has become important for the producers of goods and services to tap all such markets where enough untapped potential is available. The dynamic change in the marketing practices and strategies has transformed the marketing environment to a significant extent. To meet the challenge of creation and retention of customers and entry to rural market with good product packages has become need of an hour. On the other hand increased purchasing power of rural customers has attracted the attention of marketers.*

**Key words:** Rural Market, attitude change, attractiveness of market, factors of growth.

### **Introduction**

The Indian rural market with its vast size and demand base offers a huge opportunity that companies cannot afford to ignore. We are a country with 1.12 billion people of which 70% live in rural areas; this means more than 700 million people are spread over 6,27,000 villages. India's rural population comprises 12% of the world's population presenting a huge, untapped market. This paper critically examines the dynamical changes of Indian rural marketing in the current scenario. Over the past few years rural India has witnessed an increase in the buying power of consumers, accompanied by their desire to improvement in their standard of living, increase in brand consciousness, change in consumption pattern, improvement in infrastructural facilities and spread of communication network.

### **Objective of study**

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A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

**International Research Journal of Marketing and Economics (IRJME)**

Website: [www.aarf.asia](http://www.aarf.asia). Email: [editoraarf@gmail.com](mailto:editoraarf@gmail.com) , [editor@aarf.asia](mailto:editor@aarf.asia)

1. Reflect the evolution and changes of buying attitude of rural customers in India.
2. To study the factors responsible for dynamical changes in rural marketing
3. To assess the corporate initiatives in rural marketing through brief cases of HUL, ITC and Airtel.

### **Literature review**

Simon and Sullivan (1993). The related literature stream concerns the influence of rural marketing communications on marketing outcomes.(Godrej, 1995,. pp. 155). Rural India is also in the way of change, perhaps in an even more significant manner. Brahmanand Gupta 2000).This seems to be a fairly good growth by rural consumer awareness. Recent developments, which has taken place in the rural areas under the five- year plans and other such special programs, are phenomenal. The overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. Due to implementation of these plans, in each and every village men as well as women are getting the good opportunity of their own business (Income Index of Rural India and Growth of Rural Households in eachIncome Category (from 2005 to 2009).In recent times, rural India has witnessed a wave of change. Dinesh Malhotra, general manager of Linter land (rural arm of Lintas), points out, “media exposure and increasing literacy levels, people in rural India are now demanding a better lifestyle. Abhishek Malhotra (2010) added that the aspiration was always there, and increasingly money is coming in. Rana J. (2012) studied that, the Indian market is quite attractive and challenging. Although the marketers are taking effective steps to capture this market still there is a large scope. Jain. A, ( 2012) studied that, the brand awareness in rural areas particularly in respect of beauty care and health care products is showing an increasing tendency. Most of the people both from illiterate & literate groups prefer branded products with the belief that quality is assured as the manufacturers are reputed companies. For Ex: Colgate Tooth Paste, Head & Shoulder shampoo. People are not worried about the price of the product. They are showing willingness to spend higher price when they realize that they can afford to spend.Dr.Singh J., and Saikh (2012) has studied that, the marketers must understand the role of family in influencing the buying of consumer durables more particularly in the rural areas. The marketers must design their advertising messages as

well as visuals in such a way that these penetrate well into the minds of the family members. Dr. Singh. P., et al (2012) found that, the issue of rural product generation through industrialization therefore needs to be viewed from a new angle and on far more scientific lines. The core of a scientific approach is to understand the market opportunities for rural product along with the country's development priorities and to chalk out a strategy where rural industries have an important role to play. Dixit (2012) concluded that, 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 MNC marketers to go in order to derive and reap maximum benefits. Moreover, India is expected to emerge as the fifth largest consumer economy of the world by 2020. Things are sure changing for the better.

## **RESEARCH METHODOLOGY**

Paper is mainly based on secondary data available from different published literature and case studies on rural marketing and data is collected from the unstructured questionnaire and is also collected from various books, journals magazines. Various search engines on internet have also been used to find relevant data.

## **Discussion**

### **1. Changing attitudes of rural consumers**

| <b>Past</b>                  | <b>Present</b>               |
|------------------------------|------------------------------|
| Simple living                | Consume while it lasts       |
| Simplicity                   | Status driven                |
| Centralize purchase decision | Democratic Purchase decision |
| Patience                     | Expediency                   |
| Security                     | Risk taking                  |
| Poverty stricken choices     | urban choices                |

### **2. Chronologically classifying the generations of rural market evolution**

We can categorize Dynamical Perspective Rural marketing in different in 4 different periods.

- **Part1(before 1960)**

It was a completely an unorganized market, where “banyas and mahajans” dominated the market. Rural marketing was another word for agricultural marketing because agricultural produces like food grains and industrial like food grains and industrial like cotton, oil seeds, sugarcane etc. occupied primary attention and the supply chain activities of firm supplying agricultural inputs and of artisans in the rural areas received secondary attention.

- **Part 2(1960 to 1990)**

The greatest thing which happened in this period was green revolution which led to farming involving scientific and technological methods and many poor villages became prosperous business canters. With better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machines like power.

- **Part 3( Mid 1990-2000)**

Since 1990, India’s industrial sector had gained strength and maturity. It’s contribution to GNP increased substantially. There was metamorphosis of agricultural society to industrial society. With support and development programmes of central and state governments, service organizations and socially responsible business groups like Bata, Mafatlal, Tatas, Birla,Godrej and others, the rural regions progressed socially and economically leading to change in of attitude and buying capacity of the rural consumers

- **Part 4 (After 2000)**

After the proven success of marketing models like project Shakti and e-choupal, rural marketing has become an agenda for most global and Indian corporations. Rural marketing has taken the centre-stage, as the companies that had been serving the urban markets for long have now begun planning to enter the rural market. The government is taking serious steps to develop the rural market. Government initiatives like farm loan waivers and employment and rural infrastructure development programmes received a major thrust after 2000. These initiatives attempt to bridge the gap between the rich and the poor.

### **3. Factors responsible for growth and attractiveness of rural markets**

i. Today, rural marketing is marketing of consumer product, durable products, automobile products, telecommunication and financial services along with agricultural inputs in rural areas. Rural marketing is in its developmental phase and future market for the survival of most of the companies. The reason behind this change is there: Socio - economic changes (lifestyle, habits and tastes, economic status). Literacy level (25% before independence – more than 65% in 2001)\*. Infrastructure facilities (roads, electricity, media)

. Increase in income

. Increase in expectations

. Huge potential of rural market is now visible

Now rural marketing represents the emergent distinct activity of attracting and servicing rural markets, fulfil the needs and wants to persons, households and occupations of rural people.

## **ii. Trend Toward Marketing And Consumerism**

Consumer protection has historically not given in India especially in rural market. But due to changing the scenario of rural market government has recently attempted to set up consumer forums. The growing number of rural people working in urban India, but continuing to live in their villages, has brought an item of conspicuous consumption into the village. This is supplemented by villagers who have migrated to urban India, but visit their village during holidays with gifts for their family and friends. This has stoked the curiosity of hitherto satisfied villagers. The rural consumer though not dissatisfied with his shopping basket, is now ready to buy products that does not view as basic necessities, or as essential to everyday life. The new consumer is born and growing day by day.

N-Logue communication has been set up by the telecommunication and computer net work (Tenet) of I.I.T., a group which is dedicated to evolving technically superior and cost effective solution for a country like India. n-Logue is a business providing internet ,voice, e governance, and other rural services through a network, which has revolutionized the rural consumer buying behaviour by providing the easy availability of most of the services of rural people at their home, which was impossible due to geographical heterogeneity.

Rural Marketing is growing at a far greater speed than its urban counterpart, the reason behind is that to name a few companies like Colgate, Eveready batteries, LG Electronics, Phillips ,Airtel, Life Insurance Corporation, Britannia, Hero and Honda are trying to seep in rural markets.

**iii. Increase In Literacy And Education**

Rise in literacy and educational level among rural people and the resultant inclination to lead sophisticated lives also has a bearing in boosting their purchasing power. Thus there exists tremendous potential in rural India and the companies are coming forward to harness it for the prospects of marketing their products and services. Thus, making a dash to the hinterland is enabling the companies to make up for the sluggish urban demand.

**iv. Tax benefit on agricultural products**

One of the big reason for the rising disposable incomes of villages is that agricultural income is not taxed and another reason is good monsoon during the past 10 years have raised farmers' incomes. Non-farm sectors now account for almost 50% of total rural incomes. It's a market that corporate cannot afford to ignore it.

**v. Attractiveness to Corporates**

Due to cut Throat competition in the Urban Markets Rural market is largely unexplored and untapped Rural Market becomes attractive to Corporates, The Rural Market is being seen as a growing opportunity mainly because of the following – Rural Demand is growing rapidly Purchasing power has increased There would be opportunities for new entrants as compared to urban population being loyal to specific brands.

Three cases are discussed below to elaborate strategies of corporates towards rural market.

**1. ITC - E- Choupal**

ITC 'e-Choupal' is providing Real-time information and customized knowledge to enhance the ability of farmers and rural people to take decisions and align their farm output with market demand and secure quality & productivity. It is also providing a direct marketing channel, virtually linked to the 'mandi' which eliminates wasteful intermediation and multiple handling. Thereby it significantly reduces transaction costs. In present scenario, ITC has provided the self-reliance to the rural people by involving them in the designing and management of the

entire 'e-Choupal' initiative. The active participation of farmers in this rural initiative has created a sense of ownership in the project among the farmers.

## 2. HUL Rural market trend of five year

| year                               | 2008-09   | 2009-10   | 2010-11   | 2011-12 - | 2012-13   |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total sales (Rs. crore)            | 14,715.10 | 21,649.51 | 20,285.44 | 22,800.32 | 26,679.76 |
| Investments                        | 332.62    | 1,264.08  | 1,260.67  | 2,438.21  | 2,330.66  |
| Market Capitalisation (Rs. crores) | 51,770    | 52,077    | 61,459    | 88,600    | 100,793   |
| Profit After Taxation @            | 11.46     | 10.10     | 10.58     | 12.46     | 17.56     |

*Source- Kaur Manpreet, (June- 2013).*

## 3. AirtelRural Market trend of five year

| Year                      | 2009    | 2010    | 2011    | 2012    | 2013    |
|---------------------------|---------|---------|---------|---------|---------|
| Total Rural customer base | 97,593  | 137,013 | 220,878 | 251,646 | 271,227 |
| Revenue(Rs.Mn)            | 373,521 | 418,472 | 594,672 | 714,50  | 803,112 |
| Profit after tax(Rs.Mn)   | 78,590  | 89,768  | 60,467  | 42,594  | 22,757  |

*Source- Airtel.*

### **Conclusion:**

The total trend in India is undergoing a massive change the reason that, the rural customers are now days have good potential and capacity to purchase the branded products of their wants. The of increasing level of their incomes along with several motivating factors like Medea, promotion, direct sales(Amway),improved infrastructure facilities, easy availability of transportation, availability of ATM, kisan credit card, increasing level of education awareness

and employment are the big reasons to changing their buying behaviour. Highly involvement of corporates like BSNL, LG, HULAIRTEL and ITC have revolutionised the whole rural market trend in India. Apart from this up till now rural areas are the untapped market with high potential. Companies like Airtel by providing the facility of money transfer by mobile has given a wonder full opportunity to the rural customers to enjoy the various services like paying the bills of electricity, booking the train ticket, transfer of the cash and online booking of the goods same like urban customers and can simply enjoy through their mobiles.

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