

Strategies for improving marketing within rural areas

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ABSTRACT: Considering the environment in which the rural market operates and other related problems, it is possible to evolve effective strategies for rural marketing. The strategies discussed here though not universally applicable depend upon product characteristics, the targeted segment of the rural market, the choice of the rural area and its economic condition. Some of the typical characteristics which will help in rural market segmentation are land holding pattern, irrigation facilities, progressiveness of farmers, cropping pattern; mix of enterprise, education levels, proximity to cities/towns, sociological factors, occupation categories. The small and marginal farmers, agricultural labours and artisans forms the largest segment in rural market (about 2/3rd) where as rich farmers constitute about one third of rural market.

KEY WORDS: Improving, Rural Market, Strategies, Marketing Mix

INTRODUCTION

742 million Indians constituting 138 million households reside in 6, 38,365 villages (Census, 2001). The size of rural market itself speaks of its potential. The current marketing environment and economic scenario have brought the corporate under contemporary roofs of modern India, which is challenging the current standards of segmenting, targeting and reaching the customers. Realistically, India as a nation has come a long way from the place where only urban population which constitutes 20 per cent of customer base for companies are responsible for 80 per cent of their profits. The companies are looking for new opportunities and avenues, as they are witnessing a decline in their growth rates in urban markets due to market saturation and they do have a huge, untouched and untapped rural Indian market. The driving force for this is rural youth who are educated, have access to technology and have openness to change. Also rural markets have acquired significance, as the overall growth of economy has resulted into substantial increase in the purchasing power of the rural communities.

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A survey by India's premier economic research entity, National Council for Applied Economic Research (NCAER) indicates that rise in rural incomes is keeping pace with the rise in urban incomes. The rural middle class is growing at 12 per cent, close to the urban middle class which is growing at 13 per cent.

OBJECTIVES

1. To understand the rural market.
2. To unleash the potential of rural market.
3. To identify the strategies to capture the rural market potentiality.

METHODOLOGY

Secondary data collected from various market segments and other players of the market, and randomly collected printed promotional material across the countryside.

WHAT IS RURAL?

B.N. Garudachar, general manager, corporate communication and investor relations at Voltas, a Tata group company in air-conditioning and engineering services. "These are: low population numbers, low median income, poor infrastructure [roads, electricity, communications], and agrarian rather than industrial activity. Such rural areas are within the sphere of influence of neighboring cities and metros.

Strategies:

An appropriate segmentation of the highly heterogeneous rural market and identification of the needs and works of different segments will form the very basis for rural market strategies. For rural market, it will be

ideal to think of strategies from the marketing mix point of view, main strategies are related to product, price, place and promotion which are described as follows.

A. Product strategies

Meaningful product strategies for rural market and rural consumers are discussed here.

Small unit and low priced packing

Larger pack sizes are out of reach for rural consumers because of their price and usage habits. This method has been tested by other products like shampoos, biscuits, pickles, vicks five gram tins, etc. In the strategy of keeping the *low priced packed* the objective is to keep the price low so that the entire rural community can try. This may not be possible in all types of products, but wherever this can be resorted to, the market is bound to expand.

New product designs

A close observation of rural household items indicates the importance of redesigning or modifying the products. The manufacturing and marketing men can think in terms of new product designs specially meant for rural areas keeping their lifestyles in view.

Sturdy products

Sturdiness of a product either in terms of weight or appearance is an important fact for rural consumers. The product meant for rural areas should be sturdy enough to stand rough handling and storage. People in rural areas like bright flashy colours such as red, blue, green etc., and feel that products with such colours are sturdy but they are more concerned with the utility of the item also.

Brand name

The rural consumers are more concerned with the utility of the products. The brand name awareness in the rural areas is fairly high. A brand name and/or logo is very essential for rural consumers for it can be easily remembered.

B. Pricing strategies

Pricing strategies are very much linked to product strategies. Some of these strategies are mentioned here.

Low cost/cheap products

This is a common strategy being adopted widely by many manufacturing and marketing men. Price can be kept low by small unit packing's.

Avoid sophisticated packing

Simple package can be adopted which can bring down the cost as it is presently being done in the case of biscuits. Some innovation in packing technology is very necessary for rural markets.

Refill packs/reusable packaging

Such measures have a significant impact on the rural market. By such technology also the price can be reduced. In addition the packaging material used should preferably lend itself for reuse in rural areas. An ideal example in this direction can be the packing of fertilizers. Now companies have started packing fertilizers in LDPE or HDPE sacks, which are not only tamper proof but also reusable.

Application of value engineering

This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'soya protein is being used instead of milk protein. Milk protein is expensive while soya protein is cheaper but the nutrition value is same. This technique yields itself for application in many engineering or product designed areas so that the price can be kept at an affordable level. These areas have to be explored by manufacturing and marketing men in the context of rural markets.

The **pricing strategy** for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not compromising with the utility and sturdiness of the product.

C. Distribution strategies

Most manufacturers and marketing men do have a distribution arrangement for village with a population of at least 5000 people. While it is essential to formulate specific strategies for distribution in rural areas, the characteristics of the product, its shelf life and other factors have to be kept in mind. The distribution strategies that are specifically designed for rural areas are: through co-operative societies, public distribution system, multi-purpose distribution centers, distribution up to feeder markets/ mandi towns shanties/hat/jathras/melas, agricultural input dealers.

Experience has shown that the cooperatives have played a useful role in **improving the marketing services** in the regulated markets. The fact, however, remains that these societies command only a small share of the total markets and do not present any challenge to the private trade at in most places. The Gujarat Cotton Cooperative Marketing Societies set a good example of vertically integrated markets. The cooperative marketing institutions have to introduce scale economies in their marketing operation and provide efficient and comparable services to the customers in competition with the private trade.

Cooperative institutions would do better if the state level marketing federations enter into multilevel activities to improve the turnover of their business. The non-governmental organizations can anchor a key role in conscientizing the rural people to form into cooperatives highlighting the possible benefits without being exploited.

D. Promotion strategies

Mass media is a powerful medium of communication. It could be television, cinema, print media, radio and so on. The other means of mass media available are hoardings/wall paintings, shanties/hats/melas, non-price competition, special campaigns etc. Besides these, other mass media like hand bills and booklets, posters, stickers, banners of the schemes etc.

For disseminating the information, related to agricultural and other rural industries products, the government should circulate pamphlets either to panchayati raj office or to schools where it can be documented for the reference.

While making efforts to improve the marketing system within rural areas and the marketing of rural produce to other areas, we should foresee the forces of globalization affecting the market forces.

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