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Rural Marketing: The Next Big Buzz of Marketing

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Abstract: *Mahatma Gandhi had once said: “India’s way is not Europe’s. India is not Calcutta and Bombay. India lives in several hundreds of villages.” The Indian rural markets have emerged as an important growth engine in the Indian Economy. Industry experts are already saying that rural India is not only shining but also is the new driver of growth for the Indian economy.*

I. INTRODUCTION

The rural India lives in the villages. Rural areas in India are considered today as a huge storehouse of untapped marketing opportunities, by marketers. Our country is endowed with a good degree of ethnic and regional diversity. Three-fourth of India’s population lives in villages and about 30% of our national income is generated by this sector. Rural marketing is concerned with serving the needs of rural consumers. A few years back, the rural market in India was an unknown area and many companies were not interested in entering in rural markets. In India as the demand pattern was fragile, poor purchasing power etc. Communication, transportation and infrastructure were the main blocks for growth of rural markets. Due to green revolution in agriculture and white revolution in diary a technological breakthrough has taken place in rural India, which results into improved productivity, prosperity and disposable income. Rural marketing has gained prominence in the last decade. The 90’s saw widespread changes in Indian Business Environment. Urban markets for many consumer goods either got saturated or were badly hit by recession. The development of the nation largely depends upon the development of rural population.

II. WHAT IS RURAL

The different definition of the term “rural” can be classified under the perspectives: public administration, action oriented and market oriented. Public administration perspective is based on the fact that urbanization is a sign of development and focus on the urban concept to move from a panchayat set up to a corporation. The census of India (2001) defines rural as that which is not urban. Urban is defined as:

1. All locations within a municipality or cantonment board.
2. All other locations which satisfy the following criteria:
 - a) Minimum population of 5000.
 - b) At least 75% of the male workforce engaged in non-agricultural activities.
 - c) A population density of over 400 persons per sq. km.

However, the census of India (2001) definition is not appealing when we consider the marketing oriented perspective because of following paradoxes:

- i. A slum in a metro could have the attributes of a rural market for some products and the attributes of an urban market for some others.

- ii. Many towns are actually overgrown villages and are classified as towns only because they have a municipality.

The action oriented definition is provided by Insurance Regulatory Development Authority (IRDA) which includes all areas with a population of less than 5000 and a population density of less than 4000 per sq. km. and where at least 75% of the male working population was engaged in agricultural activities. The IRDA had amended the definition in 2002 to bring down the required stipulated percentage of the population which had to be engaged in agricultural pursuits to at least 25%. Innovation-focused marketers consider rural as a group of people who are traditionalists in outlook, rooted in the land and who resist change.

III. MEANING OF RURAL MARKETING

Rural Marketing is concerned with marketing of inputs (product/service) to the rural and marketing of outputs from the rural markets to other geographical areas. Therefore rural marketing is concerned with the flow of goods and services from urban to rural and vice-versa and within the rural area itself.

T.P. Gopaldaswamy observed: "Rural marketing is a two-way marketing process. Its content now encompasses inflow of products into rural areas for production and consumption purposes and also outflow of products to urban areas." The national Commission on agriculture defined Rural marketing as a process that starts with a decision to produce a saleable farm commodity and it involves all the aspects of marketing system and includes pre and post harvest operations i.e. assembling, grading, storage, transportation and distribution. An academician who does not subscribe to the „place“ concept (market is a place where exchange takes place between buyers and sellers) of marketing says, "Rural marketing is marketing to a rural mindset, not a rural market. Therefore, from the above we can conclude the following aspects of rural marketing:

1. It is a discipline and a function.
2. It is a process which involves activities like assembling, stimulating etc.
3. It involves design of products and related components of marketing mixture.

IV. PHASES IN RURAL MARKETING

Part1 (before 1960's)

It was completely an unorganized market where "baniyas and mahajans" dominate the market. Rural marketing was another word for agriculture marketing because, agriculture produces like food grains and industries like cotton, oil seeds, etc. occupied primary attention.

Part2 (1960 to 1990)

The greatest thing which happened in this period was green revolution which led to farming involves scientific and technological methods and many poor villages become prosperous business centers. Rural marketing meant "marketing of agriculture inputs" and "agriculture marketing". Agencies like khadi and village industries commissions bloomed and government paid attention to promote these products.

Part3 (after Mid 1990)

Since 1990, India's industrial sector had gain strength and maturity. Its contribution to GNP increased substantially. With support and development programs of center and state government rural area progressed socially and economically and emerges as a new market. Rural marketing was considered different from agriculture marketing. Rural marketing define as a function which manage all those activities in assessing, stimulating and converting the purchasing power of rural people into an effective demand for specific products and services and to create satisfaction and better standard of living for achieving organization goals. Rural marketing in Indian economy can be classified under two broad categories these are: the market for consumer

goods that comprise of both durable and non-durable goods and market for agriculture inputs that include fertilizers, pesticides, and seeds and so on.

V. NATURE OF RURAL MARKETING

1. **Elastic:** Rural marketing has changed in nature from being transactional to developmental and from going alone to partnerships. It has benefitted from information technology developments to find out the solutions of rural problems.
2. **Developmental:** Rural marketing is more developmental than transactional. It is a process of delivering a better standard of living and quality of life to the rural consumers.
3. **Social process:** The vital element of rural marketing is communication. It should serve to resolve social conflicts and strengthen competitive spirit during interactions between rural and urban areas as well as within rural areas.
4. **Innovation:** Innovation is the essence of marketing. Innovative methods of social change are vital for the successful transformation of traditional society.
5. **Discipline:** Rural marketing has emerged as a separate discipline and now it is offered as a subject of study in many colleges and universities. Several textbooks are also available in the market on the subject. The subject has also caught the attention of researchers.
6. **Social Status:** The job opportunities in rural areas are increasing. It is reported that Shakti Ammas of HUL" s Project Shakti have gained new respect in their areas. A survey revealed that rural retailers influence 35% of purchases.
7. **Association:** Every profession has an association which creates a forum for exchange of ideas and improvement of practices. Such associations lay out a code of conduct for its members to follow and also design standards for excellence. The formation of Rural Marketing Agencies Association of India (RMAAI) is such an association.

VI. SCOPE AND SIGNIFICANCE OF RURAL MARKETING

There are a large number of reasons for growing interest in rural markets. The major reasons responsible for the growth of rural markets are:

1. **Growing population:** According to 2001 census, rural population is 73% of the total population in India. The rate of increase of rural population is higher than that of urban population.
2. **Growth in Consumption:** There is a considerable growth in the purchasing power of rural consumers. The purchase and consumption of various durable and non-durable is more than that in urban areas.
3. **Life Cycle Advantage:** The products which have attained the maturity stage in urban market is still in growth stage in rural market. For example: skin cream, talcum powder etc.
4. **Competition in urban market:** As due to the competition in the urban market, the market is more or less saturated as most of the capacities of the purchasers have been targeted by the marketers. So the marketers are looking for extending their product categories to rural markets.
5. **Change in Rural Consumer Behavior:** Increased mobility between rural and urban areas because of improved transport and communication facilities etc. Contributed greater awareness of products and services available to rural consumers. The latest trends show increasing number of subscribers of mobile phones in rural and small markets in Kerala and Tamil Nadu.
6. **Increasing Income:** The growing opportunity in the rural market is no doubt the prime factor. The increased income of the rural consumer and the improved income distribution has enhanced rural demand for several products. Different programmes undertaken by the Govt. have helped to improve the economic situation of the rural areas.

VII. CONSTRAIN IN RURAL MARKETING

1. **Vastness and Uneven Growth:** India has about 6 lakh villages which are widely scattered and they are also not uniform in size.
2. **Low Literacy rate:** Literacy rate among rural consumers is very low. There are not enough opportunities for education in rural areas. 26% of rural India's chief wage earners are illiterate as compared to 8% in urban India.
3. **Buying Decisions:** Rural Consumers are cautious in buying and decisions are slow and delayed.
4. **Many Languages:** India is a country of many languages. The languages vary from state to state, place to place. Language becomes a barrier in effective communication in the marketing efforts. [
5. **Underdeveloped People:** Rural society is bound by traditions, old customs, beliefs etc. Modern science and technology has less impact on these traditions and these are still continuing.
6. **Communication Problems:** Communication infrastructure which includes posts, telegraphs, telephones etc. is inadequate in rural areas.
7. **Warehousing Problems:** There are many agricultural products which are demanded throughout but produced only in a particular season. Due to the lack of adequate storage facilities in rural areas, stocks are maintained in towns only.
8. **Lack of Transportation facilities:** Transportation infrastructure is very poor in India. In India, there are 6 lakh villages and almost 50% of them are not connected to roads and railways.
9. **Promotional agencies lack marketing skills:** The promotional Khadi commission, handicrafts etc. and NGO"s which are engaged in the non-farm sector lack professional marketing support and therefore they are unable to help the poor to get a better value for products made by them.
10. **Intensifying Competition:** Competition is found at three levels –foreign and national brands, regional brands and fake products. Tea, Ghadi Detergent powder and proofs that regional brands can become brands to reckon with at the national level. It is estimated that FMCG companies lose more than Rs. 100 billion to spurious products every year, mostly sold through local haats and bazaars.

VIII. STRATEGIES FOR RURAL MARKETING

A strategy is nothing but a way to relate to the market environment in a manner which is not harmful to you. A market environment consists of factors and forces that affect an organization's ability to develop and maintain successful transaction and relationships with target customer.

Rural marketing strategies include:

1. **Client and location-specific promotion:** It involves a strategy designed to be suitable to the location and the client. For example: ICICI rural ATMs are battery operated so that power failure is not an issue.
2. **Joint or cooperation promotion:** This type of promotion by an input marketer with other rural development and input marketing agencies can also be undertaken and the package can be delivered. What is required is a personalized approach to the marketing job, for this, local linkage building can help.
3. **Developmental Marketing:** It refers to taking up marketing programmes keeping in mind the development objective and using various marketing methods to achieve these objectives. In this process, the companies can also create markets for their products and sell their outputs. A pre-requisite for this, is the development market Research which is nothing but application of the marketing research tools and techniques to the problems of development.

4. **Management of demand:** it involves continuous market research of consumer's needs and problems at different levels so that continuous improvements and innovations can be undertaken for improving market performance.
5. **Unique Selling Propositions:** It involve presenting a theme with the product to attract the client so that he may buy a particular product. This concept was invented by Rosser Reeves. Some of the unique selling features of some of the companies are as follow:
 - a) Mahindra tractors: Mera Gaon, Mera desh, Mera Mahindra.
 - b) Sun Seeds: Grow with sun.
 - c) Eicher : Ghazab ki Taakat, Ghazab ki shaan.
 - d) Grieves Limited: Technology to take you ahead.
6. **Ethics in Business:** This aspect needs particular attention, especially in rural marketing field, as the trust which is a new buzzword in marketing literature, has been at the heart of all transactions whether cash or kind. Therefore to make a lasting impact on the rural clients, the firms need to build trustful relationships which can be done by no other means but ethical conduct.

IX. CONCLUSION

Indian Rural market has a vast size and demand base. The potential is enormous. There are some of the companies which have already written their success stories in rural markets. Companies like HUL, LG, Mahindra have given a new way for rural Marketing. The Govt. is also making continuous efforts towards rural development. The marketers will have to come up with innovative ideas to exploit the opportunities in rural markets.

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