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REDEFINING RURAL MARKETING IN INDIA

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ABSTRACT

Rural marketing comprises all marketing activities such as determining demand, product planning, distribution, and facilitating the entire marketing process with the goal of satisfying rural consumers. All business activities that involve the flow of goods and services from producers to rural consumers are included in the rural market. The rural market is not a self-contained entity. In fact, sociological and behavioral factors influence the rural market's economy. Markets, on the whole, can be described as a rural environment and its inhabitants .India consists of about 650,000 villages these villages consist of about 850 million consumers making up for about 60 per cent of the population of our country, contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually becoming as equal as the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favorable changing consumption trend, as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies. 'Go rural' is the slogan of marketing guru's after analyzing the socio-economic changes in villages. The Rural population is nearly three times of the urban, so Rural consumers have become the prime target market for consumer durable and non-durable products, food, construction, electrical, electronics, automobiles, banks, insurance companies and other sectors besides hundred per cent of agri-input products such as seeds, fertilizers, pesticides and farm machinery.

Keywords: Market, Rural market, Indian market, Rural Development.

Out of the total of 1250.2 million populations in India, the size of rural populations is 833.1 million which constituted around 70% of rural populations as per census survey of 2011. During 2001-2011 the rural population improved by 90.4 million, and the number of villages increased by 2,279 in between 2001-2011. The majority of world's rural population breathes in rural India. The demand and living pattern of Indian rural habitants are different and varies considerably. The cultural dimensions also vary. These factors certainly make an impression on the need and behaviour of rural consumers. With its vast size and widespread array of consumers, marketers have been finding it difficult to comprehend and enter into rural areas, and finding difficulties to understand the norms of entering into the rural market.

According to the national commission on agricultural: 'Rural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of the market structure or system, both functional and institutional, based on technical & economic consideration & includes pre & post-harvest operations, assembling, grading, storage, transportation & distribution. FMCG sector identified "Rural" as place with a population less than or equal to 20,000 peoples. FMCG refers to consumer non-durable goods required for daily or frequent use. They move fastly at the sales counter. Normally consumer devotes less time and efforts in buying these goods. They are relatively high volume and low value products. The FMCG sector consists mainly of sub segment viz., personal care, oral care, and households products. Rural marketing signifies those business activities that bring in the drift of goods from urban sectors to the rural regions of the country as well as the marketing of non-agriculture merchandises from rural to urban areas.

The Indian rural market is massive in size, with 834 million consumers spread across 6.40 lakh villages, and these villages are not uniform in size. Small purchasing power characterises rural markets and a low per capita income combined with a strong desire to save. A low literacy rate leads to a low standard of living. Additionally Traditions, religious pressure, and cultural values all contribute to this are the impediments to upward social mobility. As a result the distribution of income varies significantly due to variation in land holding pattern. People's purchasing power in rural areas is primarily dependent on marketable agricultural surplus and rural-urban trade. An increase in the marketable surplus of food grains results in the purchase of manufactured consumer goods As an example, Indian agriculture is heavily reliant on rainfall, and as a result, rainfall has an indirect impact on rural consumer demand. The government spending with various schemes/planning on irrigation, flood control, infrastructure development antipoverty schemes, and fertiliser's subsidy directly generate income and lead to the consumption of manufactured items and improved the condition of the rural masses. The buying behavior of rural consumer is different from urban consumer. The rural consumer is more of an adopter than an innovator

Companies doing business in India currently have only two options. Choose between going Global and going Rural. Going global has a high cost, and it is difficult to predict market trends in different countries As it is, it is preferable to target the rural market increasing by the day Rural India is becoming a significant market a variety of goods and services financial services, healthcare, education, and telecommunications, to name a few are a few of the reasons why corporations are becoming more interested in establishing a presence in rural markets:

Saturated Urban Markets- There is fierce competition in urban markets, with a wide range of product options. Existing businesses are finding it increasingly difficult to stay in business share of the urban market Market Potential Untapped - With only 100,000 of the 638, 667 There is a huge potential and market area in the villages that have been tapped so far. It has a rural population of over 833.1million people. A massive market Remittances from Abroad- Many households in rural India rely on remittances from abroad. Have a family member abroad, usually in the Gulf countries. Employees send their savings to their families in India, which is a secondary source of income.

Impact of Media- The growing reach of the electronic media has created a huge change in the lifestyle of rural consumers because of TV programmes. Rural people are spending more on lifestyle products than their urban counterparts.

OBJECTIVE OF STUDY:

- To study the present scenario of rural market in India.
- To identify the major opportunities available in the rural market.
- To study the major challenges faced by marketer in rural market.

RESEARCH METHODOLOGY

The present study is descriptive in nature. The data used is secondary in nature and has been collected from various websites and reputed journals books and magazines.

SIGNIFICANCE OF RURAL MARKETS

Knowledge and understanding of the motives of consumer behaviour helps an organization in seeking better and more effective ways to satisfy the consumers. Every sales executive today if asked which market he would prefer to serve, the immediate answer would be. “Rural Markets”. A number of factors have been recognised as responsible for the rural market boom. Some of them are:

1. Population Increase- Increase in population, and hence increase in demand. The rural population in 1971 was 43.80 crore, which increased to 52.50 crore in 1981, and 72 crore in 1994 and it is about 78 crore in 2000.

2. Addition in the Rural Markets- A marked increase in the rural income due to agrarian property.

3. Development of Villages- Large inflow of investment for rural development programmes from government and other sources.

4. Development of Rural Education- Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

5. Increasing Contract- Increased contract of rural people with their urban counterparts due to development of transport and a wide communication network.

6. Role of Foreign Commodities- Inflow of foreign remittances and foreign made goods into rural areas.

7. Prosperity- The general rise in the level of prosperity appears to have resulted in two dominant shifts in the rural consuming systems. One is conspicuous consumption of consumer durables by almost all segments of rural consumers, and the second, the obvious preference for branded goods as compared to non-branded goods of rural origin.

8. Change in Buying Behaviour- Changes in the laud tenure system causing a structural change in the ownership pattern and consequent, changes in the buying behaviour.

The rural market is quite different from urban markets. Agriculture is the chief economic activity in rural areas, the entire village population is associated directly or indirectly to agriculture. In the process of development of civilisation agriculture and pastoral life along river banks are the first form of settled life.In the Earlier Age, major civilisation evolved. Archaeological evidence reveals that bronze industry supplied tools and implements to agriculture. Textiles, paper, iron and furniture making developed to lid man in his economic activities. The focus remains on the people who are living in the remote areas, and the marketing activities should be planned accordingly. Seeing this, now-a-days many companies are turning towards the rural market to expand their scope, and to overcome competition or to restart or give new shape to competition. A lot of focus is required to be given on the rural markets because rural markets are the “tomorrow’s markets”.

THE RURAL MARKETING IS A TWO-WAY PROCESS, I.E.,

Urban to Rural: FMCG Goods, Agricultural fertilizers, automobiles, etc. are offered by the urban market to the rural market.

Rural to Urban: The agricultural supplies viz. Fruits, vegetables, flowers, milk, etc. is offered from the rural market to the urban market.

POTENTIAL IN THE RURAL MARKETING

The marketers are following the strategy to “Go Rural” because of the following attractions in the rural market:

Large Population: Still, the majority of the population in India resides in Villages and therefore, the marketers find more potential in the rural areas and direct their efforts to penetrate the rural market.

Increased Income: The income and the purchasing power of the rural people have increased. With the use of modern agricultural equipment and technology, the farmers can produce more and can get better returns for their agricultural produce. The increased income motivates a farmer to improve his livelihood by purchasing a good quality product and thus, the marketer gets an opportunity to enter into the rural market.

Competition in Urban Market: There is a lot of competition in the urban market, where people are well aware of the goods and services and have created a brand loyalty. Therefore, the marketers move to the rural market to escape the intense completion and generate revenues from the untapped areas.

Improved Infrastructure facilities: Today, many villages are well connected with the roads and transportation facilities that enable the marketer to access the rural market and promote his goods and services. With the growth in telecom services, the rural people can be reached easily via mobile phones.

Saturated Urban Market: Also, the marketers may move to the rural markets, when the urban market has reached the saturation point, the i.e. market is well stuffed with the products, and the consumers are not likely to make a frequent purchase due to the varied options available in the market.

Support of Financial Institutions: Several Co-operative banks and public sector banks offer the loan facility to the rural people at low-interest rates. With the loan, the purchasing power of an individual increases, thus resulting in a better standard of living.

New Employment Opportunities: The Government is running several employment opportunity programmes, with the intention to engage people in other activities apart from the agriculture occupation. The Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojana (JRY), Training Rural Youth for self-Employment is the certain programmes, designed to increase the livelihood of rural people.

REASONS FOR INCREASE IN THE IMPORTANCE OF RURAL MARKETS

Heavy Competition in Urban Markets: Now-a-days people say that there is lot of competition in the market. Actually it is not only lot of competition but cut throat competition, especially in the urban areas. Companies are playing on the basis of price. Every big company is trying to swallow the small and new companies. Prices are going down steeply just because of the tough competition. Apart from the price factor, companies have started increasing product features and added value to their products to compete in the market, without increasing the prices.

Socioeconomic Changes: Nowadays a revolution has come in the rural areas which in turn have brought a change in the socio-economic conditions. This is basically in terms of increase in the productivity of the agriculture. Most of the income of people residing in rural areas comes from agriculture. Due to the adoption of the latest technology the yield per acre or animal has increased considerably.

One of the major reasons behind these changes is the Government Policies to uplift the agriculture and remote areas, and the opening of the cooperatives in some major belts of India. Because of adoption of latest technology, production has increased which has resulted in the increase in income of farmers. Due to increase in income the rural customer also wants to be in the same frame as the urban customer. Another reason for this change is the media which has reached in the rural areas. Specially Television has brought a revolution in this area. Today we have so many regional channels. Customer can be made aware of the latest products, their utility, new brands, etc. With the increased income and aspiration for standard of living, with this kind of awareness provided by the media, the companies are motivated to go and take charge of the rural areas.

Scope and Size of Rural Market: Today the size and scope of rural market is increasing at a very fast pace. A major part of Indian population lives in the rural areas which are now turning as a new market. Now the rural market is not limited to the sale of fertilizers and pesticides but it is going beyond that with the increase in the income and the aspiration level. Need for good standard of living has opened the rural market as an opportunity for the companies to come and grab the market. Now in rural areas also there is a demand for TV, Cars, Shampoo, packaged goods etc.

Occupation: Most of the rural customers are engaged in farming, trading, poultry work, plumbing, electric works, dairy, etc. We have different varieties of the occupation in the rural areas. In rural areas also big farmers usually possess almost everything like TV, fridge, furniture, and other home appliances etc. of the major brand. Small farmers have scarcity of resources and funds etc. so there is no question of possessing almost any branded products, specially costly products.

Media Types: Televisions, presentations, display, radio etc. has taken the place of old traditional folk programmes like ‘Nukkad Natak’. Because of the literacy rate being so low, print media is not so effective.

Due to increasing potential in the rural areas, the companies are focussing more on the needs and desires of people living in here and are taking every possible step to stimulate people to buy products and services and improve their livelihood. Each Company is making their way to Rural India. Most of them have studied the market and Analyzed the things over there and ready to fight at Rural India. There are some of the companies which have already written their success stories in Rural market. Companies like HUL, ITC, LG, Mahindra have given a new format for rural marketing. They have done a great job. So, the marketing is always have the difference in Urban and rural, which makes the companies to think over the Marketing mix. Marketing mix is such an element in rural market which gives the sense to think of marketing activities. This 4A model is similar to the 4P model of

Marketing mix, the difference it shows is main streamline and Rural Market. 4A perceived to be more customer oriented. The 4A's are Affordability, Availability, Awareness, and Acceptability.

RURAL MARKETING STRATEGIES

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 realizing them, rather than treating them as convenient extensions of the urban market can exploit the rural markets.The focus should be on infecting marketing culture into the villages. The educated unemployed youth in the villages could be trained to carry out this mission. 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.

PRODUCT STRATEGIES

The company first needs to analyze the requirements and demand of the rural consumers. Since whatever products are being sold in the urban areas may not be acceptable in the villages also.

PRICING STRATEGIES

In rural markets, consumers are less brand conscious and more responsive to the price of the products. The company’s pricing decision is dependent upon the consumers’ occupation and income pattern. Let us now discuss the various strategies followed by marketers while planning for the product pricing in rural markets:

DISTRIBUTION STRATEGIES

To create a regular demand for the product, the marketer must ensure the uninterrupted supply of the goods in the rural markets. The product availability can be achieved by implementing the following strategies: Local Markets: In rural areas, local markets exist in the form of fares, farmers’ market, Sunday market and feeder market. Here, rural people gather to buy goods and communicate with each other.

PROMOTION STRATEGIES

Promotion is the stage where the product is introduced in the market. In rural markets, the promotion mix should be planned in such a way that rural consumers can easily understand the product features.

CURRENT SCENARIO OF RURAL MARKET

With growing progress in rural India, more and more companies belonging to FMCG, telecom, automobiles, and insurance, banking and financial services sectors as well as advertising companies and organization engaged in selling agricultural products are expanding their marketing and sales activities in rural India. This is a significant trend since the opening of mass markets in the rural sector is vital to the country’s growth and development. Expanding sales to the rural sector will increase production of different industries and more importantly, it will help to channelize the savings of farmers in the right direction. Prior to their entry in the rural market, companies should fully understand the distinctive features that make the people and markets in rural India unique. Research must be made for properly understanding mindset of rural market and people and guide its marketing department to work out marketing mix accordingly.

Some myths have entered in the minds of corporate marketing managers regarding rural markets. Rural markets are not meant for luxurious commodities or rural market is not proper for smart phones or consumer durables etc. Such myths must be destroyed if company wants to boost sale in rural market. Such false beliefs need to be dispelled to enable marketers to gain acceptability of their products by rural consumers. Clearly, they need to recognize the existing reality which is that rural market is large, dispersed and highly heterogeneous. Also, there is growing preference among rural youth for branded products as against cheap and sub-standard products.

Basically, rural consumers are different from their urban counterparts in that they speak different languages and dialect, have low level of literacy and limited purchasing power. Further, there are regional variations in their tastes, habits and customs and they have limited access to modern media of communication. All this calls for new approach to rural marketing with focus on the 4 A’s, namely Acceptability, Affordability, Awareness and Accessibility. These are posing major challenges to marketers targeting rural markets.For marketing success, it is necessary that the product or service is made acceptable to rural buyers. This requires adapting, packaging, branding and servicing requirements to suit the preferences of rural consumers. Another complex task is that of making products and services affordable for rural consumers, considering their low income which accounts for their being extremely price-sensitive, while at the same time ensuring high quality standard.

CHALLENGES

The peculiarities of rural markets and rural consumers pose challenges to marketers in reaching them effectively. There are a large number of small villages which are not easily accessible because of all weather roads. The main challenges of rural marketing are discussed below:

TRANSPORTATION PROBLEMS

Transportation is essential for movement of products from urban production centres to remote villages. In rural India transportation facilities are quite poor. Nearly 80 percentages of villages in the country are not connected by well constructed roads. Many parts of India have kuccha roads. Due to poor transportation facilities it is not possible for a marketer to access the rural market.

WAREHOUSING PROBLEMS

A storage function is necessary because there is a time gap between production and consumption of commodities. Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.

UNDERDEVELOPED PEOPLE AND UNDERDEVELOPED MARKETS

Rural society in India is underdeveloped. Modern technology has tried to develop the people and markets in rural areas. But the technology has made very less impact in rural areas.

INADEQUATE MEDIA COVERAGE

Media have lots of problem in rural areas. Television is a good source to communicate the message to rural people. But due to non availability of power as well as television sets, majority of rural population cannot get the benefits of various media.

MANY LANGUAGES

India is a country of many languages. Language becomes barrier in effective communication in the market efforts. The number of languages vary from state to state, region to region and district to district, etc.

LOW LEVEL OF LITERACY

The literacy rate is low in rural areas as compared to urban areas. Marketers face communication problem due to the lack of literacy rate. Print medium is not much effective and it is irrelevant since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.

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.

SOME OF THE ORGANIZED RETAIL MODEL WORKING IN RURAL INDIA

Hariyali Kisaan Bazaar: It is the decision of DMC Shriram consolidated LTD‟s

Agri business. The company operates in two lines of business: Agri/rural, Chemicals and polymers. Their Agri-business offering agriculture inputs, both manufactured and merchandised, outputs and services. The company initiated rural retailing with the objective to move towards providing total solutions to farmers. Hence it can be said one stop shop for meeting farming and family needs of rural population. It has 264 outlets in many villages of eight different states: Haryana, Punjab, Utter Pradesh, Rajasthan, Uttrakhand, Madhya Pradesh, Maharashtra and Andhra Pradesh.

ITC Choupal Sagar: ITC launched the choupal sagar in 2004. It is a rural hyper market which is managed by ITC‟s Agri -business division.Farmers can sell their commodities and can buy almost everything including cosmetics, garments, electronics, appliances and even tractors. Currently there are 24 choupal.

Sagars: 11 in Madhya Pradesh, 5 in Maharashtra and 8 in Utter Pradesh. Local sourcing of vegetables and fruits allows the company to delivering fresh vegetables and fruits to consumers. Moreover ITC‟s procurement centres provide farmers the option of selling their product directly to ITC, instead of billing it to mandi. ITC‟s Agri - business division conceived e-choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis.

India has been acknowledged as one of the most promising and fastest growing economies of the world. Besides urban and semi-urban areas, rural India has a huge potential. Many foreign brands are dominating in consumer durables category. Rural consumers were found to be more interested than their urban counterparts in foreign products in terms of maintenance, services, technical advancement, prestige, durability, performance, and wide choice of size and variants. There is no significant differences between rural and urban consumers in terms of style and appearance. 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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