

# RURAL MARKETING IN INDIA-A STUDY

**SHWETHA.B.Y. M.COM., M.PHIL**  
**LECTURER IN COMMERCE**  
**GOVERNMENT ARTS COLLEGE [AUTONOMOUS]**  
**CHITHRADURGA-577501**  
[EMAIL-anandsim@gmail.com](mailto:EMAIL-anandsim@gmail.com) **Mo-9731710322**

## ABSTRACT

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 rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets. Identifying the needs of customers and potential customers, providing products/services that satisfy their needs, and developing efficient processes or systems to deliver your product/service to the market when, where, and how consumers want it. 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.

**KEYWORDS:-** RURAL MARKETING, MANDI, SANTHE, CONSUMER, AGRICULTURE, COSMETICS, TEXTILES, DETERGENTS.

## INTRODUCTION

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 rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on 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.

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.

### **Definitions:**

#### **Marketing:**

Identifying the needs of customers and potential customers, providing products/services that satisfy their needs, and developing efficient processes or systems to deliver your product/service to the market when, where, and how consumers want it.

#### **Rural Marketing:**

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.

#### **Features of Rural Marketing:**

**The main reason why the companies are focusing on rural market and developing effective strategies is to tap the market potential, that can be identified as follows:**

**1. Large and scattered population:**

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

**2. Higher purchasing capacity:**

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.

**3. Market growth:**

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

**4. Development of infrastructure:**

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

**5. Low standard of living:**

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.

**6. Traditional outlook:**

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

**7. Marketing mix:**

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.

**CHALLENGES IN RURAL MARKET**

The rural market offers a vast untapped potential, it should be recognized that it is not easy to operate in the market, because of several attendant challenges. Rural market remains untapped because of mainly three challenges:-distance, diversity, and dispersion. As much as Rural India presents a great opportunity, there are still many challenges that have to be overcome. Dispersed population and trade, large number of intermediaries in the value chains leading to the higher costs, scarce bank and credit facilities for rural customers and retailers, highly credit driven market and low investment capacity of retailers are the other roadblocks.

Thus, there are several roadblocks that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter into the rural segments.

**1) The large population base and number of households indicates** a widely spread out market and it is a challenge for the marketer to service this dispersed market. The number of the villages is more than five lakhs and is not uniform in size. Nearly half of the population lives in middle sized villages which have a population ranging from 1000 to 5000 persons.

These types of distribution of population warrants appropriate distribution and promotion strategies to decide the extent of coverage of rural market.

**2) The rural per capita income is low as compared to urban area.** Low per capita income leads to low purchasing power. This apart, the distribution of income is highly skewed, since the landholding pattern, which is basic asset, is itself skewed. Thus, rural market presents a highly heterogeneous scene. Therefore few challenges arise in this respect, like; off-taking of any product by rural consumer, maintaining of inventory levels, distribution system options, and frequency of distribution. This aspect should be carefully considered by the marketers

**3) There are lacks of proper physical communication** facilities in rural areas. Nearly half of the villages in the country do not have all-weather roads. Therefore reaching these villages is very physically taxing. Hence, distribution efforts put up by the marketers prove to be expensive and ineffective.

**4) The rural market, by and large,** are characterized by underdeveloped people and consequently underdeveloped market. A vast majority of rural people is not financially stable and is tradition-bound, fatalistic, mired in age-old customs, traditions, habits, taboos, and practices. Unfortunately, the impact of agricultural

technology has not been felt uniformly throughout the country. The large segments of rural population have remained untouched by technological breakthroughs.

5) **There are vast variations in the levels of literacy** amongst rural people. Around two-fifth of the rural population is illiterate and only one-fifth holds a matriculate or higher degree. Also, literacy levels vary hugely among different states. These variations pose a challenge to easy and clear comprehension of the message by all sets of rural audience. The limited reach of mass media in rural areas and its regional and state variations pose limitations on a universal approach to communication for rural consumers. Also different perceptions, traditions, and values across states and in some case within a state; are other obstacles in communication development.

6) **The distribution of products** continues to pose an immense challenge to marketers because reaching of 7.8 million retail outlets spread across 6,40,000 villages and feeding a retail network of villages shops is a distribution nightmare. The challenges for the suppliers is the small size of each villages with low throughout per outlet, coupled with the high cost of distribution since these villages are some distance away from distributors. These factors make high quality distribution unviable. The distribution of any product in the rural areas; agricultural inputs, consumables or durables, should necessarily follow a seasonable pattern. The demand pattern in the rural areas is seasonable. The distributions in the rural areas are frequent and not uniform throughout the year.

The rural market in India is undergoing a massive change. These changes have resulted in shifting the marketable battlefields from urban to rural. Most of the companies treat rural market as a dumping ground for the lower end products designed for urban audience. But, this scenario is slowly changing and importance is given to the need of the rural customer. Considering the emerging issues and challenges, government support is necessary for the development of

marketing. The government may adjust suitable budget allocations to rural infrastructure plans, and proper supervision for effective plan implementations. Marketers should understand these challenges and then making strategies in the light of these challenges to face them and to tap the rural Indian market and importance is given to the need of the rural customer. Considering the emerging issues and challenges, government support is necessary for the development of marketing. The government may adjust suitable budget allocations to rural

infrastructure plans, and proper supervision for effective plan implementations. Marketers should understand these challenges and then making strategies in the light of these challenges to face them and to tap the rural Indian market.

#### **DEVELOPMENT OF STRATEGIES**

The firms operating in rural markets have to perceive and weigh the opportunities as well threats that exist in this highly heterogeneous and unpredictable market. The large number of geographically dispersed villages presents a major challenge to the marketer in reaching to rural consumer and this requires exploring innovative ways to reach products and services. Occupation and the income stream have major implications for segmentation and targeting rural marketing effort. In addition to offering appropriate price and package size, the channels to deliver the price and products are influenced by both occupation and income. The majority of consumers with limited income suggest a large market for essential product and a value for money propositions. The marketers need to examine the potential of rural market for a separate market offerings and developing the strategies for marketing mix in rural markets on the basis of three important mix:- Product, Pricing, distribution, and promotional strategies:

1) **For evolving product strategies**, the marketers should think in terms of low unit price and low volume packing's which convey a perception of sturdiness and utility in the minds of rural consumers. Whenever necessary, redesigning of the product can also be thought of depending on the customs, traditions, taboos and habits, of rural customers. In addition, a brand name or logo or symbol, which conveys the purpose, utility and quality of the product, is essential for the rural customer to identify the product with. Marketers should understand the psyche and needs of the rural customers and then produce accordingly.

2) **Pricing strategies are closely linked to the product strategies.** The product packaging and presentation also offer scope for keeping the price low to suit the rural purchasing power. The marketers aim to reduce the value of the product to an affordable level, so that a larger segment of the population can purchase it, thus expanding the market. This is the most common strategies widely adopted by the marketers to enter into the rural market.

3) **For formulation of distribution strategies in rural areas**, it is necessary to keep in mind; the characteristics of the product, consumable and non-consumable, and life cycle and other factors relating to distribution. Marketers should examine carefully the market potential of different villages and target the villages that can be served in a financially viable manner through an organized distribution effort. The marketers may distribute the products through Co-operatives societies and by utilising the services of Public distribution system, utilizing of multi-purpose distribution centres by Petroleum /Oil companies, distribution up to the feeder markets/mandi towns, haats/melas, and agriculture input dealers.

**4) The promotional measure or strategies chosen should be cost effective**, while consumable products may warrant the use of mass media since the target consumers are sizable, durable products will require personal selling efforts because of smaller size of target. The fewer rural population has access to a vernacular newspaper and size of rural population is

illiterate and put up the limitation on print media. The audio visuals must be planned by the marketers for promotional purposes. The traditional forms of promotional measure should be used in promotional strategies.

#### CONCLUSIONS

Indian Rural Market play a pivotal role as it provides great opportunities to the corporations to stretch their reach to nearly seventy percent of population. Rural market also benefits the rural economy by providing infrastructure facilities, uplifting the standard, and quality of life of the people resides in rural area. Though the rural market has become a favourite destination for every marketers but it's important to realize that it has lot of challenges and risk, therefore corporations should assess the obstructions as vigilantly as possible.

A thorough understanding of rural markets and systematic move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to taken into account the complex factors that influence the rural consumers buying behaviour. The rural market is developed by rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to boost the rural economy. The marketers tune to their strategies in accordance to the rural consumer in the coming years. In spite of all complexities involved in the rural marketing, the rural scene of rural environment is changing steadily in India. The biggest challenge today is to develop a scalable model of influencing the rural customer mind over a large period of time and keep it going. Traditional urban marketing strategies will have to be localized as per the demands of the rural markets. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioural change.

Government support is necessary for the development of rural market in India to face the emerging issues and challenges in the core areas like; transportation, communication, roads, and credit institutions, crop insurance for better utilization of land and water management. The future no doubt lies in the rural market. In conclusion, the rural markets are enticing and marketing to rural consumers is exciting. However, a clear understanding or the rural consumers and their current and future expectations are the major part of strategies to tap the rural market.

#### REFERENCES

- Rural Marketing in India: Challenges And Opportunities Arshi Talwar, Shweta Popli, Sneha Gupta International Journal Of Engineering And Computer Science ISSN:2319-7242 Volume 3 Issue 12 December 2014, Page No. 9404-9407
- Krishnamacharyulu, C. S. G., & Ramakrishnan, L. (2002). Rural Marketing- Text and Cases. Pearson Education (Singapore) pvt. Ltd. Kumar, C. R. (2006). Rural Marketing. Adhyayan Publishing.
- The Economic Survey 2016–17, Agricultural and Processed Food Products Export Development Authority (APEDA), Department of Commerce and Industry, Union Budget 2017–18, Press Information Bureau, Ministry of Statistics and Programme Implementation, Press Releases, Media Reports,
- Chambers, R. (2014). Rural development: Putting the last first. Routledge.
- IFPRI, "Agriculture and Rural Development for reducing Poverty and Hunger in Asia", www.adb.org/prcm
- Cernea, M. M. (1991). Putting people first: sociological variables in rural development (No. Ed. 2). Oxford University Press for the World Bank.
- Abaab, A. et al. 2000. Agricultures Familiales et Développement Rural en Méditerranée. Editions Karthala:
- Paris
- African Development Bank (AfDB) and National Institute of Statistics. 2013. Analysis of the Impact of Food
- Subsidies and Direct Social Transfers on the Poor and Vulnerable Population National Institute of Statistics:
- Tunis.