

# Rural Marketing-An Emerging Trend

## Abstract

Rural marketing as an emerging trend is about to explore possibilities in the rural India. It is a process to hunt a Treasure Island yet to be hunted by the adventurous explorers. It is not simply a marketing to just sell and deliver consumer's satisfaction, but going to the market of 75crore people residing in the village Where people have aspirations, needs and potential. They have money, but now they too have the will to buy the products offered y Indian as well as Multinational companies.

Because of change in market environment, their profiles are changing and they are also changing themselves. Hence their needs and requirements are also changing. At this point business organizations are rushing with their product portfolio to satisfy the needs of rural consumers. The companies are applying several models and strategies to be Winner in the rural market but it is great fallacy that those who have not seen rural India they are making rural strategy to win the hearts of rural India.

**Keywords:** e-Choupal, Haryali, Haat, Mandi, Kioks.

## Introduction

The Indian Economy has seen consistent overall growth in recent years. The agricultural reforms in the twelveths plan, easy availability of agriculture credit, Rs.60, 000 crores village road programmes introduced to connect nearly 1.9 lakh villages, and improved communication network gave a huge fillip to the rural economy and income, resulting in higher penetration as also increased consumption rates. The purchasing power of the rural communities has grown significantly, has come into focus and its understanding much sought after for its potential.

Rural marketing is fashionable subject today, though it is far more important for a developing economy like that of India. Rural marketing is the process of developing, pricing, promoting, distributing rural specific goods and services leading to exchange between urban and rural markets which satisfies consumer demand and also achieve organizational objectives.

But, Very often, rural marketing is confused with agriculture marketing –the latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers. Whereas rural marketing involves delivery of manufactured or processed inputs or services to rural consumers. The Indian rural market with its vast size and demand base offers, great opportunities to companies. Two-third of the Indian population lives in rural areas and almost one third of the national income is generated here. It is only natural that rural markets form a critical part of the total market in India.

According to the National Council of Applied Economic Research (NCAER), with about 74% of its population living in its villages, India has perhaps the largest potential rural market in the world. It has as many as 47,000 Haats, compared to 35,000 super markets in the U.S. In addition to this, of the total FMCG's demand in India, nearly 53% comes from the rural market. For consumer durables, the figure is 59%. Nearly 700 million Indian live in 6, 38,365 villages across rural India. Connectivity of villages providing economic opportunities to all segments of people is an urgent need. This is where the fortunes of India's biggest corporations are likely to be saved

## What makes Rural Market Attractive?

It is the spread of population in rural areas that is offering huge potential to relating industry. Six out of ten people live in villages. According to NCAER study, there are almost twice as many "lower middle income "households in rural India as in the Urban areas.

Thus the number of middle and high-income households in rural India would be twice that in urban India.



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The market increase in the rural income is due to agrarian prosperity. There is large inflow of investment for rural development programmes from Government and other sources.

There is increasing contact of rural people with their urban counterparts due to development of transport and wide communication network. The literacy reduction levels have increased among rural folks, and as a result there is an inclination to lead sophisticated lives. Changes in land tenure system have also resulted in structural changes in the ownership pattern and consequent changes in the buying behaviour of rural population.

Thus a large population, rising farm incomes and inspiring infrastructure has translated great opportunities with a sizeable rural presence.

#### **Rural Marketing Environments and Segmentation**

Rural Marketing is basically a focused marketing activity of an organization. The environment outlines threats and opportunities of the market. The rural marketing environment is complex and is changing continuously. The marketing organization has to foresee and adopt strategies to changing requirements in the market. The environment changes will be in the area of:

#### **Social Changes**

Consisting of sociological factors, anthropological factors and psychological factors.

#### **Ethical Forces**

Comprising of issues like standardization, adulteration, exploitation and falsification.

#### **Political Factors**

Comprising of Government policies towards trade and commerce, internal taxation, external levies, and preferential treatments on marketing strategies

#### **Physical Forces**

Relates to infrastructure availability for movement and storage of goods for physical distribution

#### **Technological Forces**

Giving a cutting edge to the marketing of products. It reduces manufacturing, packaging and handing cost of markets. The changes warrant changes in marketing, inputs and strategies.

#### **Psychographic Forces**

Covering by the social class, life-style and personality; and Behavioral aspects like occasions, benefit sought, loyalty status, place and product possession.

#### **Understanding Rural Consumers, Distribution and Promotion**

Rural customers are fundamentally different from their urban counterparts, and different rural geographies display considerable heterogeneity, calling for rural-specific-strategies. Companies that have taken the trouble to understand rural markets have tasted success.

In the areas of communication, Corporate marketers have perhaps failed to recognize that a rural consumer may be buying a particular brand or even the product category itself for the first time with hardly any key influence within the village and few sources of information, the rural consumer feels in –habited and ill- equipped to buy confidently. Hence,

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there is a strong need to build reassurance and trust about product quality, service support and company credentials in the minds of rural consumers. This is best done through the face-to-face. Touch, feel and talk mode at Haats, Melas and Mandies.

Similarly, from the list of 25000 Melas in India, mostly Melas are in religious theme and less are in commercial theme as attended by thousands of visitors who are targeted for brand promotions.

The 7000 Mandies are also good platform for promoting high-end durables, besides agri-inputs products.

Again, we have this fundamental question whether, the rural consumer is aware of the products; if yes, can he afford them? To answer these queries some of the largest MNCs like HLL and LG Electronics have established strong distribution network in the rural areas.

“Sachet “revolution has indeed changed the dynamics of rural market. Many companies are coming out with “small pack-lower price “packaging and pricing of their product, to make them affordable to rural customers. For example, HLL introduced Lifebuoy shop for Rs.2/-and Coca-cola came out with an idea of returnable 200 ml glass bottle for rural market. They are developing special creative aimed at homogeneous rural segments and these may be quite different from urban market communication approaches.

#### **Role of IT in Developing Rural Market**

With the cost of technology coming down day by day, several companies are attempting to create virtual bazaars or agri-portals akin to weekly mandies. The most notable virtual mandies are thee-choupal by ITC, India Agriline by EID parry and Dairy portal by Amul.

In the coming years, more and more companies are going to take IT route to make the rural market more accessible and thus should open up new business opportunities.

#### **Large format Retail Stores**

The retail revolution in urban India has encouraged a few corporates to venture into the rural sector with large format Agri stores.

Going paces ahead of small packs and sachets, the Corporate world is now coming out with “Rural Malls”.Choupal sagar is one of the first organized retail effort in the rural area. This is a venture by ITC. It extended its warehouse into a rural shopping-cum –information center to attend to the needs of rural consumer. The size of the mall is very small with just around 7,000 sq ft, as compared to ordinary mall sizes in urban area. But it still offers everything-from toothpastes to televisions, hair oils to motor cycles, mixer-grinders to water pump, shirts to fertilizers, whatever a rural consumer needs. ITC started its first rural mall in Sehore, Madhya Pradesh and is planning to expand its network.

So far, 70”Haryali”Stores have been set up in different states across India, Which will be, scaled unto 20000-25000 in the next year or two.

Ranbaxy’s Fortis Health World is tying up with Haryali Kisan Bazaar to enter the rural market.

Hindustan Lever followed another way of reaching rural consumers. Its project Shakti (rural self-help group) is a classic example of involving women in the distribution network through empowering women. The project started in 2000, encourages women to sell their products like direct-to-home saleswomen.

Among its latest plans, HLL is involving non competing brands/companies to be a part of project. For instance, HLL approach ICICI prudential and Max New York Life to sell their insurance policies through its "shakti dealers".

Godrej Agrovet Ltd."is another company, Which has initiated its rural retail business through "Godrej Aadhar". These outlets offer rural households, the basic food, grocery, apparel, footwear, furniture, kitchenware and home appliances and value-added services and pharmacy. Godrej is planning to set up at least 1,000 stores across the rural India in the next five years.

Even Indian oil is planning to tap the rural market by opening kisan Seva Kendras across the rural areas to provide fuel and non-fuel services to rural consumers. Taking a clue from the corporate world, even the Government is thinking big for rural areas.

#### Conclusion

Today's non-consumers comprising the rural poor will enter the market as first-time buyers in large numbers. To get a larger share of the growing rural pie will call for a radical shift in management thinking,

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from gross margin to high profit, from high-value unit sales to a game of high volumes Capital efficiency and for the one-solution that fits to all to market innovations. Companies are taking specific initiatives to succeed in the dynamic rural market.

More research is being done to understand rural customers better and generate more reliable data on the rural sector. Language and regional behaviour variations is being considered in developing rural communications strategy.

The next big marketing revolution is happening in the rural sector and Corporate are getting ready for it

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