

## Rural Marketing- A Concept of Marketing Management

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**Abstract:** Over the past few years the rural markets have emerged as one of the most lucrative markets for the Indian markets. In today's challenging environment the management of rural markets is an important task. In this research paper we will study about the most important functional area of management i.e. marketing management giving special focus on rural marketing. Operating in a rural area is not an easy task and requires serious efforts. Rural India, with a population of 740 million spread over 640,000 villages, offers as much potential for goods and services as the urban markets. Rural consumers are distinctly different from the urban consumers. Therefore it is essential to understand the distinctive needs of the rural customers and act accordingly. Rural people are becoming more aware and are changing with time. Hence, all efforts should be directed towards the correct formulation and implementation of marketing strategies to provide maximum value to the rural consumers. So after reading this research paper, we will be able to 1). Know the need for marketing approach in rural markets. 2). Recognize the importance of rural marketing. 3). Know the components of rural marketing mix and challenges to be faced in rural marketing

**Keywords:** Rural, Marketing, Marketing mix, Marketing strategies, value to customers.

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### I. INTRODUCTION

As every product is to be marketed so as to provide customers full knowledge about the products offered. Marketing management involves various tasks involved in marketing of products so as to satisfy the needs and of the customers. In today's business world marketing of products in rural as well as urban markets has become vital as the demand of products is influenced by rural as well as urban markets.



### II. RURAL MARKETING

To get the benefits of overall market penetration companies have to focus both on rural as well as urban markets so as to cater to the needs of the customers . most important is the rural marketing as the consumers in rural markets are not fully aware of the products, prices, use, facilities etc. provided by the companies. So to cater to the needs of the rural consumers rural marketing is an important tool opted by the companies.

#### 2.1 Features of Rural Marketing

- Large and Scattered market:  
The rural market of India is large and scattered in the sense that it consists of over 63 crore consumer from 5, 70,000 villages spread throughout the country.
- Major income from agriculture:  
Nearly 60 % of the rural income is from agriculture. Hence rural prosperity is tied with agricultural prosperity.
- Low standard of living:  
The consumer in the village area do have a low standard of living because of low literacy, low per capita income, social backwardness, low savings, etc.
- Traditional Outlook:  
The rural consumer values old customs and tradition. They do not prefer changes.
- InfrastructureFacilities:  
The Infrastructure Facilities like roads, warehouses, communication system, financial facilities are inadequate in rural areas. Hence physical distribution becomes costly due to inadequate Infrastructure Facilities.

### III. GROWING IMPORTANCE OF RURAL MARKETING

The Indian rural market has gained significance in the recent times as the overall economic growth of the country has led to an improvement in the living standards of the rural people. The boon of the Green Revolution combined with government initiatives such as subsidies, loan waivers, minimum support prices (MSP) and employment schemes (MGREGS) have caused an increase in purchasing power. With Higher incomes and exposure to urban lifestyles they strive to improve their quality of life by gaining access to new technologies, products and services.

Demographic classification	No of households (m)		
	Urban	Rural	Total
Rich ( income greater than Rs 1m per annum)	4.8	1.3	6.1
Well off (income greater than Rs 0.5m per annum)	29.5	27.4	56
Total	34.3	28.7	63.0
% of Total	54.4%	45.6%	

Source: Ministry of Communications & Information Technology, India

#### 3.1 RURAL MARKETS ARE BECOMING MORE IMPORTANT BECAUSE OF FOLLOWING REASONS:

##### 3.1.1 COMPETITION IN URBAN MARKETS:

The level of competition in urban market is increasing tremendously and markets are almost saturated. Therefore penetration into rural markets is inevitable for sustained business growth. The rural markets are relatively untapped and this provides better scope for growth.

##### 3.1.2 CHANGING CONSUMPTION PATTERN IN RURAL AREAS:

The consumption pattern of rural areas in India and the demand for new products have shown an encouraging trend. Also the purchasing power of rural consumers has increased continuously over past decade.

##### 3.1.3 IMPROVED LIFESTYLE:

The rural consumer is no longer dependent only on traditional products. In this modern era, the consumption basket of rural people is not limited to agricultural and traditional products. They are keen on buying modern products that can raise their standard of living.

##### 3.1.4 HUGE POPULATION:

The huge population of India is living in rural areas which provides opportunity for companies to sell their products and services on large scale. Apart from this mass media has created a lot of awareness amongst people of rural areas.

### IV. COMPONENTS OF RURAL MARKETING MIX

The rural marketing mix as a marketing mix of company includes 4 P's i.e. product, price, place, promotion. The 4 P's of marketing have to be modified according to the requirements and expectations of the rural people.

#### 4.1 RURAL PRODUCT STRATEGY:

In rural markets the products are generally simple and easy to use. The packing has to be convenient and cost-effective. The functional benefits should be clear and transparent from the information provided about the product. The product should be able to meet the needs of the customer. EXAMPLES:

- LG electronics launched its sampoorna television with Devnagari script on- screen display, which also provided better signal reception in rural areas.
- Bank of India introduced the concept of bhumiheen credit cards to extend credit card facilities to the landless farmers.
- NOKIA has introduced mobile phones for rural markets with features such as local language, call limits, etc.

#### 4.2 RURAL PRICING STRATEGY:

As the rural consumers are more price sensitive so the pricing must be in line with this expectation. Many companies opt to price their products according to the viability of the rural customers. To make the products affordable value engineering concept must be followed. **EXAMPLES:**

- GODREJ has introduced CINTHOL, FAIR GLOW and products in 50 gm pack are priced at 4-5, particularly for markets of U.P., M.P. and Bihar.
- LUX toilet soap is made available in 25 gm packs in rural areas.
- TATA tea introduced a new brand, Agni sholay in prices of Rs.31.50, Rs.13, Rs.6.50 respectively for 250, 100 and 50 gm packs.

4.3 **RURAL PLACE STRATEGY:** To make the products available at the customers' doorsteps direct contact with local vendors and retailers has to be established. For establishing a good distribution channel cooperative societies, public distribution system, feeder markets, weekly markets fairs etc. can be utilized. **EXAMPLES:**

- HUL uses its vans to deliver products to its local vendors and retailers.
- ITC, through its e-choupal, uses the internet to communicate and reach rural people.
- AJANTA India distributes its products through the *paan wala* as well as chemist stores.

#### 4.4 RURAL PROMOTION STRATEGY:

The promotional strategy to be used should be comfortable and appropriate for the rural areas. Positive word of mouth through local reference groups and opinion leaders is key to success in rural markets. Other methods like distributing pamphlets, mobile publicity vans, advertising on walls can also prove effective. **EXAMPLES:**

- ASIAN paints painted houses of some opinion leaders to show that color doesn't come off.
- LIC made use of puppet shows to create awareness about insurance in rural areas.
- ICICI Prudential promoted products in the haats, mandis and other local markets.

### V. 4 A'S OF RURAL MARKETING MIX:

Cut throat competition in urban areas has compelled many companies to look for new, unexploited markets. Rural India has emerged as an answer, owing to lack of strong presence by brands in most sectors as well as a high growth potential. For companies looking to tap this market, the 4P's of the Marketing mix have given way to the 4 A's of Rural Market Mix: Affordability, Awareness, Availability and Acceptability

**5.1 AFFORDABILITY:** The consumers in rural sector are value conscious and a lot savvier. Affordability is thus critical to success in rural markets. As 'nano' paradigm is emerging in all segments; small stock keeping units, low priced products are all making various segments of products a lot more affordable to the customers. Operation Bharat a moment initiated by HUL was to tap the rural market. Also products like Chawanprash, Dabur Amla etc are offered by the companies in low unit packs in order to attract customers. Following are some of the strategies adopted by companies to make their products affordable:

Rupee 1 sachets by Chik and Cavicare's nyle shampoos

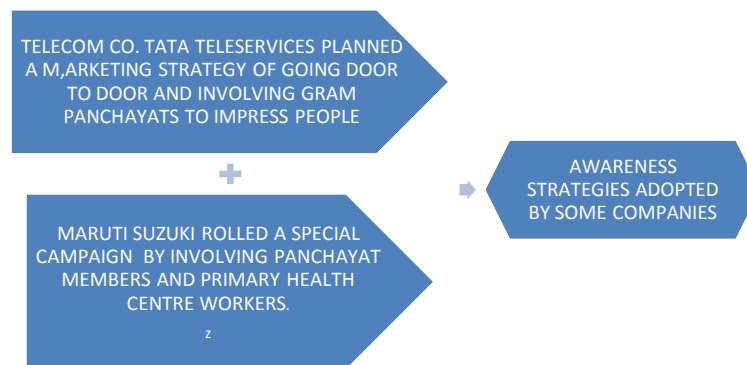
Bharti Airtel launched 10 rupee recharge coupon valid for 10 days

Idea Cellular introduced rural calling card that cost 50 paise per minute.

Philips also introduced a low cost smokeless 'chulha'

#### 5.2 AWARENESS :

Creating awareness among the rural folks is an important task for the companies to reach the rural markets. Until the rural consumers are not fully made aware of the products offered by the companies, the company is not able to establish its position in the market or economy. Awareness tools are used by the companies as follows



### 5.3 AVAILABILITY:

Due to improper infrastructure in rural areas ,like roads etc. delivering products to consumers is a big challenge for the companies. For making the product available various means like direct selling, use of company's delivery vans, setting up of temporary stalls in rural melas or haats etc. following are some of the means used by different companies to make the products available:

- Companies like HUL, ITC, colgate, godrej etc. use stockists and their staff to make their products available.
- The company, BPCL, started 'rural marketing vehicle' which moved from village to village for filling cylinders on the spot.
- AIRTEL and SAMSUNG have tied up with IFFCO to sell their mobiles and services. BHARTI AIRTEL has set up several rural centres branded as 'I SERVE' to get mobiles recharged, activate and reactivate services, sell & exchange SIM cards etc.
- HERO HONDA CO. has started the concept of *service on wheels* to provide after sales in rural areas.

**5.4 ACCEPTABILITY :** To produce products only is not the aim of the corporate houses these days, they produce products which suit to the needs of the people. therefore innovation is required to meet the needs of the rural consumers so that they are made fully satisfied. so the companies while designing the products keep rural markets in their minds so that they produce whatever is needed by the rural consumers. For instance,

- LG electronics has developed a customised t.v. named 'SAMPOORNA' for rural markets.
- Companies like NESTLE, GLAXO SMITHKLINE also have launched products for rural markets
- MAGGI MASALA MAGIC' is a taste enhancer in a single use sachet priced at rupees 2 each to be provided at low cost to the rural consumers.

## VI. PRESENT MARKET SCENARIO OF RURAL MARKETS

- **FMCG:** FMCG companies have realized a significant proportion of their sales from rural markets. They account for 70% of toilet soap and 50% of TV, fans, bicycles, tea and wrist watch consumption. At present rural India accounts for 34% in FMCG consumption. HUL has launched special initiatives to push its rural sales through "Project Shakti" and "Shakti Amma" television channel. Successful FMCG products have typically been low priced and available in small-unit packages. This is in line with the rural psychology of high aspiration and high price consciousness. Examples are Parle-G priced at Rs. 2, Chik Shampoos sold in sachets priced at 50 paise and 500gm packs of Godrej soaps priced at Rs 5.
- **TELECOM:** RNCOS, a research agency, states that as penetration in the urban region has saturated, operators are vying for rural India and estimates that the subscribers' base in rural markets will grow at a CAGR of 35% during 2011-12 to 2013-14. Nokia had earlier launched Nokia 1100 with a torch (large parts of rural India don't have electricity) and an alarm clock. In December 2008, it went one step further with the launch of Nokia Life Tools, which is a range of agriculture, education and entertainment services designed especially for the consumers in rural areas. Reliance Communications in a JV with Handy go Tech Pvt Ltd has introduced a Value Added Service, Behtar Zindagi, providing the people with weather reports, livestock information, mandi prices, fisheries, finance and wealth scheme advisories.
- **RETAIL:** The rural retail market is currently estimated at US\$ 112 billion, or around 40 per cent of the Indian retail market. Traditionally, people in rural areas purchase products in haats, mandis and melas,

which represent the unorganized retail industry. Today many companies are entering the rural markets with a model for organized retail. Examples include:

- Hariyali Kissan Bazar, promoted by DCM Sriram caters to the requirements of farmers for farm equipments and other agricultural inputs.
- ITC's Choupal Sagar is another initiative that not only sells personal care and household utility items, but also buys farm produce
- Large format retail stores called "Adhaar" also have been set up by Godrej Agrovet
- **AUTOMOBILES** : Rural areas have traditionally been major markets for automobiles such as tractors and cars. But rising incomes and people's aspirations have led to an increased demand for cars as well. Market leader in the small car segment, Maruti Suzuki India Limited, has registered almost a fifth of its sales from the non-metro areas across the country. Also, Mahindra & Mahindra is now selling more Scorpios in rural and semi-urban markets. Bajaj Auto, the country's second largest two-wheeler seller, is planning to offer a 150cc engine motorcycle to the rural areas.
- **CONSUMER DURABLES**: Many companies are committed to modify their products to explicitly suit rural demands. For example, lighting solutions company BPL Techno Vision has launched its rechargeable light emitting diode (LED) lantern 'BPL Chirag' for the domestic rural market. Chirag needs only four hours of charging for five hours of light. This product addresses the problems of frequent power losses and fluctuating voltages in rural India.

## **VII. CHALLENGES AHEAD FOR RURAL MARKETING**

Although rural India seems to be a huge unexploited market, there are certain deterrents that slow down firms undertaking ventures to tap rural markets. The biggest **mistake is to consider the entry into rural markets a natural expansion of the existing urban markets**. The requirement of the rural people is significantly different from that of the urban areas, owing to varied demographic, social, economic and psychological environments. Thus the market offerings have to be suitably modified to meet the exact requirements of the rural consumers.

- Villages in India are spread over large geographical areas, and sometimes have very low densities of population. About 68% of the market remains untapped due to inaccessibility. This makes the distribution of products and their ready availability challenging.
- Added to this is the wide prevalence of fake brands, which flourish mainly due to illiteracy and lack of awareness. Local companies often copy the logo and colour schemes of established brands to fool the people.
- The disposable income of the rural populace is relatively low as compared to urban areas, seasonal, unstable and affected by uncontrollable factors like floods and droughts. This makes purchase of bulk consumer products rare. Hence people prefer goods that are low priced, or offer a good value for money. Marketers are often unable to obtain a true picture of the needs and wants of the rural people due to difficulties in conducting market research. Wide geographical spread and vast variation in languages increase the time and costs involved.
- Advertisements and other forms of communication also have to be modified suitably to suit the tastes of the rural people. For example, it has been observed that people respond positively to bold fonts and bright colours such as red, green and yellow.

## **CONCLUDING REMARKS**

Thus the above findings show that rural marketing is an emerging concept of marketing management and in today's competitive environment a business has to understand very well to the needs and aspirations of the rural as well as urban customers. The Indian rural market has gained significance in the recent times as the overall economic growth of the country has led to an improvement in the living standards of the rural people about which an idea can be obtained from the following data :

In 2001-02, LIC sold 55% of its policies in rural India.

Of two million BSNL mobile connections, 50% are in small towns / villages.

42 million rural households (HHs) are availing banking services in comparison to 27 million urban HHs.

Rural India buys 46 per cent of all soft drinks, 49 per cent of all motorcycles and 59 per cent of all cigarettes today.

Close to 10% of Maruti Suzuki's sales come from the rural market.

Hero Honda had 50% of its sales coming from rural market in FY '09.

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