



## **Rural Marketing: A New Paradigm Shift**

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***Abstract:***

*Rural India is going to become a biggest market of the world in the near future and it is transforming like anything in this dynamic world. Rural marketing is a visit to the 75 crores people residing in the villages of India where they have hope, aspirations, needs and potential. In the present scenario, rural markets have acquired significant role in countries like China and India which leads to overall growth of economy in coming years which has resulted from substantial increase in purchasing power of rural communities. With the advent of green revolution in India, rural areas are consuming a huge variety of industrial and urban manufactured goods which leads to special marketing strategy which is known as rural marketing. Therefore, we can say that as environment of rural markets keeps on changing, its market profile is also going to be change and people are changing themselves. So, the companies are applying several models and strategies to be a winner in rural market.*

***Key words:*** Demographic Profile, Rural Market, Rural Branding, Marketing Strategies, Present Status, Future Challenges, TRMI.

## **1.Introduction**

The Indian economy has seen consistent overall growth in recent years especially in rural areas. With improved communication network gave a huge fillip to the rural economy and income, resulting in higher penetration as well as increased consumption rate. The purchasing power of the rural communities has grown significantly due to improvement in agriculture productivity. The Indian rural market, with its vast size and demand base does offer great opportunities' to markets. More than ¾ of the consumers lives in rural areas from which half of the national income is generated. So, there is a need to tapped rural market if companies want to be surviving in today's dynamic world. To move forward, I think one must know what is rural marketing.....???

## **2.Meaning Of RURAL AREA**

It is defined as a group of people who are traditionalists, rooted in land and who generally resist change. So, According to Census of India (2001) defines rural area as which comprises following:

- Minimum population of 5000,
- At least 75% of male workforce engaged in non-agricultural activities, and
- Density of population over 400 per sq.km.

Another simple definition of Rural Area would be “It will represent a community in rural area with a population of 2500 to 30,000.”

According to Reserve Bank of India “locations with population up to 10,000 will be considered as rural and 10,000 to 1, 00,000 as semi –urban”

Rural marketing is similar as simply marketing. Rural marketing differs only in terms of buyers here as they have different perceptions so target market consists of customers living in rural areas. Thus rural marketing is application of marketing fundamentals {concepts, principles, theories etc} to rural marketers.

So we can say that it require the understanding of rural complexities. Indian agriculture industry has been growing at a tremendous pace in the last few decades .the rural areas consuming a large number of industrial and urban manufactured products. This has designed a new way for understanding a new process which is called RURAL MARKETING.

### **3. Defining Rural Marketing**

According to The National Commission on Agriculture, "Rural marketing is a process of developing, pricing, promoting and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organisational objectives."

### **4. Size Of Rural Market In India**

- According to the Census of India village with clear surveyed boundaries not having a
- municipality, corporation or board defined the size of rural market as follows :
- density of population not more than 400 Sq.km and
- 75% of the male working population engaged in agriculture activities
- there are 6, 38,000 villages in the country of these 0.5% has a population about 10,000
- 2% have population between 5,000 and 10,000 around 50% has a population less than 200.
- the FMCG and consumer durable companies, any territory that has more than 20,000 & 50,000 population respectively in rural market so for them it is not rural India which is rural.
- According to the census of India 2001, there are more than 4000 towns in the country. It has classified them into 6 categories around 400 class-I to towns with 1,00,000
- 498 class-II towns with 50,000-99,999 population,
- 1368 class-III towns with 20,000-50,000 population,
- 1560 class –IV towns with 10,000-19,999 population
- It is mainly the class-II & class-III towns that markets term as rural.

### **5. Demographical Details Of Indian Rural Market**

- Rural Population in India is 64.8%.
- About 285 millions live in urban India where as 742 millions reside in rural areas.
- The No. of middle income & high income households in rural India is expected to grow from 46 million to 59 millions.
- Size of rural market is estimated to be 42 millions household and rural market has

been going at 5 times the growth of the urban market.

- Increase in agricultural productivity leading to growth of rural disposable income.
- Our nation is classified in around 450 districts & approx. 6, 30,000 village which can be stored in different parameters such as literacy level, accessibility income levels, distance from nearest town etc.
- The rural market accounts for 1/2 of the total market for TVs sets, fans pressure cookers, bicycle's, washing soap, tea salt & tooth powder, what is more, the rural market for FMCG product is growing much faster than the urban market.

### **6.Present Status Of Rural Marketing In India**

In India the concept of rural marketing environment is complex which is changing continuously. So, the marketing organization who wants to target rural market should foresee and adopt strategies to change in requirements in the market... An adaptive organization can stand competition or have a modest growth. An organization which makes its effective marketing plans and its own strategies in a creative way and creates opportunities in the market with change in the dynamic environment is proves to be profitable for them. Therefore, in India there are numerous factors which affect the consumer behaviour:

#### *6.1.Environment of the Consumer*

In India, the environment or the surroundings in which the consumer lives has a very strong influence on the buyer behaviour. i.e electrification, water supply effects demand for durables.

#### *6.2.Geographic Influence*

The geographic location in which the rural consumer is located also affects the thought process of the consumer buying behaviour. For instance, villages in south India accept technology quicker than in other parts of India. Thus, HMT sells more winding watches in the north while they sell more quartz watches in the south.

### 6.3. Influence Of Occupation

As we know occupation is the main source of income for any individual living in this society which is same applicable in rural areas i.e the land owners and service can buy more of category2 & category3 durables than agricultural labourers.

### 6.4. Place Of Purchase

Company's need to access the products to rural consumers which mostly influence the purchase decision of any rural consumer. So, an organisation needs to develop various shops where retailers will give better services.

### 6.5. Creative Use Of Product

The study of product and provides indicators to the company on the need for education and also for new product ideas.

- E.g.:- Godrej hair dye being used as a pain to the colour horns of ox. Washing machine being used for making lassi.

### 6.6. Brand Preference And Loyalty

The people in rural market will not give preference for brand products but they give importance for loyalty of the product. i.e., 80% of the sale is branded items in 16 product category.

## 7. Marketing Strategies For Rural Market In India



Figure 1

### *7.1.Rural Market Segmentation*

As these are the above factors which leads to influencing the behaviour of rural consumer which requires a lot of efforts from company point of view to make rural consumer more satisfy. In response to this, now a days organisation are begin to focus on segmenting the market as describe as follows:

#### 7.1.2.Demographic Factors

Demographic factors are most significant factors which are taken into detailed consideration for market segmentation of consumer goods and fast moving consumer goods (FMCG). In case of rural marketing i.e. to sell goods in rural areas, demography profile of consumers is came into the picture. Some of the segmentations are as below.

#### 7.1.3.Occupational Segmentation (Or) Sociological Segmentation

This segmentation is based on economy vice categorisation which reflects the purchasing power of a farmer which includes :

- Artisans, farm labourers
- Small farmers
- Tenant farmers
- Medium level farmers
- Large farmers
- Very large farmers, zamindars

##### 7.1.3.1.Artisans And Others

This covers carpenters, blacksmiths, handy-crafts, people are unemployed.

##### 7.1.3.2.Tenant Farmers

Working on rented land to share the crops with owners of the land.

##### 7.1.3.3.Small Farmers

Who own small farms are jointly owned farms for getting food.

##### 7.1.3.4.Medium level farmers

Who own small farms are jointly owned farms for getting food.

#### 7.1.3.5. Large Farmers (Or) Rich Farmers

Who have large lands and all local leaders they spend types in urban areas and doing other occupation.

#### 7.1.3.6. Very Large Farmers, Land Lords (Or) Zamindars

Zamindars, rich money lenders and business men who owned big size lands and maintain large size farm labour. Normally they spend time in nearby urban areas with politicians. From the above the small farmers and tenant farmers will struggle for basic needs but the medium level farmers struggle for comforts. But the large farmers will not struggle for basic needs and comforts.

So the marketers target only large farmers and very large for segmenting the market. Apart from this, there is another type of segmentation which would be sometime applied by companies which is known as TRMI –Segmentation.

#### 7.1.4. Thomson Rural Market Index (TRMI) Segmentation

Hindustan Thomson associates ltd developed a guide to market segmentation for an organisation in 1972 and which was revised it in 1986. They collected data in 335 districts based on 26 variables finally they arrived on 10 selected variables having strong co-relation with rural market potential.

- Agricultural labourers
- Gross cropped area
- Gross irrigated area
- Area under non-food crops
- pump sets.
- Fertilisers consumption
- Tractors
- Rural credit
- Rural deposits & village electrified.

Based on these factors, the districts are classified as A, B, C, and D&E. Which are in order of high potential market to low potential market

### *7.2.Rural Branding*

Branding is a practise of giving specified name which helps to creates individuality in the product and it can be easily recognised from rival product in the market. So , the term brand is broadly applied to all identifying such as trade names, trademarks trade symbols etc... e.g.:- Pepsi, lifebuoy are brand names it is recognisable by sight normally ,the rural consumer likes to stick to brands that give value for money. Some of the brand names that have created lasting impact on rural consumers are as follows:

- Every day batteries: - Battery with cat as a symbol
- Lifebuoy
- Asian paints mascot
- Dabur Chawan Prash
- Parle
- Parachute
- Amul
- Zandubalm
- Tata salt
- Nirma
- Textile: - Chermas, Kumar shirts.

### *7.3.Rural Market Research*

As we above analysed rural market behave most differently from urban markets from past years but now it has a potential to capture it up to a large extent. So, many marketers have tried to market their products in rural areas but only Just a hand full of sum only has succeeded. Therefore there is a need to strong insight into rural consumer behaviour and sensitivity to their values and beliefs is essential to upgrade the rural market research not just gathering data but analyzing them and linking the findings to promoting their products. Rural communication campaigns communications for rural markets calls for a different kind of outlook.These have to be developed in the regional languages and set in the local culture for easier acceptance and reach to the customers. Besides mass and outdoor media rural extravaganza (cultures) like temple, festival, melas, and other events where the villagers come together can be used for promotions.



#### 7.4. Rural Events

In the rural context, one of the best ways to capture the attention of the audience is through event management. Since rural areas have limited venues for entertainment, conducting an event in rural areas can bring a good response..

#### 7.5. Rural Direct Marketing Campaigns

Direct marketing is one of the most powerful and reliable way to meet the target customers and build product awareness as well as promotion. The success of any direct marketing campaigns depends on the fieldworkers and their sensitivity and emotional connectivity to rural markets.

#### 7.6. Data Base Creation And Management

Marketing branding and promotional activities in rural context can be highly effective and thereafter have to create a database of prospects in order to capture rural market. This data is essential for marketers to reach their target accurately and helps marketing plan and communication strategies.

#### 7.7. Product Strategies In Rural Market

Product strategies used by companies in rural markets are given below:

Types of products	Description of the product
Sturdy products	Durable , heavier , long lasting
Designing products	Developments of new products
Small –unit packaging product	Use of small container or packet
Utility products	More usable products

*Table 1*

### 8. Sturdy Products

Most of the rural consumers believe that heavier the item, higher the power and durability, they prefer tough and long lasting product. e.g bullet motor cycle continuous to be popular in villages; royal Enfield sells about 65% of two wheelers in semi urban and rural areas; ambassador cars continuous to be popular in rural areas.

**9.Designing Products**

- The company's can come out with new products or promote existing products to suit field conditions in rural areas shown with examples as follows :
- L.G electronics came out with a unique product for rural market. It launched sampoorna India's first T.V with a Devanagari script on screen display.
- Voltas has introduced a refrigerator for rural areas direct cold technology keeps the refrigerator cold for several hours in case of long power cut.
- Nokia's basic model is dust resistant and has a mini torch light for using in rural areas.

**10.Small Unit Packing**

- It has been used for money consume products. Small units packing provide an opportunity for the consumers to try the product and help the company to reach consumers like daily wage earners.
- Ponds has gain market share over the past few years, focusing on rural market ant it has introduced 20grams talcum powder. Cavin kare studied rural buyer behaviour and introduced chik shampoo in small sachet of 4ml at a low price of 50ps.
- Rasna is now available in sachet pack priced at 1rupee each and one sachet will make 2 glasses of soft drink
- Godrej Sara lee has single coiled sachet of goodnight coil for rural Products

**11.Utility Products**

- The rural people are concerned with the utility of the items rather than appearance or show. For e.g-
- Philips has introduced free power radio RL117 priced at 995/- for the first time in India. The radio requires no external batteries or electricity for operation.
- HMT watches are popular for utility value.

**12.Challenges Of Rural Market**

All these above described are strategies which normally used by the marketers to capture a large share of rural market in order to get significant profits for a company at large.

In spite of this there are some challenges exist in our Indian economy which are faced by companies while implementing these strategies that can be explained as follows :

#### *12.1. Under Developed People*

As we know our rural society is found by tradition, old customs, practices etc. The impact of modern science & technology has made very less impact of the old beliefs are still continuing.

#### *12.2. Under Developed Market*

In spite of provision of credit facilities by govt. of India, yet rural markets are not developing so much because of inadequate banking & credit facilities. Therefore, rural market needs banks to enable remittance, to transact on credit basis and to obtained credit support from the bank. At present every 48th village in India only has bank.

#### *12.3. Poor Or Improper Communication Facilities*

Most villages even today largely depends on telegrams and phones for their communication which requires print media and visual media [Television cinema] etc reaches only about 20% of rural Indians.

#### *12.4. Many Languages*

India is a country of many languages. Language becomes a barrier in effective communication in the marketing efforts. The languages vary from state to state, place to place, district to district there are now 18 schedule national languages.

#### *12.5. Vastness & Unevenly Spread*

Rural market consists of approximately 75 cores rural consumers spread across approximately 6, 38,365 villages. Despite the urban migration, the rural areas continue to be the place of living for a vast majority Indians.

#### *12.6. Low Per Capital Income*

This is one of the most crucial challenges which is faced by most of farmers who has small lands and many villages are brought prone, this result in low per capita income of rural consumers which in turns result in low consumption pattern as compared to the

urban population. So, we can say that this proves to be challenge for a marketer to decide about quantities, frequency of distributions, package size etc... due to the low per capita income of the rural people.

#### *12.7.Poor Infrastructure Facilities*

Infrastructural facilities like roads, ware houses, powers etc... are inadequate in rural areas. Infrastructural cost are very high and impact adversely in the rural market activities.

#### *12.8.Seasonal Demand*

Rural economic is seasonal, rural people have two seasonal namely khariff & Rabi. Villages have money mostly in these seasons. As village income are seasonal ,demands are also.

### **13.Conclusion**

From above analysis, it clearly indicates that a vast market emerged in the rural sector, which is bigger in size as compared to urban market i.e., which may be confirmed to 9 million households. While current consumption is restricted to essentials in the packaged category, it would not be long before consumer durables start making inroads. I think next century will certainly witness the entry of personal products in the rural areas which makes India's largest consumer society in the world.

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