

GROWTH AND DEVELOPMENT OF RURAL MARKETING

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ABSTRACT

Development of the nation largely depends upon the development of the rural population. "India's way is not Europe's. India is not Calcutta and Bombay. India lives in her several hundred villages" – Mahatma Gandhi.

Marketing plays a very important role by satisfying these needs and wants through exchange processes and by serving the best quality goods with the assurance of serving the customer in the best possible manner and ends at building long term relationships. The process should be well communicated by developing the value of a product or service through positioning to customers. Introduction to Marketing: According to American Marketing Association (AMA) Board of Directors, Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The challenges of rural marketing are perpetuating. The vast market demands good marketing strategies to design a win-win situation for all the groups in the rural marketing chain. Rural markets are a time-consuming affair and demand substantial investment. Where the markets offer a vast untapped potential, it is important to understand that rural marketing is not as simple as urban marketing due to several unattended issues. In short, the rising income levels, especially agricultural income, further aided by increasing literacy levels, modern communication infrastructure systems, growing rural electrification, the various rural development schemes and the priority and importance given to rural development in the five year plans, all point towards a significant growth in the rural market potential. We can safely say that until some years ago, the rural market was being ignored and given a step motherly treatment by many corporate and advertising to rural consumers was usually a hit and miss affair. Thus, we can say that growth and development of rural marketing has proved very fruitful for a rising nation like India.

Keywords: *Marketing Strategies, AMA, Market Demands, Rural Markets, Growth and Development.*

Introduction

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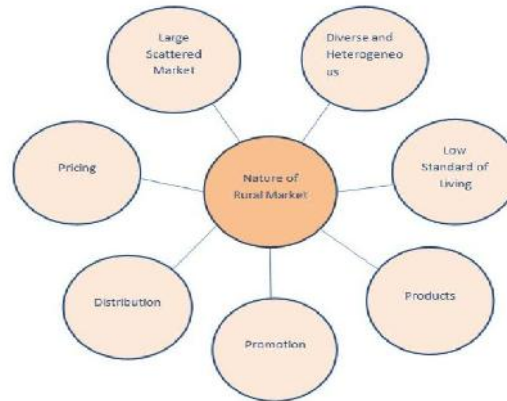
According to Jay Conrad Levinson "Marketing is the management process, which is responsible for identifying, anticipating and satisfying customer requirements profitably."

"Rural marketing is a two-way marketing process, where there is an inflow of products into the rural markets for production and consumption, and also an outflow of products to urban areas."

The rural market has been growing constantly over the years, and more than about 800 million people live in villages in India. Today, Indian companies, as well as multinationals like Colgate, Godrej, and Hindustan Lever, are focusing on rural markets. Opportunities in rural markets are very promising for those who can fathom the kinetics of rural markets and squeeze them to their best advantage.

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Unlike urban markets, rural markets are extremely unpredictable and possess special features. The highlighted population is predominantly illiterate, have lower and irregular income levels. They don't possess a stable or a predictable reaction pattern due to inconsistent income. Demand for a product depends on the availability of necessities like power, transportation, schools, and hospitals. Rural markets largely depend on the government's contribution in the rural sector.



Large Scattered Market

- The rural market in India is large and scattered which means that it consists of approximately around 63 crore customers across 5, 70, 000 villages throughout the country.
- The rural population has increased by 125 in the last decade and accounts for over 40% of the Indian economy.
- The market offers great opportunities in comparison with the urban sector. It blankets the maximum population and regions, hence consists of the maximum number of consumers. Rural market accounts for almost 70% of the total Indian population.

Low Standard of Living

- Consumers in rural areas have a relatively low standard of living, and rural customers have diverse socio-economic backwardness.
- Low standard of living is a result of lower literacy rates, low per capita income hence, low purchasing power, social backwardness and because of low or no savings.

Pricing

- Price is the most crucial factor that influences the buying decision of a customer in a rural market.
- They can compromise on quality for a lower price and magnet towards discounts and sales.
- The payment mostly functions on a credit basis. They are accustomed to postponing payments.

Products

- Customers in your rural markets bank on the utility of a product compared to status and prestige. They believe in simple and effective products that serve them in the long run.
- They reciprocate to products that equate with their religious beliefs and social norms.
- They favour products that can be used and that benefit all family members rather than the personal-use ones.
- Branding, packaging, and labelling have minimal influence on this market segment.
- They are less concerned or unaware of the after sales services associated with products like the guarantee, warranty, services, and so on.

Understanding the Rural Mind and Buying Process

Buying decision process defines the rudimentary stages that a consumer goes through while he decides to buy a product. Purchase decision of a rural customer is determined by his lifestyle, his values, and personality.

On account of the green revolution, rural areas are absorbing large quantities of industrial and urban manufactured products. A consumer surpasses five stages while making a purchase decision and that is:

- Need recognition
- Information Search
- Evaluation of Alternatives
- Post-purchase Behavior



- **Need Recognition**

Perceiving the need is the first step of the buying decision process. In this stage, the consumer recognizes the need for a product which fundamentally depends on the prices of the products. Needs can be triggered by internal or external stimuli. In this stage, the advertisers should extend support to the consumers in recognizing the problems currently and expected problems later. A small research on consumer needs and problems would do a good deal. The research will further help the marketers design products that tend to meet the needs of the customers and to develop strategies for marketing that can stimulate a buying interest.

- **Information Search**

In the second stage, the consumer begins the search for the various alternatives available for the required product. He searches for internal and external information. The process can either be an active or a passive one. Passive information gathering is a process in which the customer becomes more attentive of a recognized solution to a given need. Active information search is a process in which the customer proactively engages in the accumulation of information regarding the products through the internet, print media, television, discussions with friends, family, and neighbours. In the process the consumer researches on details of the type of product, nature of the product, availability of the product, and so on.

- **Evaluation of Alternatives**

This is the most crucial stage of the buying decision process since it is at this stage that the consumer analyses the various alternatives. In this stage, the consumer encounters various products and tries to evaluate the product based on his understanding, experience and exposure. Consumer evaluates product attributes and features that seem most relevant to his needs. The consumer will form a consideration set, which is a bunch of products that are likely to satiate his needs. He then uses cut-offs, which are the minimum and the maximum acceptable values for the product in which price is mostly the quality indicator.

- **Post Purchase Decision**

Customer satisfaction is the key to establish a profitable long-term relationship with the customers. This is the final stage of the buying process that usually strikes to form a balance between

customer expectation and satisfaction attained after employing the product. Based on this analysis the consumer interprets if his decision was a success story.

Advertising and Marketing in Rural Areas

A classic feature of Indian rural markets is the well-bonded community structure, which recommends advertising and marketing to have a community feel. Promoting brands in rural markets necessitate a special dealing. Word of mouth is an important message carrier in rural India. Opinions of spiritual and religious leaders have a very strong impact on the promotion of any product in the rural market. Rural marketing is a specialized niche. Marketing in the rural markets demands a tremendous amount of money to promote a brand in a small village. There are few effective ways of attracting the rural markets with less expense.

Street shows are quite popular in villages. There are many examples of effective street shows being employed to promote a product.

Wall paintings are used in villages to promote products. It is a popular technique which has two benefits. The wall is painted without any expense for the owner, and on the other hand, the advertiser doesn't have to spend anything more than what he does for the paint. Hence it is a win-win situation.

Sponsored

An audio announcement in bus stands has a great impact on the promotion of brands and products in small towns. A lot of companies have created history by using bus stands for product promotions and brand building. With intelligent product selection and extraordinary ideas, companies have been successful and have made the best of the situation.

An experienced rural service provider can do wonders in marketing and in advertising your brand. Working with local agencies to accomplish a rural advertising initiative is similar to learning a new language. Employing an experienced service provider to work with can help escape these drawbacks. The familiarity of the experienced personnel with respect to rural markets can avoid common mistakes and enlarge your chances of a triumphant rural advertising opportunity.

Personal communication holds substantial value in rural communities. Personal presence in a community aids a brand build its reputation of 'being in the community'. Inclusion in a loyal client base secures those within the community than those without.

A few years ago, consumer electronics company LG launched a special marriage package for rural markets. The package included a basic television, washing machine, and a refrigerator.

Challenges in the Indian Rural Markets

Presently, three out of four country's consumers belong to the rural market, and over one-half of the national income is initiated there. A lot of corporate units are trying to get the hang of the rural markets. Rural markets exhibit opportunities to marketers. This market submits certain challenges that the marketer has to handle tactfully.

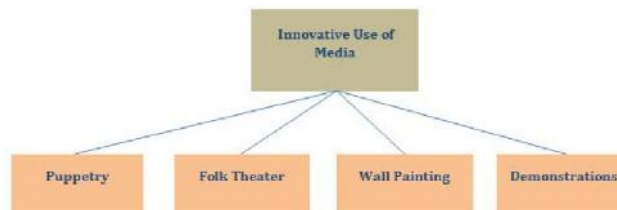


- **Underdeveloped People:** Rural markets are formed by old customs and traditions, blind beliefs and practices. Evolving technology has made very less, or no impact on the rural population and is still perpetuating the same.

- **Underdeveloped Markets:** Rural markets are still underdeveloped due to inadequate banking and credit facilities.
- **Unprofessional Communication:** People in villages still bank on telegrams and phones to fulfil their communication needs. Rural markets don't support print media, social media or visual media.
- **Multilingual:** India is a home of multiple languages. There exist over 24 languages and 1,642 dialects or so, which makes it tremendously difficult to come up with a single promotional message.
- **Low Per Capita Income:** Agriculture is the main occupation in villages, and most farmers are small farmers, which results in low per capita income. Low per capita income, in turn, results in low purchasing power when compared to the urban population.
- **Poor Infrastructure Facilities:** Due to high infrastructure cost facilities like roads, warehouses and so on are inadequate which have a high impact on rural marketing activities.

Innovative use of Media in Rural Areas

In addition to conventional media, various innovative mediums are used in rural advertising and marketing. Some of the most striking innovative rural media are Puppetry, Folk Theater, Wall painting, and Demonstrations.



Wall Painting

Wall Paintings are an effective and economical means of advertising in rural markets. This is the most widely used form of advertising and is counted among the favourite of Indian masses. They are silent advertisements unlike other forms of advertisements. Retailers welcome paintings of their shops since the painting comes free of cost and the wall looks cleaner and better. Wall paintings endlessly remind rural masses about the product and the brand. Wall painting is economical when compared to other social media. Recall rates of the audiences are high. The biggest benefit of this means of advertising is the power of the picture which is completed with a local touch.

Demonstrations

A direct or a face to face demonstration of the product with individual people and with groups such as Panchayats and other groups in the village have proven to work well. Such contact helps in stimulating villager's interest and motivating them towards development. Demonstrations could be method demonstration, result demonstration, simple demonstration and composite demonstration. In any form of rural communication, we have to think and act locally, and at the same time, the need for focused communication aimed at the rural market must not be underestimated.

The Size of Rural Market

The number of villages, its population and the number of households constitute a rural market size. There are more than 64 villages in India. The number of sites or locations that have to be served is 124 times more than that of the urban markets. Rural India accounts for a total of 55% of the manufacturing GDP. Rural areas are a host to about 75% of the fresh factories initiated in the last decade. Rural consumption per person is seeing a striking increase over the years. Indian rural market is not a separate entity. Sociological and behavioural factors have a high influence on the rural markets. The size of rural India is anticipated to be about twice as that of urban India.

FMCG	80,000 Crores
Consumer durables	10,000 Crores
Agricultural Inputs	55,000 Crores
Two/Four wheelers	20,000 Crores

Indian rural market has a humongous potential in terms of the demand base and size. As a part of the development program, where economic development is a concern, the government is making conscious efforts towards rural development.

Promising Growth

'India moving towards development' is the dynamic perspective on how Indian customer lifestyle and environment are evolving. It is bound to have a positive impact on business communications in the years that follow. Lifestyle transformations will dominate the way companies engage and initiate experiences for customers. The challenges of rural marketing are perpetuating. The vast market demands good marketing strategies to design a win-win situation for all the groups in the rural marketing chain. Rural markets are a time-consuming affair and demand substantial investment. Where the markets offer a vast untapped potential, it is important to understand that rural marketing is not as simple as urban marketing due to several unattended issues.

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