

Rural Marketing – A new dimension of marketing in the new millennium

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Abstract

The urban market is getting saturated while villagers are flush with ‘disposable income’ thanks to generous harvests in the recent years. The estimated potential in rural markets is about three times that of the European market. This certainly defines the potential volume of business that can be generated in rural Indian markets. For quite some time now, the attraction of rural India has been the subject of immense discussion among the corporate houses. With the increase in the rural literacy levels and the exposure to media, people in rural areas are becoming conscious about their buying decisions like their urban counterparts. This makes it even more challenging for the companies to understand the buying behavior, the consuming pattern, the need and wants of the rural consumer. This paper traverses through the path of rural marketing. It goes on encompassing the challenges faced by the companies to market their products and also the strategies which could be adopted by the companies for overcoming these challenges. The research paper mainly focuses on bridging the gap between the rural and the urban customers by adopting and re-designing their existing strategies.

Keywords – *Rural customer, Purchasing power, Buying Decisions*

Rural Marketing – Indian Perspective

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 population in India accounts for around 627 million, which is exactly 74.3 percent of the total population.

The rural marketing in India is often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the

country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

Rural markets of different countries specially the developing ones offer great opportunities and challenges to the marketers in the twenty first century. Even though, there has been a shift from an agricultural economy to manufacturing ones especially in case of India, but still more and more emphasis is being laid on the development of these rural areas. The rise in income coupled with increased awareness for the different brands well justifies the aforesaid statement. The need for possessing latest gadgets in the rural areas, have influenced the rural marketing environment to a large extent in India.

With the increase in the rural literacy levels and the exposure to media, people in rural areas are also becoming conscious about their buying decisions like their urban counterparts. This makes it even more challenging for the marketers to understand the buying behavior, the consuming pattern, the need and wants of the rural consumer. Many of the FMCG companies are busy formulating their rural marketing strategy to tap the chance .To name few companies showing deep interest in rural India are HUL, Singer, Asian Paints, Philips India, Marico industries, Colgate – Palmolive and Britannia Industries. These companies have made concrete efforts for their market orientation.

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets.

Importance of rural marketing in India

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has emerged. But often, rural marketing is confused with agricultural marketing - the latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers.

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for

products like colour TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent

70% of the Indian population lives in rural areas. This segment, commonly referred to as the 'bottom of the pyramid', presents a huge opportunity for companies. In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has emerged. But often, rural marketing is confused with agricultural marketing – Agricultural marketing denotes marketing of goods and services of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed goods or services to rural producers or consumers.

Obstacles to overcome in Rural Marketing

Rural markets are most heterogeneous in nature. Unlike their urban counterparts, where the demand of goods and services are highly concentrated in nature, rural markets tend to be spread out across the country. Consequently, though many rural markets look good on paper, in reality they are quite expensive to serve. Hence it is very difficult for the marketers to provide service to each and every rural market in a better way. This research paper discusses the challenges faced by the marketers to serve the rural markets and the methods to overcome these challenges. Some of the major challenges faced are discussed as below -

- **Non – Homogeneous nature of rural customers** – India's vast population with heterogeneous markets spread across in different states poses great difficulty for the marketers. Most market size data on rural India takes the aggregate households or household spend for a predetermined geographical boundary. Unlike in urban markets where demand is highly concentrated, rural markets tend to be spread out. This, of course, dramatically increases the sales efforts and costs. Consequently, though many rural markets look good on paper, in reality they are quite costly to service.
- **Inaccessible rural markets** – Logistics & transportation is an important point to be considered while formulating strategies for rural marketing. In India, the transportation infrastructure is so

poor that many a times, even access to remote areas poses a great challenge. Even though, there are large number of consumers living in these remote areas waiting to get served but still most of the times, the efforts to serve them in a proper manner proves futile. Almost half of the total villages in India are not connected by road at all. So serving the rural consumers located in these regions proves to be quite formidable for the marketers.

- **Low education level** – One can ascertain that a major chunk of population living in rural parts of India do not have proper access to education, so the literacy level in these regions is very low. Again, this is also one of the important areas to be pondered upon by the marketers. To create awareness among the people of rural regions regarding the development of new products by the marketers is quite a big problem. Not only this, the villagers are unaware of the MNC's and the brands they are selling. On the top of it, these marketers also have to consider the different languages spoken by the people living in different parts.
- **Buying Decisions** - Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.
- **Media reach** - Access to electricity is biggest problem in rural areas. And hence media vehicle like Television, cinema, radio, etc many a times proves to be redundant. So there is a possibility that the rural customer remains ignorant of the new product being launched in the market. Moreover, the places where the electricity is yet to reach, adds to the discomfort of the marketers. Therefore we can say that the reach of media is very limited in rural areas.
- **Packaging and Pricing** – The problem of pricing and packaging for rural customers has to be taken into consideration. The income is often seasonal in nature as it largely depends upon the output from agricultural sources. The low purchasing power of the rural customer makes it very difficult for them to purchase the products as they are sold. Most of the FMCG goods like cosmetics, toiletries, etc launched by different MNCs are quite expensive and unaffordable to the rural customers. So the marketers should think of looking out for adopting different strategies like reduction in the size of packaging of these products, distributing free samples, etc.

- **Varied languages and cultures** – As the rural market is highly heterogeneous in nature, so is the culture of these customers. The languages spoken by them are different. Hence it becomes very difficult for the marketers to advertise their products in one universally spoken language. If these marketers go for advertising their products in the regional language, it adds to the cost of product, which may prove detrimental for rural marketing.
- **Loan facility from Banks & other financial institutions** – As the income of rural customer is very less as compare to their counterparts in the urban areas, there arise great difficulty in purchasing expensive products like Television, Bikes, Refrigerator, DVD Players, etc for the rural customers. Adding to their grievances, the banks do not support them by providing them loans for purchasing these products. Moreover, the dealers located in the rural areas are also reluctant to give them credit facility owing to their poor financial conditions.

Opportunities in Rural Marketing

Whilst on one hand, there are many challenges in rural marketing, but certainly there also exists infinite opportunities. The marketers have to find out new ways of dealing with the rural customers. As already mentioned, the urban markets are fully saturated, so the easiest and the simplest option available with the marketer is to look towards the rural prospects. These rural people are eagerly waiting to be served. Here are some of the points which the marketers could utilize for marketing their products in rural areas.

- **Same product for rural markets** – As there is no basis for segmenting the rural customers, the marketers can go for a single product kind of strategy. They can launch the same product for all people of rural areas. Though their packaging might be different to suit the individual needs, the product would be same. This principle of universality could be of more help to the marketers as this could very well prove to be quite effective.
- **Local transportation for better access** – The problem of transportation could not be solved easily by the marketers as it is the role of local government. Instead, they can take help of the local people to transport their products. Those people who regularly commute to the urban markets to sell their goods (here this could be their Agriculture produce), they travel empty

handed while going back. These people could be tapped for transporting the products to the rural areas. They could be given some commission or incentives to deliver the products to the rural shops. They can easily agree to transport such goods for a paltry sum. This kind of symbiotic relationship could do wonders if implemented.

- **Suitable Media for rural markets** – As the literacy level of the people living in rural areas is quite low, so the marketers has to choose the right media for doing their promotional activities. They have to consider its reach. So a proper mix of media should be taken into consideration for promotional activities. Normally, radio (All India Radio), television (Doordarshan), Cinema, etc are considered as proper and formal means of communication in rural areas. Whereas demonstrations, road- shows, puppet shows, dance dramas, mike announcements, processions, door-to-door campaigns are considered as non-formal means of communication in rural areas. Non- formal means are considered to have better reach than the formal means. So marketers have to consider non-formal means for promoting their products.
- **The smaller the better** – As discussed earlier, the purchasing power of rural customers is on a lower side, so the marketer has to consider small packing for selling their goods. Sachet marketing is the buzz word now-a-days. Sachet packs for shampoos, bath soaps, coconut oils, toothpastes, detergents, fairness creams, spices, cosmetics, shaving creams, etc are readily available. But now the marketer has to consider promoting other products on the same lines of sachet marketing and continue doing the same activity to increase the market penetration for their products. One more important point to consider here is that the use of proper colors while designing the packaging.
- **Price sensitive rural customers** – The rural customers are generally the daily wage earners and hence they are more and more price sensitive. Therefore the marketer has to consider low priced products for the rural customers. This could be easily achieved considering the fact that the promotional activities do not require huge investments. Not only this, in order to compete the locally branded products, they can reduce the quality up to a certain extent so that the rural customers do not get aware of these change in quality.

- **Vernacular promotional activities** – The marketers can do the advertisements by using the local language. They can fix up bill boards printed in local language, can distribute pamphlets in the same language so that their products can easily get recognized. Moreover, they can promote their products in the form of television commercials on the regional channels.
- **Credit facility** – The marketers can design a program with the help of local dealers to extend financial help to the rural customers who intend to purchase expensive products. This could be done by the local dealers by extending low interest credit facility to them, giving more time to re-pay the credit, etc. These activities not only motivate the prospective customers but also the people who intend to purchase those products in the near future.
- **Hiring local brand ambassadors** – Considering the fact that the rural customers are easily influenced by their local leaders like *SARPANCH* of the community, doctor, school teacher, etc. The marketers should target these opinion leaders in an effective manner by making them their brand ambassadors. They should motivate the opinion leaders to use new products launched by these companies. Moreover, they should also provide some incentives to these opinion leaders for promoting their products. They can organize mini demonstration shows and promote their products through so-called brand ambassadors of rural regions.

Conclusion

With an approximate population of 700 million people, the rural Indian market is important for multinational corporations to tap. The market share of urban market when compared to the rural market is low, hence if Indian industries concentrate on rural markets their sales will increase. If rural markets are brought into the limelight of development, they pave way to prosperity. Prosperity of India lies in the prosperity of every Indian, hence no rural segment should be left untapped.

The rural market has immense potential to deliver welfare activities through new business models, and companies have realized this. Various projects taken up by the private sector such as ITC's e-Choupal, HUL's Project Shakti, Microsoft's Project Shiksha and Google's Internet bus among various others, are assisting in generating not only awareness but also exploring the ways to get into this still untapped market. It is not possible for the companies to remain stuck to urban markets owing to the fact that they are saturated. Now they have to look beyond urban markets and explore rural areas. It has a huge potential. It is not easy to enter the rural market and take a major chunk in the short run. In fact, the

entry should be gradual one and calculated as they have many challenges to overcome. Spending time researching the rural Indian consumer as well as the market before diving in can help to prevent unnecessary struggles and failures.

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