

Rural Marketing a Strategy for Economic Development of India: A Review

Maresh

Assistant Professor of Commerce, Government First Grade College, T Narasipura – 571 124, Mysore District, Karnataka

Abstract: *The Rural Market of India in progress showing its potential in the 1960s, subsequently, in 70s and 80s witnessed its solid development. Step by step, there is vibrant symptoms that the 21st century is going to see its full prospering. In India, where research on consumer behavior has been nominal, not much structured information is available about the rural consumers. Only a few progressive companies, known for their marketing orientation, namely, Asian Paints, Singer and Larsen and Toubro, Maruti Suzuki, Hero Honda have made rapid efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behavior, principally from the marketing point of view. Rural Market as such in recent years has certainly acquired major significance and also attracted attention of marketers. According to Rural analyst, there has been a substantial increase in the purchasing power pattern of the rural communities and overall growth of economy has increased as nearly 68.84% population of India reside in 6,38,000 villages (2011 Census Report). Rural Marketing clarifies the process of promoting, pricing, developing and distributing rural specific services and products which in turn leads to exchange between rural and urban market which indeed satisfies consumer demand and in turn also achieves a business's objectives. With rapid pace of technology advancing in every scope and aspects of economic, political, social, cultural life, allocating and expecting higher profits the focus certainly is tapping the rural markets. Rural areas are consuming large quantity of manufactured and industrial products due to green revolution. Thus in this way rural market offers opportunities necessarily in the form of large untapped market, increase in literacy level, increase in disposable income and large scope for penetration. A special marketing strategy called as Rural Marketing has emerged in order to tap the potential and take advantage of various rewards available in rural areas.*

Keywords: *Rural market, Marketing strategy, Consumer demand, Opportunities, rural areas, economic development*

INTRODUCTION

India is a land of diversity people engage one or the other activity relentlessly and about 70% of the population lives in villages. To a huge extent, villages contribute towards the economic development of the nation through the production of cereals, food grains, vegetables, fruits etc. At the same time, they export of these agricultural products generate capital and earnings from foreign exchange. According to studies conducted in 2020, nearly around 12.2 percent of world's total population dwells in rural India which indicates that 29 percent of world's rural population lives here. There are approximately 6 lakh large and small villages in India. According to rural market researchers. 25% of villages account for 65% of the total rural population. So we can estimate 65% of 700 million populations by from only 1,50,000 villages – which becomes a huge potential of the Rural market. Most often rural marketing is confused with agricultural marketing i.e., marketing of agricultural products to industrial consumers or urban consumers. In fact, it refers to selling processed goods and services to the rural consumers with a separate set of marketing combination. Nevertheless, earlier it was thought of selling of rural products in rural and urban areas and selling of agricultural inputs in rural markets. It was treated as synonymous to agricultural marketing and was highly influenced by indigenous sellers like village market sellers and *mahajans* local business people Indian villages and was highly unorganized community in nature. Subsequently green revolution, the appearance of rural marketing started changing. Villages started being prosperous and demand for agricultural inputs started rising. Government also took several steps such as setting up agencies like Khadi and Gramudyog industries,

Krishak Bharti Cooperative Limited, Girijan Co-operative Societies popularly called as LAMPS, etc. as well as paying special attention to promote their products. This rose into flourishing village industries. Products made by rural artisans like handicrafts, handloom textiles, crackers etc. hit the urban markets on a large scale. Further, the opening up of Indian economy and the concept of Liberalization, Privatization and Globalization being brought during 1990, the rural marketing got a greater push. Countryside areas witnessed an all-round socio economic progress and the marketers started seeing rural markets as potential market for household consumables and durables. Now a day, no company, aspiring for growth and larger market share, can afford to ignore rural markets and even big retail companies are trying to tap the rural markets. Indeed, customer is considered as the “King” today. Naturally the customer can well make decide the fate of a company.

Defining Indian Rural Market:

According to the National Commission on Agriculture (2020) “Rural Marketing is a process that 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 that are based on technical and economic considerations. It includes pre and post-harvest operations, assembling, grading, storage, transportation, and distribution”.

According to Thomsen (2018) “The study of Rural Marketing comprises all the operations involved in the movement of agricultural food and products, raw materials, and their derivations, such as textiles, from the farms to the final consumers and the effects of such operations on producers, middlemen, and consumers”.

Growth in Rural Market:

Rural market has been growing at 3 to 4% per annum adding more than one million new consumers every year. Rural consumers are brand loyal and also understand symbols better. According to Singh, a rural analyst estimates that 12.2% of world consumer’s live in India. Rural households form 72% of total households.

Progress of Rural India

Today rural market establishes more than half of the country’s income for economy. On the other hand, rural marketing controls carrying out of business

activities bringing in flow of goods and services from urban sector to rural regions of the nation. Subsequently, it is marketing of various products manufactured by non-agricultural workers from rural to city areas. Consequently, Rural markets in India positively bring in higher revenues in the country as rural regions comprise maximum consumers in the country it is because 72% per cent of the population dwells in the rural villages.

REVIEW OF LITERATURE

Kannan (2001) studied rural marketing concepts in selected areas of Tamilnadu with a desire to examine the potential of selected products in areas under study. Near about 100 respondents were selected for this survey and multistage random sampling was used. He concluded that rural markets are coming up in a big way and growing twice as urban by witnessing rise in sales of typical urban kitchen gadgets such as mixer, grinders, refrigerators and pressure cookers.

Aggarwal (2003) through his research concluded that an efficient marketing system leads to optimization of resource use and output management.

Rakesh Sukhadia and Karun Bhagawath (2004) has explained that corporate giants and rural India have joined hands into a collaborative partnership through vertical coordination as such

Jain A (2012) studied that awareness regarding brand in rural areas especially in reference to health care products and beauty care is showing an increasing tendency.

Kumar and Madhuri (2006) Conducted study on “Rural marketing for FMCG” evaluated brand preference and satisfaction level of FMCG consumers. Multistage random sampling technique was adopted for this study. Overall study conducted concluded that rural marketing is not fully encased by marketers. By focusing and shifting attention to rural areas FMCG Products could significantly increase market share of rural areas. More generic products with different advertising campaign surely attract non users. FMCG companies should strictly adhere to quality standards as majority of the consumers are influenced by quality of products.

Chaturvedi (2007) in his studies noted that rural people prefer brand name, although price is the

leading factor that which affects the purchase decision of rural consumers. Durability and reliability also attracts rural consumers.

EMERGING TRENDS OF RURAL MARKETING IN INDIA

1. Introduction of online services in rural markets: Farmers who have been growing quality mangoes are selling these online directly to the consumers sitting at far off places. Such practice is being introduced in other agriculture products as well.
2. Strengthening to need based production: Farmers are being encouraged to go in for need-based production to avoid oversupply of their produces. This is resulting in reduction of storage cost and stability in prices.
3. Inspiring help of information technology for cost benefit analysis: With the help of information technology the farmers are given price information of agricultural products and agricultural inputs. This helps them in deciding where to sell their products and from where to buy their agricultural inputs. This increases their financial strength.
4. Making Adjusting operations and strategies: Big companies are modifying their operations and strategies to attract the rural consumers. For example, Lijjagth Pappad a Pune based home based company is making attempts to empower rural women to make its products reach to rural and urban markets. Similarly, Godrej is training rural youth in channel sales and has large format retail stores called “Adhaar” in rural markets
5. Development of organized retailing into rural markets: Many big companies are entering into rural markets with their organized retail format such as Tata Kisan Sagar (Tata Chemicals), Adhaar (The Godrej groups) etc. The government has also established some rural networks such as the Public Distribution System (PDS), Khadi and Village Gramodyog.

STRUCTURES OF RURAL MARKETING SYSTEM

1. High rate of Illiteracy: As income and literacy rate is very low social status of rural India is unstable and also there are lot of superstitious

belief which still prevails in this sector

2. Larger business opportunities: As rural area is widely distributed and huge in terms of size and area it offers greater opportunities. It is also rightly said that real India resides in rural areas as it has maximum number of people dwelling there
3. Subjective by the level of pricing: Rural consumers are highly influenced by level of pricing and are very much price sensitive. Price certainly is the strongest factor which to a certain extent affects buying decision. They look out for those products which are low in price and also medium in quality.
4. Attracted towards Local Promotional Offers: Rural customers are highly attracted by regional and local promotional efforts offered by companies. Educated and non-educated family members are their reference groups.

SIGNIFICANCE OF RURAL MARKETS IN INDIA

India is one of the major markets in the world. The real India lives in villages. Vast number of dwells under the country side. Due to innumerable reasons such as globalization, economic liberalization, Information Technological revolution and improving infrastructure; rural India has been developing as significant attraction for the marketers. The size of rural market in India is so vast that the companies aspiring for growth cannot afford to overlook this segment of market. Today rural market is gaining much more importance as urban market is getting much saturated. Especially in recent years, rural markets have gained prominence, significance in countries like China and India as overall growth of economy has resulted into substantial increase in purchasing power of rural communities. Many brands like Pepsi, Limka, Palmolive, Fair and lovely, Lifeboy, Clinic Plus, Ponds, Fiana shampoo are doing well because of selective distribution, aggressive promotion and many brands are doing well without much advertising support. Almost half of the national income and GDP is generated from rural areas as 2/3 of Indian consumers live in rural areas. Venugopal Dhoot, Chairman of Rs. 989 crore Videocon Appliances opines that “Rural market as of now is

booming ahead at around 25 percent annually” which clearly explains the potential of rural market.

OBJECTIVES OF THE STUDY

1. To study the implication of rural markets
2. To study the major features of Rural marketing.
3. To know the glitches of rural markets.
4. To understand the prospects available in rural market.
5. To study the challenges faced by marketers in rural markets.

METHODOLOGY OF THE STUDY

The Rural Market in India is expanding and growing at an rapid pace. The study is based on primary and secondary data. Primary data is conducted after meeting the sales persons of Honda Company, Colgate, Bisleri, Lifeboy, Ponds, Bambino, Suzuki Companies. Simultaneously data from the rural consumers of Kollegal were collected in a Random Sampling Method and Interview schedule method. Secondary data collected from the Journals, Magazines and Newspapers.

ISSUES AND CHALLENGES OF RURAL MARKETS

Following are the Issues and Challenges faced by the Rural Markets:

- a. Physical Distribution of Products: Major problems of the rural market is that distribution of products. As most of the villages do not have proper communication hence it is very difficult for the companies to reach them.
- b. Slow and Delayed decision of rural people: Rural consumers as such are very much cautious in buying and their decisions are very slow and delayed. Normally they like to give a trail and only after being personally satisfied they buy the product. In many cases the rural buyers enquire with their friends and relatives who have purchased the specific goods or products. If they get clear picture or green signal from them they purchase if slightest doubt comes they withdraw themselves from the purchase.
- c. Lack of Aggressive Personal Selling: Compared

to that of urban markets rural marketing requires more aggressive personal selling. Marketers have to understand the demands and wants of rural people with different perspective compared to urban market. Also to establish a brand in rural market, a brand must certainly relate itself with things rural people do

- d. Submerge background of cultural difference: Buying behavior of the consumer is extremely affected by culture and sub culture. There are various customer groups based on various demographic parameters and these factors have huge impact on perception, thinking and decision making ability of customers.
- e. Hesitate to adapt new practices: Traditions and customs govern life in rural areas and rural people as such do not easily adapt new practices. For example, even rich and educated class of farmers do not wear branded shoes and jeans. Influence the rural people and make them to adopt new practices are a big task on the part of the companies.
- f. Lack of sophisticated transport facilities; Many of the rural areas in India are not connected by railway services. Many villages are like islands. There is no proper bus service for each and every villages. During the rainy season or monsoon season it becomes very much difficult for the marketing companies to make their products available to consumers because of dirt and slippery roads. As literacy level in rural areas are low and there are not many opportunities for education and learning spreading awareness becomes all the way tougher.
- g. Formal media of communication: Television in rural areas has made a boundless impact and large audience has been exposed to this medium. At the same time, Radio reaches large population in rural areas at a relatively low cost. But the radio and television are not the fastest means of communication. Rural people has to adopt to the recent mode of communication like Whatts up, Twitter, YouTube. This may attract the rural customers reach the new products they need. Subsequently the companies has to do the aggressive promotion to reach the rural customers. Still reach of formal media in every household of rural market is very low and hence

the marketers have to undertake various promotional measures and activities to spread awareness about their product to rural consumers. Especially they have to concentrate on women customers.

SUGGESTIONS TO IMPROVE RURAL MARKET

Rural Market has been growing gradually over the past few years and as of now is bigger than the urban market in terms of size and income. The saving to income percentage in rural area is about 30% higher when compared to urban area. Some of the major suggestions available in the rural market are as follows:

1. Increase in literacy rate: According to 2011 census there are comparatively more graduates in rural India than compared to urban India. This brings cultural and social changes in buying behavior of the rural customers and makes them aware of national and international brand. Due to the increase in literacy rate rural youths get jobs in nearby towns. Rural youths are now earning urban salaries but continue to live in self owned homes in villages, they also have high purchasing power and also prefer to buy branded products. This has encouraged them to earn more and their spending capacity is also increased.
2. Advance in Infrastructure facilities: Many infrastructure development projects like roadways, railways, water ways are now part of rural India and rapid development of rural infrastructure is also a major attraction for marketers. It is interesting to note that after 76 years of Independence around 53% of villages have been connected by roads, it is anticipated that in the next 10 years ahead another 30% of roads would be connected. Rural telephone density has gone up by 300% in the last 10 years or so.
3. Growth in population increases the demand of Branded Products: Rural area covers maximum population and region thereby covering maximum number of consumers. More than eighty percent of rural markets in India still today do not have access to any sort of organized marketing as well as distribution channels. In fact, the rural people are anxious waiting for the new products to be launched.
4. Diffusion of Information Technology in rural India: Now a days rural youths are very much familiar with the technological gadgets while purchasing their favorite goods. Rural youth and children will grow up likely in an environment where they have information access to job opportunities, education opportunities, worldwide news. According to the recent survey conducted jointly with internet and mobile association of India rural areas offer a great potential for growth in internet usage with number of claimed internet users in these spaces to be reached at around 78 million by 2030. Also the number of claimed internet users has witnessed a compounded annual growth rate of 73% since December 2011. Also as electronic ethos and IT culture now moves into rural India in the form of call centers IPO and BPO sectors the possibility of change are becoming visible.
5. Increase in income and purchasing power: An opportunity has been vested to meet their daily needs for the rural population through various projects from private companies and also rural employment initiatives by the government like MNREGA - Mahatma Gandhi National Rural Employment Guarantee Act schemes have given the rural population an opportunity to meet their daily needs.

CONCLUSION

The Rural Market is developed by rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to boost the rural economy. Since conducting research, it is known that a thorough understanding of rural markets and systematic move towards rural areas is quite necessary to penetrate rural market. There is no doubt that there is rapid development in infrastructure facilities in rural areas and all these opportunities attract companies to target rural market. Hence, with some technological breakthrough in marketing and distribution of products in rural India, companies in rural market can earn more profits, market share etc. In

conclusion rural markets are enticing and marketing to rural consumers is exciting. Nevertheless, clear understanding of rural consumers and their current and future expectations is the major part of strategies to tap the rural market nowadays. The future no doubt lies in the rural market. In conclusion, the rural markets are tempting, attracting and marketing to rural consumers is exciting. This will definitely improve the rural community and the country in a whole.

REFERENCES

1. Avdesh, K. S., & Satyaprakash, P. (2005). *Rural Marketing: India Perspective* (1st ed.). New Age International Pvt. Ltd.
2. Hagargi, A. K. S. (2011). Rural Market in India: Some Opportunities and Challenges. *International Journal of Exclusive Management Research*, 1(1).
3. Babu, S. Dhineshet al (2008), “Emerging Trends in Rural Marketing”,
4. www.bmsgroup.blog.co.in/files/2008/07/final-pro.doc Del Castello, Ricardo, Maul Braun (2006), “Framework for effective rural communication for development”
5. Goswami, Rahul (2009) “Making sense of the rural rush” <http://www.indiatogether.org/2009/apr/eco-ruraleco.htm> 4. Iyer, Vidya (2009-2010)
6. Kavitha, C.T. (2012). A comparative study of growth, challenges and opportunities in FMCG of rural market. *Interscience Management Review*, 2(3), 23-28.
7. Kotni, VV D.P. (2012). Prospect and problems of Indian rural markets. *ZENITH International Journal of Business Economics and Management Research*, 2(3), 200-213. in the rural India. *Gurukul Business Review*, 7, 125-130.
8. www.problemsofindianruralmaket.com
9. www.natureofindianruralmarket.com