

Rural Marketing In India: Strategies And Issues Ahead

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Abstract

Marketing includes three things i.e. selling, advertisement and public relations. Rural marketing is merely different from other types of marketing. Most important is customer's buying behavior, and need and preference of various people who are residing in villages. The past practices of treating rural markets as appendages of the urban market is not correct, since rural markets have their own independent existence, and if cultivated well could turn into a generator of profit for the marketers. Marketing today has completely transformed the nature and dynamics of business. Marketing of products has taken precedence over the process of production itself. This paper describes challenges and strategies of rural marketing in India. There are many problems to be tackled in rural marketing, despite rapid strides in the development of the rural sector.

Keyword: Rural marketing, Marketing, Challenges, Strategies, Development, Rural Sector.

Introduction

The rural market may mean many things to many people. For quite some time, rural markets were synonymous with agricultural marketing or agriculture input marketing. The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behavior has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behavior, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market.

What is Rural Marketing?

The term 'rural marketing' used to be an umbrella term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revaluation in India after 1990.

The concept of rural marketing in India is often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

According to the census of India village with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400 Sq.km and with at least 75% of the male working population engaged in agriculture activities would qualify as rural. According to this definition there are 6, 38,000 villages in the country of these 0.5% has a population about 10,000 and 2% have population between 5,000 and 10,000 around 50% has a population less than 200. Interestingly, the FMCG and consumer durable companies, any territory that has more than 20,000&50,000 population respectively in rural market so for them it is not rural India which is rural.

Significance of the rural markets

If you meet a sales executive today and ask which market he would prefer to serve, the immediate answer would be, “Rural Markets” as they are still unexploited. A number of factors have been recognized as responsible for the rural market boom. Some of them are:

1. Increase in population, and hence increase in demand. The rural population in 1971 was 43.80 crores, which increased to 50.20 crores in 1981, 60.21 crores in 1991 and 66.0 crores in 2001. 83.3 crores live in rural areas as per Census of India's in 2011.
2. A marked increase in the rural income due to agrarian prosperity.
3. Large inflow of investment for rural development programs from government and other sources.
4. Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.
5. Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.
6. Inflow of foreign remittances and foreign made goods in rural areas.
7. Changes in the land tenure system causing a structural change in the ownership pattern and consequent changes in the buying behavior. The general rise in the level of prosperity appears to have resulted in two dominant shifts in the rural consuming system. One is conspicuous consumption of consumer durables by almost all segments of rural consumers, and the obvious preference for branded goods as compared to non-branded goods of rural.

Objectives of paper

The present study on the rural marketing strategies has been undertaken with a view to examine the diverse rural marketing strategies in rural India; accordingly following objectives have been formulated:

1. To understand the nature of rural markets in India.
2. To evaluate the existing rural marketing strategies and Improvement in same.
3. To discuss various issues involved in Rural Marketing in India.

Nature and Source of the Data

This paper is descriptive in nature. The data used is secondary in nature and has been collected from various websites and reputed journals.

Strategies for rural marketing

The past practices of treating rural markets as appendages of the urban market is not correct, since rural markets have their own independent existence, and if cultivated well could turn into a generator of profit for the marketers. But the rural markets can be exploited by realizing them, rather than treating them as convenient extensions of the urban market.

Marketing Strategy: Marketers need to understand the psychology of the rural consumers and then act consequently. Rural marketing involves more exhaustive personal selling efforts compared to urban marketing. Firms should abstain from designing goods for the urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market, a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

Promotional Strategy: Marketers must be very careful while choosing the mediums to be used for communication. Only 16% of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc., with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns. Radio is also very popular source of information and Entertainment, Adds on radio can also be a helpful tool for marketers.

Distribution Strategy: One of the ways could be using company delivery van which can serve two purposes - it can take the products to the customers in every nook and corner of the market, and it also enables the firm to establish direct contact with them, and thereby facilitate sales promotion. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural markets have the practice of fixing specific days in a week as Market Days called "Haats" when exchange of goods and services are carried out. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town termed as "Mandis" where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

Pricing Strategies:

The pricing strategy for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not compromising with the utility and sturdiness of the product. Low cost product strategy can be adopted by both, manufacturing and marketing men. Price can be kept low by small unit packing. Packaging that is reusable and can be refilled attracts the attention of rural buyers. For examples: Zandu Chyawanprash is providing plastic Containers that can be reused by the consumers.

Other Strategies: Some other Strategies to be followed in Indian Rural Market-

*Decentralizing rural markets by detaching them from the urban bases. A give-and-take two-way approach should replace the present one-way exploitation.

*The salesman in rural markets should be selected from the educated unemployed villagers, trained well and appointed as salesmen. The town-to-villages shuttling salesmen are to be replaced by stationary salesman in villages.

*Companies should also adequately concentrate on educating the villagers to save them from spurious goods and services.

*Rural markets are laggards in picking up new products. This will help the companies to phase their marketing efforts. This will also help to sell inventories of products out dated in urban markets.

*In rural India, consumers are not brand-loyal, but their purchase patterns can be termed as brand stickiness". So, more brand awareness and presence in the markets will influence the purchasers.

*It is important for any brand to test the campaign before as well as after it is executed to understand and measure the audience consumption patterns

Emerging issues in rural marketing

There are many problems to be tackled in rural marketing, despite rapid strides in the development of the rural sector. Some of the common problems are discussed below:

Lack Of Transportation Facility: Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man. In our country, there are six lakhs villages. Nearly 50 per cent of them are not connected by road at all. Many parts in rural India have only kachcha roads. During the monsoons, even these roads become unserviceable. Regarding rail transport, though India has the second largest railway system in the world, many parts of rural India however, remain outside the rail network.

Difficulty In Communication: Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure. These facilities are extremely inadequate in the rural parts of our country. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural areas. English and Hindi are not understood by many people. Due to these problems, rural consumers, unlike urban consumers do not have exposure to new products.

Availability Of Appropriate Media: It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with

the rural masses. But, it is not available in all interior parts of the country. It is estimated that TV covers 20 per cent of the rural population. But, the actual viewership is meager. The cinema, however, is a good medium for rural communication. But, these opportunities are very low in rural areas.

Warehousing Problems: A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. In warehousing too, there are special problems in the rural context. The central warehousing corporation and state warehousing, which constitute the top tier in public warehousing in our country, have not extended their network of warehouses to the rural parts. It is almost impossible to distribute effectively in the interior outlets in the absence of adequate storage facilities. Due to lack of adequate and scientific storage facilities in rural areas, stocks are being maintained in towns only.

Village Structure In India: In our country, the village structure itself causes many problems. Most of the villages are small and scattered. It is estimated that 60 per cent of the villages are in the population group of below 1,000. The scattered nature of the villages increases distribution costs, and their small size affects economic viability of establishing distribution points.

Rural Markets And Sales Management: Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional. He may have to spend a lot of time on consumer visits to gain a favorable response from him. Channel management is also a difficult task in rural marketing. The distribution channels in villages are lengthy involving more intermediaries and consequently higher consumer prices. In many cases, dealers with required qualities are not available.

Seasonal Demand: Seasonal demand is main problem of rural market. Agriculture situation plays a significant role in the demand of commodities in the rural market because it is the main source of income. Again agriculture depends on monsoon so buying capacity of rural consumers varies. Despite this, many rural areas are not connected by rail transport. Kuccha roads become unserviceable during monsoon

Inadequate Banking And Credit Facilities: In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank. Retailers are unable to carry optimum stocks in the absence of adequate credit facilities. Because of this problem, they are not able to offer credit to the consumers. All these problems lead to low marketing activities in rural areas. It is estimated that there is one bank for every 50 villages, showing the poor banking facilities in rural areas.

Market segmentation In Rural Markets: Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing. Most firms assume that rural markets are homogeneous. It is unwise on the part of these firms to assume that the rural market can be served with the same product, price and promotion combination.

Branding: The brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers. It has been observed that there is greater dissatisfaction among the rural consumers with regard to selling of low quality duplicate brands, particularly soaps, creams, clothes, etc. whose prices are often half of those of national brands, but sold at prices on par or slightly less than the prices of national brands. Local brands are becoming popular in rural markets in spite of their lower quality.

Packaging: As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods. It is also found that the labeling on the package is not in the local language. This is a major constraint to rural consumers understanding the product characteristics.

Some Suggestions to Improve Rural Markets

1. Infrastructure of markets and warehouses should be regulated so as to ensure fair prices.
2. The efficient marketing and distribution system is necessary to reach ultimate consumer in the quickest time possible at minimum cost.
3. Public weighing machines one in each rural market to ensure correct weight both for farm and non-farm arrivals. Storage in cold storage is also required.
4. The existing marketing staff must be increased and adequate training must be given in regards to agriculture produce, which is being stored in warehouse.
5. The proper packaging technology must be improved, which also determine the quality of goods.

Conclusion

Indian economy is primarily based upon primary sector, which means our dependence upon agriculture sector is more. Rural marketing have to play in the economic development of a developing country. An intensive effort in order to provide the basic facilities to rural consumers is the need of the hour. There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. The Rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.

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