

## “New-Fangled Marketing Practices in Rural India”



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### ABSTRACT

Rural marketing facilitate flow of goods and service from rural producers to urban consumers at possible time with reasonable prices, and agriculture inputs/consumer goods from urban to rural. Marketing as a function has started much earlier when civilization started but not recognized as marketing. All economy goods are marketed in terms of goods and services (Barter system). Now money is being practiced as a good exchanging medium. The market may be a street, small town or metropolitan city. Developments in infrastructure, transport, and communication facilities have increased the scope of the rural market. Indian rural marketing has always been complex to forecast and consist of special uniqueness. As two-thirds of the Indian population live in rural areas, the market is vast than expected and so many companies are doing very good business in the rural market of India. This paper discusses the present scenario of rural marketing in India and its importance, available opportunities, and also highlights the influencing factors and certain problems related to rural marketing. Further it highlights the improvements that make the rural marketing system most effective.

**Key Words:** Rural, Corporate Social Responsibilities (CSR), Self Help Groups (SHG), Segment, Market Linkage.

### INTRODUCTION

According to the census of India, villages with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400sq.km and at least 75 per cent of the male working population engaged in agriculture and allied activities would qualify as rural. The concept of rural marketing in India economy has played an influential role in the lives of people. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The rural market in India is vast, scattered and offers a plenty of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.

Nearly 70% of the country's population (of the 121 crore, 83.6 crore) live in rural areas lives in rural areas where, for the first time since Independence, the overall growth rate of population has sharply declined, according to the latest Census (*Census of India's 2011*)

'Go Rural' is the slogan given by the marketing guru's after analyzing the socio-economic changes in Indian villages. The Rural population is nearly three times of the urban, so rural consumers have become the prime target market for business organizations. For that, the marketer has to strengthen the distribution and pricing strategies. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets.

To expand the market by tapping the countryside, many MNC's are foraying into India's rural markets. Among those, companies like Hindustan Liver, Coca-Cola, LG electronics, Britannia, Colgate Palmolive and foreign invested telecom/insurance companies have made headway. These companies' foreseeing the vast size and demand in the rural market cannot afford to ignore. Rural market accounts for half the total market for TV sets, Fans, Pressure cookers and bicycles, washing soap and tooth powder. With the vast market size, technological establishments, infrastructure development and increasing purchasing power of the rural population helped to shift the focus of national and multi-national companies to market in to rural market of India.

## IMPORTANCE OF RURAL MARKETING

Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets' etc. In recent years, rural markets have acquired significance in the country. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, *rural marketing* has taken shape. Sometimes, *rural marketing* is confused with *agricultural marketing* – the later denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers.

Rural market is getting an importance because of the saturation of the urban market. So the marketers are looking for expending their product categories to an unexplored market i.e. the rural market. This has also led to the corporate social responsibilities (CSR) activities being done by the corporate to help the poor people attain some wealth to spend on their product categories. Here we can think of Hindustan Unilever Limited initiatives in the rural India. One of its project 'Shakti', which is not only helping their company attain some revenue but also helping the poor women of the village to attain some money which is surely going to increase their purchasing power. Also this will increase their brand loyalty as well as recognition in that area. Similarly we can think of the ITC E-Chaupal, which is helping the poor farmers get all the information about the weather as well as the market price of the food grains they are producing. In other view these activities are also helping the companies increase their brand value too. So, like that the significance of the rural market has increased due to the saturation of the urban market as well as plenty of opportunities available there and also companies which will lead the way will be benefited as shown by the success of HUL and ITC initiatives.

## TYPES OF RURAL MARKETS IN INDIA

**Haats** - (Mostly for weekly market for all commodities)

**Mandis** - (Mostly for all types of grains)

**Regulated Markets** - These markets are for the farmers to take their produce for sale. These markets facilitate formers, immediate cash payments. The directorate of State Agricultural Marketing Board or Registrar of Cooperative Marketing Societies is the controlling authority for these markets.

**Co-Operative Marketing** – It is for the rural producers' common interest that is to increase the incomes of the farmers and avoid exploitation from the middlemen.

## OPPORTUNITIES IN RURAL MARKETING

For many years, rural India was not much acknowledged by the retailers. But as the 'bottom of the pyramid' is getting empowered with education, higher purchasing power and awareness, companies are looking for opportunities available in hinterlands. The basic scope of this novel initiative will be the mutual benefits of the rural entrepreneurs and industries. The entrepreneurs – primary beneficiaries, self-help groups (SHGs) – bridge with the community, participating companies and rural consumers have benefited through a robust commercial relationship. These models of marketing linkages demonstrate a large corporation which can play a major role in reorganizing markets and increasing the efficiency of a rural product generation system. While doing so it will benefit farmers and rural communities as well as shareholders. Moreover, the key role of information technology, provided and maintained by the company for building linkages, and used by local farmers—brings about transparency, increased access to information, and rural transformation. The prime scope of this model is the creation of opportunities for the rural entrepreneurs for product differentiation and innovation by offering them choices. The involvement of the private sector at the rural product and market development can also provide opportunities for the development of new services and values to the customers, which will find application in the developed markets. It will be worth mentioning that building a sustainable market linkage through industry's intervention

will also empower the rural mass (producers, farmers & entrepreneurs) to cope with socio-economic problems in the rural society and will ensure economic self –reliance.

## FACTORS INFLUENCING RURAL MARKETING IN INDIA

The difference between rural and urban markets on the basis of various socio – economic factors, most dominant among them being the source of income, the frequency of receipt of income, the seasonal nature of income and consumption. Rural markets are small, non- contiguous settlement units of village relatively low infrastructure facilitates, low density of population, their life styles also being different. Rural consumers are mostly farmers whose income receipts are dependent on the vagaries of nature.

The most common factors, which the marketers of different sectors are facing in marketing their products/services, are as follows:

**Seasonal Demand:** Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

**Transportation:** Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

**Communication Problems:** Lack of proper physical communication facilities such as telephone, fax and telegram are rather poor in rural areas.

**Traditional Life:** Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.

**Buying Decisions:** Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.

**Media for Promotions:** Reach of formal media is low in rural households; therefore, the market has to undertake specific sales promotion activities in rural areas like participating in melas, haats or fairs.

**Cultural Factors:** Culture is a system of shared values, beliefs and perceptions that influence the behavior of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behavior of people in villages.

**Others Factors:** Natural calamities and market conditions (demand, supply and price). pests and diseases, drought or too much rains, primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, market intelligence (up to date market prices to villagers), long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

## CONCLUSION

Rural marketing plays' a vital role in the development of country's economy. Indian rural market is undoubtedly complex but there are some simple truths that we need to accept. The rural consumers are very value-conscious. They may or may not have purchasing power, but they can make a difference to the company's growth if concentrated. A small increase in rural income, results in an exponential increase in buying power. The growing power of the rural consumer is an opportunity for the companies to flock to the rural markets. The market share of urban market when compared to the rural market is low; hence if business organizations concentrate on rural markets their sales and market share will get increased. Rural market has a tremendous potential that is yet to be tapped. The pave way to prosperity of India lies in the prosperity of Rural India; hence no rural segment should be left untapped.

The core of today's scientific approach is to understand the rural market opportunities with the country's development priorities and to chalk out a strategy where rural industries and markets have an important role to play for the over-all growth of the nation.

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