

Rural Marketing in India: A Mainstay for Economical and Social Development

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Abstract-*The growth in the rural markets is a very significant feature of the contemporary marketing environment of India. The growth implies a great, new marketing opportunity. Today, the rural market of the country accounts for a large share of the expenditure on manufactured and branded consumer goods. In the last two decades, the marketing environment governing the rural markets has been undergoing vast changes. In clothing, preferences have shifted to blended fabrics, knitted apparels and readymade garments. Earthenware pots have yielded place to a variety of new kitchenware. Plastic products and stainless steel goods have become common consumer items. The change in every sphere is visible, palpable. Contrary to popular belief, the rural market is already consuming a variety of high priced consumer durables and other modern products. And more and more companies are today targeting the rural market. There are, of course, two sides to India's rural markets: the market provides immense opportunities: it also displays intimidating challenges. It does not lend itself to be tapped through an automatic transfer of the tools and techniques of marketing, which have proved to be a success in the urban marketing context. Tapping the rural market is beset with a variety of problems. Marketing men find it a new market, involving a new customer and new marketing situation. The digital divide is yet to be bridged, as could be seen from the fact that the teledensity in villages is 1.7 percent compared to 27 percent in urban India.*

Keywords-Marketing, rural market, product, customer, information

I. INTRODUCTION

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 organizational objectives.

The consumer is a major component of the marketing environment. Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. The emergence of rural markets as highly untapped potential

emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still a mystery. Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned. Effective marketing is all about getting messages in front of potential consumers in appealing ways that have the potential to influence purchase decisions. Doing so in the 21st Century requires the use of various information technology tools. From managing your own schedule to keeping up with previous contact to distributing marketing oriented information via email and online marketing channels, it's a fact that information technology is ingrained in modern marketing jobs. There's no denying that technology has changed the way that global citizens receive, interpret and react to information. With the proliferation of the internet at the turn of the twenty-first century, and the rapid evolution of devices that allow quick and easy access to its millions of portals, consumers are finding new ways to interact with companies and with products. Given these new forms of buyer seller interactions, many professionals and individuals alike now believe that the information age, facilitated by evolving technologies, has redefined the role of marketing. But is this belief valid? Sure the role of marketing has historically changed with time. In Philip Kotler's Defining Marketing for the Twenty-First Century we are walked through marketing's evolution from being a production and product based concept in the early 1900's, to being selling focused in the 1920's. In the same text, we are enlightened to the way in which marketing's role post World War II, well into the 1990's, changed from selling products to embracing the marketing concept of providing customer needs. Philip Kotler and others have gone onto emphasize, is how marketing's role further changed in the 1990's. Instead of merely concerning itself with providing products that meet the needs and wants of consumers, marketing role shifted to developing and managing customer relationships.

In India, rural income now exceeds urban income by a handsome margin. The former constitutes 57 percent of the

total income of the country. This rise in prosperity has led to an increase in purchasing power, resulting in the rural market emerging as the bigger one compared to the urban market for FMCGs, FMCDs and services. The belief that rural people do not buy branded products and that they buy cheap products are not borne out by studies. In fact, branded FMCGs account for 80 percent of rural sales (the brands could be national or regional). Consumer preferences in rural markets have shown a paradigm shift over the last few years. Their consumption basket looks very similar to that of urban counterparts. Premium products are replacing basic versions and brands are making their presence felt. Likewise, it is not true that they always go for cheap products. In reality, they like others, seek value for money.

II. OBJECTIVES OF THE STUDY

The main objectives of the present study are as follows:

1. To know the present situation of rural Marketing in India
2. To study the various phases of rural Marketing
3. To study the best practices of rural Marketing in India
4. To know the strategies of rural Marketing.

III. RESEARCH METHODOLOGY

The research methodology consists of primary data with the sample size of 150 as well as both quantitative and qualitative research techniques which includes a series of face to face interviews and survey in rural areas and some high profile personnel as well as staff of Marketing Industries and Govt. Departments. The secondary data includes articles from magazines, reference books, different websites and research material available on net.

IV. PRESENT SCENARIO OF RURAL MARKET IN INDIA

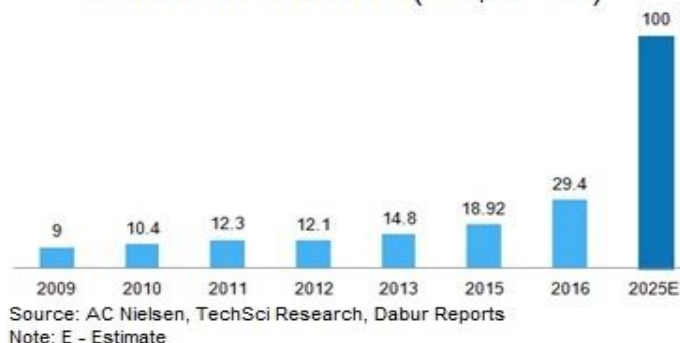
A text on marketing in India will remain incomplete without a discussion on rural marketing. The Indian rural market, with its vast size and demand base, offers great opportunities to marketers. More than 70 percent of the country's consumers are in the rural market and more than half of the national income is generated here. The rural market is very much larger than the urban in the aggregate.

Table 1. Size of Rural Market

Category	Estimated Annual Size (in crore)
FMCG	80000
Durables	10000
Agri-inputs (incl. Tractors)	55000
2/4 Wheeler	20000
Total	165000

The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025. The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25. Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms. Amongst the leading retailers, Dabur generates over 40-45 per cent of its domestic revenue from rural sales. As per the NSS data, 62 percent of consumer expenditure in the country comes from the rural market and only 38 percent from urban market. In growth rate of the expenditure too, rural market has been matching the urban. It contributes to over half of India's GDP. It does not lag behind the urban in growth rates of GDP either.

Rural FMCG market (US\$ billion)



V. TOOLS USED IN RURAL MARKETING

In marketing communication and promotion too, rural markets pose some unique problems. These emanate from the unique profile of the target audience, as well as the limitations in the matter of media. Rural communication and marketing is not quite expensive now-a-days. Only it has to be elaborate and step by step. It has to manage all stages such as creating awareness, altering attitudes and changing behavior. In addition, it has to break the existing deep-rooted behavior patterns. Second, as the audience is fragmented, location-wise and in media habits, the promotion becomes costlier. The job is basically one of finding a media mix that will deliver the message in a cost-effective manner to a target audience that is

predominantly illiterate. Some media and Information Technology (IT) tools help in a cost-effective way for communication and rural marketing. These tools that marketing professionals are likely to use on a regular basis now-a-days for rural marketing include:

- **TV:** With the expansion in TV coverage, ownership of TV sets, cable and satellite connections and community TV viewing facility in rural areas. TV is gradually becoming the major medium for rural communication. The reach of television programmes is now as 85 to 90 percent.
- **PoPs:** The PoPs – Point of Purchase (or point of sale) promotion tools are also quite useful in the rural markets. The PoPs meant for the rural market should be specially design to suit the rural context and requirements. Symbols, pictures and colours must be used liberally. As a general rule, the rural people love bright colours. The rural communicator must utilize such cues.
- **Computerized Presentations:** Marketers are often creating computerized sales and marketing presentations using PowerPoint or other applications.
- **Customer Relationship Management (CRM) Systems:** Companies often use sophisticated CRM software applications to keep track of all types of customer contact, including sales calls, presentations, purchases, complaints and more. Marketers need to be able to access information that is in the system as well as input additional data as it becomes available.
- **Email Marketing:** Many companies rely heavily on email marketing as a way of attracting new business and building relationships with current and past customers. Marketers are often responsible for building and maintaining an email marketing database as well as creating e-newsletters and email advertisements.
- **Websites:** Having web design, development maintenance skills can definitely be an advantage for individuals who want to work in marketing. The level of web skill necessary varies from one company to another. In some organizations, marketing professionals are expected to handle every aspect of creating a website, including design, programming, security, content development and more. In other organizations, marketing employees work closely with in-house programmers or an outside web development firm on the technical aspects of site management.
- **Social Media:** With so many companies incorporating social networking into their promotional efforts, marketing professionals need to be well versed in the use of popular social media technologies as tools for attracting new business and building customer relationships. Marketers are often responsible for setting up and managing Face book pages and Twitter accounts

for their companies, publishing video content to YouTube, and establishing LinkedIn profiles for key company personnel.

VI. THE RURAL MARKET – SOME PROJECTIONS

Some projections on the rural consumer market in India by some experts are as follows:

- Despite increasing urbanization and migration, 63 percent of India's population will still live in rural areas in 2025.
- Rural consumption will have nearly tripled by 2025, creating a large market worth over 26 trillion rupees.
- In 2025, the rural market of India will be larger than the total consumer market in countries such as South Korea or Canada today. , and almost four times the size of today's Indian urban market.
- On a per-household basis too, rural India will see a good consumption growth.
- By 2017, per-household spending in rural India will reach current levels in urban India.
- The government has pledged to provide direct income support to rural inhabitants through the rural employment guarantee scheme, which guarantees 100 days of paid employment per year for every rural household. It will provide a direct boost to many households in the poorest rural bracket.
- Unlike other consumption categories that are dominated by urban growth, personal non-durables will see strong growth in rural areas as well.

VII. RURAL MARKETING IN INDIA – CHALLENGES AND SOLUTIONS

While the rural market of India does constitute an attractive, sizeable and high potential market, it is a tough one to crack. It bristles with a variety of problems/challenges that arise directly out of the features. There are few challenges that a rural marketer has to overcome. And these three are:

1. **Challenge of Reach:** At the outset, it has to be pointed out that it is futile to cite the challenges especially the challenges of reach. Marketers getting more concerned with reaching rural markets than with what they shall do once they get there i.e. one has to be clear as to how he is going to tap the market once he overcomes the challenge of reach. The rural market no doubt poses a challenge of reach: the problems in physical distribution and channel management are very much there and rural markets are composed of several small pockets and are also scattered and hence, inaccessible and/or unviable.

2. **Challenge of Awareness of Brand:** This is also an important challenge to ensure that consumers are aware of your brand and want it. Large parts of rural India remain media-dark: low literacy and poor promotion infrastructure are other limiting factors. But once again, it is important to safeguard against an obsession with reach over content. Infrastructural and technological progress is now making it easier to communicate with the rural audience.
3. **Challenge of Communication of Right Message:** The challenge is to communicate the right message to engage with and understand the rural consumers and their shopping and consumption behavior and to develop communication that connects with them. Marketers must speak in a language that the rural India understands. They need to build not just their brands but also the entire category.
4. **Challenge of Infrastructure:** Significant gaps in road and telecommunications connectivity, lack of reliable electricity and water supplies and limited distribution infrastructure (e.g. cold storage) make it difficult for companies to fulfill rural India's latent demand.

In addition, a combination of wide geographic spread, low per-capita spending and competition from local players in the unorganized sector makes it hard to construct profitable business models in these markets. But some major companies already serve rural markets profitably today and others view the rural areas as the next frontier as the major urban markets become increasingly competitive.



VIII. CONCLUSION

Indian rural market is full of fascinating opportunities as well as daunting challenges. There is certainly a very attractive side to the market, as it offers a large scope on account of its size. It is also growing steadily and is relatively

less competitive and less saturated as well. Marketers can therefore, certainly hope for big rewards from the market. At the same time, the market certainly poses several problems and hurdles. It is also true that in several cases, it still remains either uneconomic or less profitable as the cost of every task of marketing like transportation, sub-distribution, communication; personal selling and servicing are all high.

The important fact is that rural marketing is developmental marketing and rural marketers must be willing to recognize this fact. By this statement it is not meant that all costs described above have to be subsidized forever by the commercial firms engaged in rural marketing. All the costs have to be captured from the market. The special requirement is that rural marketing should have elements of development of the rural community built into them: that is why rural marketing is referred to as developmental marketing. In fact, it is in rural marketing that one finds abundant scope for value co-creation between the marketing firm and its customers. The customers are willing to travel with you, ready to be guided by you and work it out with you, if only you can convince them that the result is mutual good. The task involves quite a bit of waiting and need plenty of creativity. It is often said that markets are made, not found. This is particularly true of the rural market of India. It is a market meant for the truly creative marketer.

XI. SUGGESTIONS

There are few suggestions which strengthen the best practices for rural marketing in India and these are:

1. There is a need for plan of action for the development of areas which are lagging behind in socio-economic development.
2. There is a need for improving quantity and quality of infrastructure in rural areas to realize its true potential
3. Usage of IT tools should be increased so that there will be more awareness among customers of rural areas.
4. Need of evaluation of new trends and technologies from multiple perspectives to provide measurable incentives for innovation and cooperation.
5. Marketing should take the lead in assessing top-line growth potential for emerging scenarios.

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