

RURAL MARKETING – AN EMERGING MARKETING SECTOR

By Prof Pooja Prasad Oak

Abstract

Everybody knows creating of customer is the most crucial task and even most expensive as compare to retaining a customer, the scenario is customers are waiting for you and you are ignorant as a marketing firm. Marketing firms are more keen to go for urban markets and facing cut throat competitions in urban areas but don't want to introduce themselves in rural areas where customers are available and marketers don't need to go for much efforts and they can easily tap the customers and retention is also easy. Development in Infrastructure and with media reach it is very much possible to target a very new area that is Rural Market.

Keywords

Infrastructure, GDP, FMCG, HAATS, BPCL

Introduction

The hinterland in India consists of more than 600000 villages in which only 100000 villages are trapped by Marketing activities. Still 500000 villages waiting for Marketing and marketers. Exactly reverse situations has been seen for marketing firms who are starving for capturing the new markets but the fact is they are ignoring most emerging part that is Rural Market. These 600000 Indian villages are inhabited by about 850 million consumers making up for about 70% of population and contributing around half of the country's GDP (Gross Domestic Product). Over 50% of National Income is generated in Rural India.

There is a vast scope to market for modern goods and services in rural areas and vice a versa those agricultural products produced from fields to urban areas. These transfers will help the economy in balancing the inequality of income distribution and even it will help for the development of rural sector on large scale in India.

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

Objective of this research

- i. To know about Indian Rural Market
- ii. SWOT analysis of Rural Marketing
- iii. The role of Corporate sectors in the development of Rural Market and targeting New Customers.

A journey of a Rural Market

Since ancient times, Indian villages had the concept of village markets popularly known as the village Haats. The Haats are basically a gathering of the local buyers and sellers. The barter

system was quite prevalent, which still continues in a number of places even today. Haats are basically a weekly event, and are central to the village economy. Purchasing power of the rural people is on rise.

Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

There is development of infrastructure facilities such as villages. The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

There are 24 languages and 1642 dialects (boil) varies every 100 Km or so, making extremely difficult to spread uniform message in the same way, in the same manner. Heterogeneity is the benchmark of the rural market. With the diversity, it is clear that the learning from market research in a small market may not necessarily be applicable to the rest of the state, leaving alone the rest of India. Villages do have still more traditional mode of functioning resulting into mode of less employability of technology in several sectors. Unskilled workers and conservative nature makes the rural market more crucial and difficult to work in. having many demographic, social and technical barriers rural market still can be a prospect for the Marketing industry. Rural market is changing its scenario from Haat, Weekly Bazars to recognized shops and recognized retailers.

The role of advertisement and media is much more in developments in rural market. All most all villages have now cable connections or dish antennas. Which let the market know the new products and the offerings? Rural buyer is also started using Fair and Lovely and Dove. Many rural middle class farmers is having Tata Nano Car. Instead of Ice Goals, kids in rural areas

wanted to have “Thanda matalab coca cola”. So advertisement and contribution of corporate sectors have done many efforts to reach to the rural buyer and so we can see sudden developments in buying behavior of a rural consumer and changing demand in rural markets.

Thus, looking at the opportunities, 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. Construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing. The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings. The rural consumer values old customs and traditions. They do not prefer changes. The Rural consumer is too stubborn to turn easily to the other product. Need is their first preference for demand.

Rural Buying Behaviour

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market. To ensure affordability of the product or since among low disposable income villages, products need to be low-priced for rural consumers since most of them are on daily wages. Some companies have addressed the affordability problem by introducing small unit packs. The price-sensitivity of a consumer in a village is something that the marketers should be alive to. Rural income levels are

largely determined by the vagaries of monsoon, and hence the demand there is not an easy horse to ride on.

SWOT Analysis of Rural Market

Strengths

- 70% of Indian Population lives in more than 600000 villages.
- Increase in Rural literacy rate is 2% per year that is double than urban markets.
- Increasing income and purchasing power in rural India because of modern methods in agriculture and use of technology.

Weakness

- The rural market is seasonal market; consumption goes high in post monsoon and comes down in non-crop period.
- Lack of infrastructure and electricity
- High cost of distribution because of geographical spread on a vast area.

Opportunities

- More than 500000 villages are untapped which are the most emerging markets for marketing firms.
- 12.2% of the world's consumers live in rural India

Threat

- High percentage of migration to urban India.
- Price sensitivity and rigidity of rural consumer affects rural marketing.

Contribution of Corporate Sectors in Emerging Rural Market

- India's one of the biggest giant Hindustan Lever Ltd. has entered into rural market for more penetration through the operation 'Bharat'. Since December 1999, HLL has reached out to 35,000 villages, 22 million households and spent Rs 20 Crores.
- HUL's "Project Shakti", a unique distribution channel in which women and housewives are encouraged to participate as channel member for distribution of its products in the villages of M.P and Rajasthan.
- BPCL introduced Rural Marketing Vehicle (RMV) as their strategy for rural marketing. It moves from village to village and fills cylinders on the spot for rural customers. BPCL considered low-income of rural population and therefore introduced a smaller size cylinder to reduce both the initial deposit cost as well as the resuming refill cost.
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- Coca-Cola, which considers rural India as a future growth driver, has evolved a hub and spoke distribution model to reach the villages. To ensure full loads, the company depot supplies twice a week, smaller distributors in adjoin areas. To service remote villages, stockiest use auto rickshaws, bullock-carts and even boats.
- ITC with e-Chaupal concept has already made successful roads in rural India specially in U.P. and M.P. This system has successfully though rural shopping mall Chaupal Sagar. e-Chaupals offer all the information, products and services they need to enhance farm productivity, improve farm-gate price realization and cut transaction costs.

Conclusion

The concept of Rural Marketing in India Economy has played an influential role in the lives of people. The rural market in India is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country.

The rural market in India is vast, scattered and offers a plenty of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.

'Go rural' is the slogan of marketing guru's after analyzing the socio-economic changes in villages. The Rural population is nearly three times of the urban, so Rural consumers have become the prime target market for consumer durable and non-durable products, food, construction, electrical, electronics, automobiles, banks, insurance companies.

Improvement in infrastructure and reach, promise a bright future for those intending to go rural. The rural population has shown a trend of wanting to move into a state of gradual urbanization in terms of exposure, habits, lifestyles and lastly, consumption patterns of goods and services. After a detailed study of Marketing as a whole.

I really can conclude, Rural marketing is the right answer for most crucial job of creation of a customer & cutthroat competition, which a modern marketing is facing. If marketing firms provide basic infrastructure to the current scenario of rural market they really can tap the rural customers and will retain them and it ultimately will help the marketing firms for complying with social responsibilities too. So along with new market entry, customer creation and increased sales and ultimately Profits , marketing firms set an example how social welfare works with profit motives.

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Bio

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