



EMERGING TRENDS IN RURAL MARKETING TO BECOME AN REAL MARKETING

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ABSTRACT

Rural markets have become integral part of global market. The rural markets are growing at above two times faster pace than urban markets; not surprisingly. To explore and understand rural market is crucial for any marketers today. Rural market is like goldmine with lot of difficulties. The growing power of the rural consumer is forcing big companies to flock to rural markets. The rural market in India is currently witnessing an impressive growth primarily because of the significant improvement in purchasing power, increasing brand consciousness, and spread of proper communication network and rapidly changing profile of the rural consumers. Various studies have pointed out that the rural middle class is not only richer but are also growing faster than its urban counterpart.

Keywords: rural market, communication, purchasing power, brand consciousness

INTRODUCTION

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. The rural economy has provided a cushion to the Indian economy. Indian economy is able to sustain in spite of all the crisis happened in other parts of the world is because of the backup of rural market. Rural consumers, who were on the receiving end so far, are now slowly getting into position to dictate the terms for the first time.

Rural market is like goldmine with lot of difficulties. This needs to formulate a well designed strategy to feel the pulse of the rural consumers and to tackle the mystic rural market. This needs to formulate a well designed strategy to feel the pulse of the rural consumers and to tackle the mystic rural market. Many companies go to rural markets, still to make money, not to guide or help or develop rural consumers. The rural marketers must think rural for long-term success instead of short-term profit. Another factor responsible for hastening this phenomenon is the construction of national highways connecting all the four metros through the hundreds of villages. This will enable companies to serve the rural markets, to ensure availability of products through a sound distribution network, overcoming prevalent attitudes and habits of rural customers and creating brand awareness.

PRESENT SCENARIO IN RURAL MARKETING

As we know Indian economy comprising of both urban sector as well as rural sector. And concept of rural marketing in Indian economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country. The Indian rural markets with its vast size and demand base offer great



opportunities to marketers. About 68.84% of the consumers live in rural areas and more than half of the national income is generated from rural areas. 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 which can be sorted in different parameters such as literary levels, accessibility, income level, penetration, distance from nearest town etc. It is only natural that rural India occupies an important position in the marketing strategies both in the narrower and broader spectrum.

Rural marketing in Indian economy can be classified under two broad categories. These are (a) the markets for consumer goods that comprise of both durable and non-durable goods, and (b) the markets for agricultural inputs that include fertilizers, pesticides, seeds, and so on. 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.

ANALYSING TREND OF RURAL MARKETING

Trend recently has changed, the focus of marketers in India was the urban consumer and by large number specific efforts were made to reach the rural markets. But now it is felt that with the tempo of development accelerating in rural India, coupled with increase in purchasing power, because of scientific agriculture, the changing life style and consumption pattern of villagers with increase in education, social mobility, improved means of transportations and communication and other penetrations of mass media such as television and its various satellite channels have exposed rural India to the outside world and hence their outlook to life has also changed. By seeing of all these factors, rural marketing in now attracting more and more marketers and moving towards the digital India. Day by day technological advancement not only seen in urban areas even it made the drastic shift in rural scenario.

Increase in competition, saturated urban markets, more and move new products demanding urban customers, made the companies to think about new potential markets. Thus, Indian rural markets have caught the attention of many companies, advertisers and multinational companies. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the purchasing power of the rural people has increased due to increase in productivity and better price commanded by the agricultural products. By and large this rise in purchasing power remains unexploited and with the growing reach of the television, it is now quite easy for the marketers to capture these markets. Rural marketing has become the latest mantra of most corporate. Companies like Hindustan Unilever, P&G, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, Coca Cola, L.G., Philips, Cavinkare are all eyeing rural markets to capture the large Indian market. Coming to the frame work of Rural Marketing, Rural Marketing broadly involves reaching the rural customer, understanding their needs and wants, supply of goods and services to meet



their requirements, carrying out after sales service that leads to customer satisfaction and repeat purchase/sales.

Earlier, the general impression was that the rural markets have potential only for agricultural inputs like seed, fertilizers, pesticides, cattle feed and agricultural machinery. There is a growing market for consumer goods as well. Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives.

It is a two-way marketing process wherein the transactions can be:

- 1. Urban to Rural:** It involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG Products, Consumer durables, etc.
- 2. Rural to Urban:** Here, a rural producer (involved in agriculture) sells his produce in urban market. This may not be direct. There generally are middlemen, agencies, government co-operatives, etc who sell fruits, vegetables, grains, pulses and others.
- 3. Rural to rural:** These include selling of agricultural tools, cattle, carts and others to another village in its proximity.

“Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization”.

NEEDS OF RURAL MARKETING

There are many reasons that have urged the Indian companies to enter the rural India. Some of them are discussed below:

1. Rapid growth in service industries
2. Rise in demanding consumers: The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market
3. Increase of rural literacy: Literacy level among the rural mass is increasing day by day. Rural consumer can understand the message given by the producers in the advertisements.
4. Global integration: Global research company McKinsey had referred to India as the ‘Bird of Gold’ in its report titled ‘The Bird of Gold: The Rise of India’s Consumer Market’. Consumer product makers and analysts now believe that this bird is ready to fly with wings wide spread in the global sky. Rural consumers increasing their appetite for better products and high-standard services.
5. Increase in rural population: Over the past few years rural India has witnessed an increase in the population with much more pace than of urban population and as far as total



population size in concern rural population size is more than two times of urban population.

TRENDS IN RURAL MARKETING

The companies should start selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer asks for value for money.

- 1. Large population:** The Indian rural market with its vast size and demand offers great opportunity to marketers. Our national is classified in around 450 districts & approx. 6, 30,000 villages. Indian rural market is huge in size because rural population accounts for almost 70% of Indian population as the recent Census 2011, 833 million live in rural India, 33% of rural population includes youth, number of households increased from 25 to 33 crore. The rural market is currently worth approximately USD\$ 10 billion in consumer spending in the FMCG market annually. Food categories are currently driving the bulk of the additional USD\$ 90 billion into the marketplace by 2025.
- 2. Green revolution:** The vision of Dr. Swami Nathan, the father of the green revolution to achieve self-sufficiency in food grain production in 1995, gave a major breakthrough in food grain production by the use of scientific methods in agriculture. At present, Rural India generates 299 million tons annually. The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selected mechanisation, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers. By observing this scenario, India's one of the biggest giant Hindustan Lever Ltd. has entered into rural market for more penetration through the operation 'Bharat'.
- 3. Smart phones penetrating into rural India:** 320 million are rural mobile phone users i.e. roughly 38 per cent of the rural population, which includes children and senior citizens. The actual benefit of technology positively impacting rural economy will be seen when data communication is used effectively. Since the mobile phone and associated wireless technologies can be used to tackle one of the problems, namely, literacy, it would certainly have a cascading effect on the economic development. The telecom service providers concentrate on subscriber acquisition in the rural market, primarily for voice services, which has become commoditised due to intense competition in the sector, it is not the end. The low and ever-dwindling ARPU (Average Revenue per User, currently at around Rs 200 a month) can be offset by using mobile services not just for communication, but to more basic aspects of life such as education and healthcare.
- 4. Increased level of education and employability of rural youth:** Villagers realized their children education is the first priority. Most of the rural youth especially teenagers are



well aware of products due to their school education and media exposure. Significant progress on literacy levels – 90% of the villages have a primary school within a 1 km walk. Private school enrolment in rural India has enhanced by 5.5% points over past six years. The literacy rate has also gone up by 68.91% in rural India. This enhanced the employability of rural youth they are not sitting idle in villages they are motivated to go to nearby towns to find the jobs.

5. **Increased purchasing power:** Rural purchasing power has grown faster than urban in the recent years. Rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favourable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10% per annum. Government spending in rural India has tripled over the last four years and is now translating into higher consumer spending. Therefore, rural consumers are consuming more premium and convenience oriented categories that are typical of their urban counterparts. “Policy measures like the waiver of agricultural loans around US\$ 13.9 billion and the National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc helped the rural economy.
6. **Government Incentives and polices:** The government’s stress on self-sufficiency resulted in various schemes like Operation Flood (White Revolution), Blue Revolution, Yellow Revolution, etc. resulted in the production of 15 million tons of milk per annum. The Indian Government launched a number of schemes like IRDP (Integrated Rural Development Programme) and REP (Rural Electrification Programme) in the 1970’s, which gave a boost to the agrarian economy. This resulted in changes in people’s habits and social life. REP gave impetus to the development of consumer durable industry.
7. **Media:** Mass Media has created increased demand for goods and services in rural areas. Smart marketers are employing the right mix of conventional and non-conventional media to create increased demand for products. The role cable television has been noteworthy in bringing about the change in rural people’s mindset and influencing their lifestyles.
8. **IT penetration in rural India:** Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, exam results, career counselling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities



of change are becoming visible. Products developed for rural marketing are Philips develop a tv “vardaan” and free power radio for rural markets, ICICI rural ATMS, Bhumiheen credit cards by bank of india, E-choupal by ITC.

9. **Better credit facilities through banks:** With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on instalments.
10. **Brand conscious:** The rural market in India is not separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country. Spending on FMCG products especially in the rural areas is showing an increasing tendency.

Indian rural marketing is full of challenges with different characteristics like distances, education, rail and road transportation, distribution of products and services, socio-economic factors, lack of infrastructure factors etc. The rural marketing is so wide and vast that is difficult to cover and reach. One segment varies from other segments. The whole India is different in itself and even then it is an ideal example of a country having different cultures. It is incredible India. Knowing Rural India is a very difficult task, its spirit, feelings, warmth, distinctness, shyness, innocence and beyond that. If marketing / sales men try to cheat them, they feel disgusting and try to make distance from these people.

CHALLENGES AND STRATEGIES IN RURAL MARKET

Delivering to the rural markets is a real challenge to many marketers. In fact, the whole dynamics of rural markets are so unique that one has to look at beyond traditional marketing mix with advanced mix containing the 4A's instead of the traditional 4P's of marketing: Acceptability – develop what the consumer wants, Affordability – Make an affordable product, Availability – product made available at villages and Awareness - Don't promote the brand, demonstrate the product. Most of the marketers look at rural market as an extension of existing urban market hence they simply dump their existing product which is outdated in urban market into rural market. Hence marketers fail to penetrate into rural market in big way. Though rural consumers attracted towards urban life styles their dynamics are differ from urban consumers. Similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban consumer.

CONCLUSION

India's rural market could have been stronger than the present position, if Indian policymakers have made adequate infrastructure for rural India. Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets 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. May be another booster could FDI in this sector also. Companies are taking specific initiatives to succeed in the dynamic rural market. The CEOs are articulating a strong commitment to rural market and the marketing team is giving focussed attention and sustained support to this growing market segment but certainly trained man power still needs infusion in this sector too. Rural marketing should be treated as separate thrust area of work, the way export market is.

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