

## RURAL MARKETING IN INDIA

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### ABSTRACT

*Marketing is a widely used term to describe the means of communication between the company and the consumer audience. Marketing is the adaptation of the commercial activities and use of institutions by the organizations with a purpose to induce behavioral change on a short-term or permanent basis. The techniques used in marketing include choosing target markets through market analysis and market segmentation, as well as understanding methods of influence on the consumer behavior. The marketing planning creates strategies for the company to place advertising to the dedicated consumer from a societal point of view, marketing provides the link between a society's material requirements and its economic patterns of response. This way marketing satisfies these needs and wants through the development of exchange processes and the building of long-term relationships. In case of nonprofit organization marketing, the aim is to increase the deliver an ethos message about the organization's services to the applicable audience. Governments often employ marketing to communicate messages with a social purpose, such as a public health or safety message, to citizens.*

**Keywords** Rural Marketing, Indian Economy, Market Analysis, Market Segmentation

### INTRODUCTION

According to American Marketing Association most recently defined Marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." The emergence of rural markets as highly untapped potential emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still an enigma. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned. The rural population has shown a trend of moving to a state of gradual urbanization in terms of exposure, habits, lifestyles, and lastly, consumption patterns of goods and services. So, there are dangers on concentrating more on the rural customers. Reducing the product features in order to lower prices is a dangerous game to play. Rural buyers like to follow the urban pattern of living. Astonishingly, as per the census report 2013-2014 there are total 638365 villages in India in which nearly 70% of total population resides; out of them 35 % villages have more than 1000 population.

### 1.1 OBJECTIVES

1. To study the developments of Rural Marketing in India.
2. To assess rural market potential for products and services
3. To find the prospects of Rural Marketing in India.
4. To analyze the latest trends of Rural Marketing in India.

### 1.2 DATA COLLECTION

Present study is based on secondary data which has been collected from books, newspapers, magazines, journals and various internet sources.

### 2. RECENT DEVELOPMENTS IN RURAL MARKETING

The position in the rural market was totally different twenty years ago. At present there is a demand for products like TV, fans, oil engines, readymade garments, medicine, etc. New products like toiletries, baby

care products and consumer durables are now getting good demand. Demand pattern of rural markets are changing due to the following reasons: 1. Production of food grains has increased. This enhanced the rural purchasing power. Due to 2000 Exim policy, export of Indian agricultural products increased. Credit

facilities extended by public sector banks by kisan credit cards helps farmers to buy agricultural and consumer goods on installments. Co-operative and public sector banks are extending loans to the rural people and creating job opportunities for them. Cable TV has played important role in bringing change in lifestyle and consumption habits of rural people. Liberalisation facilitated contract farming thus the farmer has ready market for their produce.

### 3. RURAL MARKETING POTENTIAL IN INDIA

While we all accept that the heart of India lives in its villages and the Indian rural market with its vast size and demand base offers great opportunities to marketers, we tend to conclude that the purse does not stay with them. Among various media of communication, television and radio have played prominent roles in the rural India to-day. In the South, the penetration of satellite television is very high. Due to globalization, economic liberalization, IT revolution, female power, and improving infrastructure, middle and rural India today has more disposable income than urban India. Rural marketing is getting new heights in addition to rural advertising. Rural marketing gives challenge to ensure availability of product or service in India's 6, 27,000 villages spread over 3.2 million square kilometers. Marketers have to locate over 700 million rural Indian and finding them is not easy. The size of the rural market is one that companies cannot afford to ignore, particularly, as the number of simple lining in non-metro areas increased by 10 percent over the past decade. Thus, looking at the challenges and 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 export them to their best advantage. Managing an extension management institution may provide extension services to rural public into information, price information, insurance, and credit information by using various media. —It is often said that markets are made not found. This is especially true for the rural market like India. Rural market is a market for a truly creative marketer. Civilization always begins with the development of villages, therefore, if needs high concentration — Mahatma Gandhi. Rural marketing is currently growing at about 20% every year and companies are spending amount Rs. 600 crore per year for promotional budget.

#### (a) Nature and Importance:

In the 21<sup>st</sup> century, the rural markets have acquired significance. The green revolution and the white revolution combined with the overall growth of Indian economy have resulted into substantial increase in the purchasing power of the rural communities. Rural marketing denotes flow of goods and services from rural producers to urban consumers at possible time with reasonable prices, and agricultural inputs and consumer goods from urban to rural. It is of paramount importance in the Indian marketing environment as rural and urban markets in India are so diverse in nature that urban marketing programme just cannot be successfully extended to the rural market differs from that of the urban Indian. Further the values aspiration and needs of the rural people vastly differ from that of the urban population. Buying decisions are highly influenced by social customer's tradition and beliefs in the rural communities. As regards the purchasing power, the urban markets are segmented according to income levels, but in rural areas, the family incomes are grossly underestimated. Farmers and rural artisans are paid in cash as well in kind, and their misrepresent their purchasing power. For their reason, a marketer must therefore, make an attempt to understand the rural consumer better before meaning any marketing plans. Rural markets in India have untapped potential. There are several difficulties confronting the effort to fully explore the rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges. Distribution costs and non-availability of retail output are major problems faced by marketers. Successful brands have shown high note

of failure in the rural markets because the marketers try to extend marketing plans that they use in urban areas. The unique consumption pattern, tastes, and need of the rural consumers should be analyzed at the product planning stage so that they match the needs of the rural people.

**(b) Main Problems in Rural Marketing are as Follows: 1.  
Under developed people and underdeveloped markets:**

The impact of agricultural technology is not felt uniformly throughout the country. Some districts in Punjab, Haryana and the Western U.P. where the rural consumers are somewhat comparable to their urban counterpart; but there are large areas and grown of people who have repaired beyond the technological breakthrough. In addition, the farmers with small agricultural land holding are also unable to take advantage of the new technology.

**2. Lack of power physical communication facilities:**

Nearly 50 percent of the villages in India do not have all weather roads, physical communication to the villages is highly expensive. Especially during the monsoon 4 months these villages become complete inaccessible.

**3. In adequate media coverage for rural-communication:**

A large number of rural families own radio and TV sets, there are also community radio and TV sets. These have been used to diffuse agricultural technology to rural areas. However, the coverage relating to marketing is inadequate.

**4. Many languages and dialects:**

The number of languages and dialects vary from state to state and region to region. This type of distribution of population warrants appropriate strategies decide the extent of coverage of rural market.

**5. Other problems of rural marketing are natural Calamities:**

Of draught or examine rain, epidemics, primitive methods of cultivation, lack of printer storage facilities, transportation problem and inadequate market intelligence, including long chain of intermediaries between cultivator and farmer and wholesaler and retailers. There are also problems of extending marketing efforts to small villages with 200-500 population. Vast cultural diversity, vastly varying rural demographics, poor infrastructure, low income levels and low levels of literacy often tend to lower the presence of large companies in the rural markets.

**(c) Rural Marketing Strategy:**

Rural marketing strategy is based on their A's – Availability Affordability and Acceptability. The first 'A'- Availability emphasizes on the availability of the product for the customers, i.e., this gives importance on effective distribution through efficient channels of distribution. The second 'A'- Affordability which focuses on product pricing, i.e., this gives importance for smaller packages/pouches easily affordable by families in the rural areas, The third 'A' – Acceptability focuses on convincing the customers to buy the product, i.e., extending suitable promotional efforts to influence the customers to buy the product. Marketers need to understand the psycho of the rural consumers and then act accordingly. Rural marketing involves more intensive personal selling efforts compared to urban marketing. Firms should refrain from pushing goods designed for urban markets to the rural areas. To effectively tap the rural market a brand must associate it with the same things the rural consumers do. This can be done by utilizing the various rural folk media to reach them in their own language and in large number so that the brand can be associated with the myriad rituals, celebration, festivals, meals, fairs and weekly hats.

#### 4. PROSPECTS OF RURAL MARKETING:

The Indian growth story is now spreading itself to India's hinterlands. The rural consumer market, which grew 25 per cent in 2008, is expected to reach US\$ 425 billion in 2010-11 with 720-790 million customers, according to a white paper prepared by CIITechnopak, in November 2009. The figures are expected to double the 2004-05 market size of US\$ 220 billion. The Union Budget for 2010-11 has hiked the allocation

under the National Rural Employment Guarantee Act (NREGA) to US\$ 8.71 billion in 2010-11, giving a boost to the rural economy

#### 5. EMERGING TRENDS OF RURAL MARKETING:

- Rise in demanding consumers
- Literacy rate increased from 36 % to 59%
- Rapid growth in service industries
- Large population of India

#### CONCLUSION

Rural marketing, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural marketing in India, as also in several other countries, like China, is still in evolving shape, and the sector poses a variety of challenges, including understanding the dynamics of the rural markets and strategies to supply and satisfy the rural consumers. Mostly Urban Markets are becoming competitive and in many products even getting saturated. The intensity in competition in these markets impact the profitability of firms. Companies are now tapping rural markets to widen their consumer base and gain volumes. Companies will however have to establish strong distribution networks and grapple with unwieldy logistics as there are not enough dealers or distributors with access to rural markets and no proper retail outlets.

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