

## Recent Trends and Strategy Formation for Rural Marketing

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### Abstract

Rural markets are an important and growing market for most products and services. In India the rural market brings in larger revenues in the country, as the rural sector comprise of the maximum consumers in this country. In Indian economy the rural market generates almost more than half of the country's income. Indian Rural economy emerging as biggest contributor to economic growth of India it is estimated that it will be around 45% of GDP by 2020. This paper was basically inspired by the fact that even though the market attractiveness of rural markets has been accepted but few of the private sectors have actually made a success entry into the market. An attempt has been made to understand the marketing issues underlying marketing in rural areas. The features of the market in terms of low and spread out population and having limited power of purchasing make it a difficult market to capture. The base of the pyramid marketing strategies and the 4 A's model of Acceptability Availability, Affordability and Awareness provide us with a means of developing appropriate strategies to handle the marketing issues in rural regions.

**Keywords:** *Rural Marketing, Region, Strategies*

### Introduction

In Indian economy, the concept of Rural Marketing has always played a very important role in the lives of people. The rural market of Indian economy started showing its potential in the 1960s. The times of 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In India, except out a few metropolitan cities, all the industrial areas and districts are connected with rural markets. Around 627,000 villages of India's are spread over 3.2 million sq km and 700 million Indians may live in rural areas, finding them is not easy. However, the poor state of roads, it is an even larger challenge to reach products to the far-flung villages on a regular basis. The Indian rural market is not a separate entity in itself and it is highly influenced by the behavioural and sociological factors operating in the country. The concept of rural marketing is often been found to form vagueness in the minds of people who think rural marketing is all about the agricultural marketing. However, the rural marketing carrying out of business activities bringing in the flow of goods from urban regions to the rural sectors of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural sector to urban areas.

Rural marketing can be classified under two broad categories. These are based upon:

- The marketing for consumer goods (both durable and non-durable goods)
- The marketing for agricultural inputs (includes fertilizers, pesticides, seeds etc,)

### Needs of Rural Marketing

There are many reasons of rural marketing; some of them are:

1. Literacy level of rural population
2. Growth in service sector
3. Global integration
4. Increase in rural population.
5. Construction of national highways
6. Sound distribution network
7. Change in attitudes and habits of rural customers
8. Brand awareness

### Features of Rural Marketing in India

- **Large and Scattered Market:** The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. About 68.84% of the consumers live in rural areas and more than half of the national income is generated from rural areas. Out of the 121 crore Indians, 83.3 crore live in rural areas while 37.7 crore stay in urban areas, Our nation is distributed approximately in 6,30,000 villages as per 2011 census of India. It covers the maximum population and regions and thereby, the maximum number of consumers.
- **Major Income from Agriculture:** Nearly 60% of the rural income is from agriculture. Hence rural prosperity is tied with agricultural prosperity. India accounts for 7.68% of total global agriculture output. The Gross Domestic Product (GDP) of industry sector is \$495.62 billion and world rank is 12.
- **Employment Prospects:** With the implementations of various rural development programmes there have been an expansion of employment opportunities for the rural poor. One of the biggest reasons behind the steady growth of rural market is that it is yet to be explored not exploited.
- **Social Status:** The social status of the rural regions is unstable as the literacy and level of income is extremely low along with the range of traditional values and superstitious beliefs that have always been a major impediment in the progression of this sector.
- **Government Initiative:** The initiatives or steps taken by the Indian Government to regulate proper irrigation, prevention of flood, infrastructural developments, grants for fertilizers and various other schemes to cut down the poverty line have improved the condition of the rural masses.
- **Infrastructure Facilities:** The Infrastructure Facilities like roads, warehouses, communication system and financial facilities are inadequate in rural areas. Hence physical distribution becomes costly due to inadequate Infrastructure facilities.
- **Diverse Socio-economic Backwardness:** Rural consumers have diverse socio-economic backwardness. This is different in various parts of the country.

The rural market/bazaar is booming beyond the expectations of everyone. This has been first and foremost attributed to a spurt in the purchasing capacity of farmers now enjoying an increasing marketable surplus of farm products or produce. A part from this, an estimated generation of 140 billion in the rural sector through the government's rural development schemes in the Seventh

five year plan and about Rs 300 billion in the Eighth Plan is also believed to have significantly contributed to the rapid growth in demand. The high incomes united with low cost of living in the villages have meant more money to spend. And by providing these options, tastes are also changing.

### **Problems in the Rural Marketing**

Thus the Rural marketing is time consuming affair and requires considerable investments in terms of sprouting appropriate strategies with a view to tackle the problems.

**Underdeveloped People and Markets:** The number of people below poverty line has not decreased in any appreciable manner. Thus the consequently underdeveloped market and underdeveloped people largely characterize the rural markets. Majorities of the rural populations are fatalistic, tradition bound and believe in old customs, traditions, habits, and practices.

**Dispersed Market:** Rural areas are dispersed market and scattered and it is not possible to ensure the availability of a brand all over the country. Advertising in such a highly heterogeneous market, which is widely spread, is very expensive.

**Lack of Communication Facilities:** Even today most villages in the eastern parts of the country are inaccessible during the monsoon. Around 50% percent of the villages in the country do not have all weather roads. Communication facilities of these villages are also very expensive.

**Low per Capita Income:** There is a problem of low per capital income in rural areas, even though about 33% to 35% of gross domestic product is generated in the rural areas it is shared by 74% of the population. Hence the per capita incomes are low compared to the urban areas.

**Low Literacy Rate:** The literacy rate is low in rural areas as compared to urban areas. This again leads to problem of communication for promotion purposes. Print media is also ineffective and irrelevant means in rural areas since its reach is very poor and as well as the level of literacy.

**Media for Rural Communication:** As per the rural people, radio was considered to be a potential medium for communication. Another media for rural communication is television and cinemas. It is observed from the past study that the rural areas account for hardly 2000 to 3500 mobile theatres, which is extremely less when compared to the number of villages.

**Many Languages and Dialects:** The number of languages and dialects vary widely from state to state, region to region and probably from district to district. The messages have to be delivered in the local languages and dialects. Even though the numbers of recognized languages are only 16, the dialects are estimated to be around 850.

**Prevalence of Specious Brands:** There are a multitude of 'local variants', for any branded product, which are cheaper, and therefore more desirable to rural peoples. It is observed from the study on rural consumer buying behaviour that the rural retailers influences 35% of purchase occasions.

**Different Way of Thinking:** The urban population has multiple choices whereas the rural customer usually has two or three brands to choose. There is a difference in the lifestyles of the people. The kind of brand choices that an urban customer enjoys is different from the choices offered to the rural customer. The rural customer has a quite simple thinking as compared to the urban counterpart. The difference is also there in the way of thinking.

### **Strategies for Promoting Rural Marketing**

The more daring Multi National Companies (MNCs) are meeting the consequent challenges of availability, affordability acceptability and awareness (that's so-called 4 As).

**Acceptability :** The first challenge is to gain acceptability for the product or service. Therefore, there is a need to developing rural specific product or offer products that suit the rural market. Coca-Cola provides low-cost ice-boxes – a tin box for new outlets and thermocol box for seasonal outlets because of the lack of electricity and refrigerators in the rural areas. Many companies are developing rural specific products. For example, Electrolux fridge designed to serve basic need purposes and also working on a made-for India: chill drinking water, keep cooked food fresh, and to withstand with long power cuts.

**Availability :** The second challenge is to ensure availability of the product or service. Marketers must trade off the distribution cost with incremental market penetration. India's largest MNC, Hindustan Lever, a subsidiary of Unilever, has built a strong distribution system, which helps its brands reach within the boundaries of the rural market. Coca-Cola, considers rural market as a future growth driver, has evolved a hub and spoke distribution model to reach the market of villages. In order to ensure full loads, the companies warehouse supplies, twice a week to the rural markets. Therefore complete product availability can affect decision of brand choice, market share and volumes.

**Affordability :** The third challenge is to ensure affordability of the product or service. Products need to be affordable to the rural consumer having low disposable incomes and who are on daily wages. Some companies by introducing small unit packs have addressed the affordability problem. For example Godrej recently introduced three brands of Cinthol, Fair Glow and Godrej in 50-gm packs, priced at 4-5 rupees meant specifically for Madhya Pradesh, Bihar and Uttar Pradesh – the so-called 'Bimaru' States. Hindustan Lever, among the first MNCs to realize the potential of India's rural market, has launched a variant of its largest selling soap brand, Lifebuoy at Rs 2 for 50 gm. The move is mainly targeted at the rural market.

**Awareness :** The large parts of rural populations inaccessible to conventional advertising media – only forty one percent rural households have access to Television, building awareness is another challenge. For creating awareness among rural populations, event like festivals, fairs and Haats, etc., are used as occasions for brand communication. Shop-fronts, cinema vans, walls are the other media vehicles that have been utilized to create awareness and increase brand and pack visibility. Some of the marketing ideas used by the companies like putting stickers on the hand pumps, walls of the wells, tin plates on the entire tree surrounding the pond are the innovative media used by personal wash like Lux and Lifebuoy and fabric wash items like Rin and Wheel. It is depend upon them that they can either go for the traditional media or the modern media. The traditional means include puppetry, melas, , folk theatre etc. while the modern media includes TV, radio, e-chaupal.

Apart from that there are various Strategies for promoting rural marketing

### **Considerate the Cultural and Social Values**

Companies have accepted that social and cultural values have a very great impact on the people. It plays a key role in deciding what to buy. Moreover, rural people are more emotional and sensitive than urban. Thus, for promoting their brands, they are exploiting social and cultural values.

**Changing Perception :** Now the rural population are constantly looking forward for newly branded products. What we can infer from these incidents, is the scenario changing and customer no longer price sensitive? Indian consumers were never price sensitive, but they just want the value for money. They are ready to pay high for the product if the product is offering some extra benefit for the premium.

**Providing Value to Customers :** The customers want value for money. They do not see any value in frills associated with the products. They are happy with such a high technology that can full their need. As "Motorola" has launched, seven models of Cellular Phones of high technology but none took off. On the other hand, "Nokia" has launched a simple product, which has captured the market.

**Promoting Products through Indian Models and Actors :** Now a day, companies are selecting Indian models and actors for advertisements as this helps them to show themselves as an Indian company. For example Hyden, Diana and Shahrukh Khan are chosen as a brand ambassador multinational companies quartz clock maker "OMEGA" even though they have models like Cindy Crawford.

**Associating Themselves with India :** Multinational Companies are united themselves with India by talking about India, by explicitly saying that they are Indian. M-TV during the Independence and Republic day, make their logo with Indian tri-colour. Nokia has designed a new cellular phone 5110, with the India tri-colour and a ringing tone of "Sare Jahan se achcha".

**Promoting Indian Sports Team :** Companies are now promoting Indian sports teams so that they can associate themselves with India and Indian market. By this way, they influence Indian mindset. LG has also launched a campaign "LG ki Dua, all the best". For long years, ITC is promoting Indian cricket team; during world cup they have launched a campaign "Jeeta hai jitega apna Hindustan India India". Correspondingly, Whirlpool has also adopted the same technique during world cup.

**Paintings :** A picture is worth thousand words. The message is very simple and clean. Rural populations mostly like the sight of bright colours. Coke, Tata and Pepsi and other traders advertise their product through paintings.

**Giving Indian words for Brands :** Company uses Indian words for their brands now a day. Like "Sampoorna" brand name has been used by the LG for its newly launched TV. The word is a part of the Bengali, Hindi, Marathi and Tamil tongue. LG has sold one lakh 20-inch Sampoorna TVs,

in the past one year, all in towns with a population of around 10,000. By the end of 1999, roughly Rs 114 crore worth of TV sets sold in the villages in a year.

**Acquiring Indian Brands :** As Indian brands are operating in India for a long time and they enjoy a good reputation in India. According to MNCs, it is much easier for them to operate in India if they acquire an established Indian Brand. For example Electrolux has acquired two Indian brands Kelvinator and Allwyn this has gave them the well-established distribution channel as well as trust of public. Likewise Coke has acquired Thumps up, Limca and Gold Spot so that they can destroy these brands, but later on they realized that to survive in the market and to compete with their competitor they have to rejuvenate these brands.

**Associating themselves with Indian Celebrities :** MNCs now realized that celebrities enjoyed a great popularity in India so they now associate themselves with Indian celebrities. Recently Luxor launched 500 "Gajgamini" ranges of Parker Sonnet Hussain special edition fountain pens, priced at Rs.5000 specifically by Luxor Writing Instruments Ltd. a Joint Venture of Gillette and Luxor. It is signed by Mr. Makbul Fida Hussain a renowned painter who has created "Gajgamini" range of paintings.

### Conclusion

Indian rural market could have been stronger than the present position, if Indian Planning makers have made sufficient infrastructure for rural India. As part of any economy, Rural markets, have untapped potential. Thus come across the challenge and the strategies which rural markets offer to the marketers it can be said that the future is very bright for those who can understand the dynamics and behaviour of rural markets and exploit them to their best advantage.

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