

RECENT TRENDS IN RURAL MARKETING

Nafeesa Fareeda¹ and Swathi²

Abstract- Rural markets have become integral part of global market. The rural markets are growing at above two times faster pace than urban markets; not surprisingly .The marketers in recent years are thus facing an extremely difficult and challenging tasks of catering to the rural sector, which is now almost impossible to ignore because of its rising income, population growth rate and government thrust on primary sector growth in its current five years plan.The paper describes the challenges and strategies of rural marketing in India and present scenario of rural market in India.

Key Words - Rural: Marketing: Challenges and strategies: emerging trend

I.INTRODUCTION

Rural India with its traditional perception has grown over the years, not only in terms of income, but also in terms of thinking. The rural markets are growing at above two times faster pace than urban markets; not surprisingly, Rural India accounts for 60% of the total national demand. Organizations need to sustain and grow in the market; therefore, they adopted newly marketing trends for retaining the existing customers and targeting new customers to increase the market share. Organizations need to sustain if effective network is available to adopt neo-marketing strategies to tap such markets available in rural and for flung areas where more than 65% population is residing with large untapped consumer potential. These recently developed trends also facilitate the organization to reach the target customers in minimum possible time. An organization selects new marketing trends on the basis of nature and usage of products. Such marketing is a process that involves carefully designing, implementing and controlling formulated strategies to facilitate the exchange of goods and services between organizations and customers. It helps an organization in identifying needs and wants of the customers and delivering products that satisfy those needs and wants.

Indian Rural economy emerging as biggest contributor to economic growth of India it is estimated that it will be around 45% of GDP by 2020. The rural economy has provided a cushion to the Indian economy. Indian economy is able to sustain in spite of all the crisis happened in other parts of the world is because of the backup of rural market. Rural consumers, who were on the receiving end so far, are now slowly getting into position to dictate the terms for the first time.

A. Objective

- To study the needs of rural marketing in India.
- To study the present scenario of rural market in India.
- To study the trends in rural marketing
- To study the challenges and strategies in rural marketing.

II.METHODOLOGY

The Research design in this study is Descriptive research design. In order to achieve the

¹ Faculty of commerce and management U.G. Centre of Mangalore University First Grade College Mangalagangothri

² Faculty of commerce and management U.G. Centre of Mangalore University First Grade College Mangalagangothri

research objectives, the study is based on secondary data. The data has been collected from various websites, newspapers and reputed journals.

A. *Present Scenario in Rural Marketing*

As we know Indian economy comprising of both urban sector as well as rural sector. And concept of rural marketing in Indian economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country. The Indian rural markets with its vast size and demand base offer great anveshanaindia@gmail.com, www.anveshanaindia.com 102 opportunities to marketers. About 68.84% of the consumers live in rural areas and more than half of the national income is generated from rural areas. Of the 121 crore Indians, 83.3 crore live in rural areas while 37.7 crore stay in urban areas, Our nation is distributed approximately in 6,30,000 villages which can be sorted in different parameters such as literacy levels, accessibility, income level, penetration, distance from nearest town etc. It is only natural that rural India occupies an important position in the marketing strategies both in the narrower and broader spectrum.

Rural marketing in Indian economy can be classified under two broad categories. These are (a) the markets for consumer goods that comprise of both durable and non-durable goods, and (b) the markets for agricultural inputs that include fertilizers, pesticides, seeds, and so on.

The concept of rural marketing in India is often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas

B. *Needs of Rural Marketing*

There are many reasons that have urged the Indian companies to enter the rural India. Some of them are discussed below:

1. Rapid growth in service industries

2. Rise in demanding consumers: The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market 3. Increase of rural literacy: Literacy level among the rural mass is increasing day by day. Rural consumer can understand the message given by the producers in the advertisements.

4. Global integration: Global Research Company McKinsey had referred to India as the “Bird of Gold” in its report titled .The Bird of Gold: The Rise of India’s Consumer Market. Consumer product makers and analysts now believe that this bird is ready to fly with wings wide spread in the global sky. Rural consumers increasing their appetite for better products and high-standard services.

5. Increase in rural population: Over the past few years rural India has witnessed an increase in the population with much more pace than of urban population and as far as total anveshanaindia@gmail.com, www.anveshanaindia.com 104 population size in concern rural population size is more than two times of urban population.

C. *Trends in Rural Marketing*

The companies should start selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer asks for value for money

1. **Large population:** The Indian rural market with its vast size and demand offers great opportunity to marketers. Our nation is classified in around 450 districts & approx. 6, 30,000 villages. Indian rural market is huge in size because rural population accounts for almost 70% of Indian population as the recent Census 2011, 833 million live in rural India, 33% of rural population includes youth, number of households increased from 25 to 33 crore. The rural market is currently worth approximately USD\$ 10 billion in consumer spending in the FMCG market annually. Food categories are currently driving the bulk of the additional USD\$ 90 billion into the marketplace by 2025.
2. **Green revolution:** The vision of Dr. Swami Nathan, the father of the green revolution to achieve self-sufficiency in food grain production in 1995, gave a major breakthrough in food grain production by the use of scientific methods in agriculture. At present, Rural India generates 299 million tons annually. The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selected mechanisation, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers. By observing this scenario, India's one of the biggest giant Hindustan Lever Ltd. has entered into rural market for more penetration through the operation „Bharat“.
3. **Smart phones penetrating into rural India:** 320 million are rural mobile phone users i.e. roughly 38 per cent of the rural population, which includes children and senior citizens. The actual benefit of technology positively impacting rural economy will be seen when data communication is used effectively.
4. **Increased level of education and employability of rural youth:** Villagers realized their children education is the first priority. Most of the rural youth especially teenagers are anveshanaindia@gmail.com, www.anveshanaindia.com 105 well aware of products due to their school education and media exposure. Significant progress on literacy levels – 90% of the villages have a primary school within a 1 km walk. Private school enrolment in rural India has enhanced by 5.5% points over past six years. The literacy rate has also gone up by 68.91% in rural India. This enhanced the employability of rural youth they are not sitting idle in villages they are motivated to go to nearby towns to find the jobs.
5. **Increased purchasing power:** Rural purchasing power has grown faster than urban in the recent years. Rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favourable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10% per annum. Government spending in rural India has tripled over the last four years and is now translating into higher consumer spending. Therefore, rural consumers are consuming more premium and convenience oriented categories that are typical of their urban counterparts. “Policy measures like the waiver of agricultural loans around US\$ 13.9 billion and the National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc helped the rural economy.
6. **Government Incentives and policies:** The government's stress on self-sufficiency resulted in various schemes like Operation Flood (White Revolution), Blue Revolution, Yellow Revolution, etc. resulted in the production of 15 million tons of milk per annum. The Indian Government launched a number of schemes like IRDP (Integrated Rural Development Programme) and REP (Rural Electrification Programme) in the 1970's, which gave a boost to the agrarian economy. This resulted in changes in people's habits and social life. REP gave impetus to the development of consumer durable industry.
7. **Media:** Mass Media has created increased demand for goods and services in rural areas. Smart marketers are employing the right mix of conventional and non-conventional

media to create increased demand for products. The role cable television has been noteworthy in bringing about the change in rural people's mind set and influencing their lifestyles.

8. IT penetration in rural India: Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, exam results, career counselling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities anveshanaindia@gmail.com, www.anveshanaindia.com 106 of change are becoming visible. Products developed for rural marketing are Philips develop a tv "vardaan" and free power radio for rural markets, ICICI rural ATMS, Bhumiheen credit cards by bank of India, E-choupal by ITC.

9. Better credit facilities through banks: With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on instalments.

10. Brand conscious: The rural market in India is not separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country. Spending on FMCG products especially in the rural areas is showing an increasing tendency.

D. Challenges and Strategies in Rural Market

Delivering to the rural markets is a real challenge to many marketers. In fact, the whole dynamics of rural markets are so unique that one has to look at beyond traditional marketing mix with advanced mix containing the 4A's instead of the traditional 4P's of marketing: Acceptability – develop what the consumer wants, Affordability – Make an affordable product, Availability – product made available at villages and Awareness - Don't promote the brand, demonstrate the product. Most of the marketers look at rural market as an extension of existing urban market hence they simply dump their existing product which is out-dated in urban market into rural market. Hence marketers fail to penetrate into rural market in big way. Though rural consumers attracted towards urban life styles their dynamics are differ from urban consumers. Similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban consumer.

Strategies for Rural Marketing

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 the rural markets can be exploited by realizing them, rather than treating them as convenient extensions of the urban market.

a) Marketing Strategy : Marketers need to understand the psychology of the rural consumers and then act consequently. Rural marketing involves more exhaustive personal selling efforts compared to urban marketing. Firms should abstain from designing goods for the urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market, a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

b) Distribution Strategy: One of the ways could be using company delivery van which can serve two purposes - it can take the products to the customers in every nook and corner of the

market, and it also enables the firm to establish direct contact with them, and thereby facilitate sales promotion. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural markets have the practice of fixing specific days in a week as Market Days called "Haats" when exchange of goods and services are carried out. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town termed as "Mandis" where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

c) Promotional Strategy: Marketers must be very careful while choosing the mediums to be used for communication. Only 16% of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc., with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns. Radio is also very popular source of information and Entertainment, Adds on radio can also be a helpful tool for marketers.

III.CONCLUSION

India's rural market could have been stronger than the present position, if Indian policymakers have made adequate infrastructure for rural India. Rural markets, as part of any economy, have untapped potential. Thus looking at the challenges and the strategies which rural markets offer to the marketers it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

REFERENCE

<http://www.ibef.org/industry/indian-rural-market>
http://www.inianmba.com/Faculty_Column/Fc875.html
http://www.cpuh.in/academics/pdf/Rajat_Rural_Marketing
<http://indianresearchjournals.com/pdf/APJMMR/2013/Julay/4>
<http://publications.anveshanaindia.com>