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**RURAL MARKETING : NEW ISSUES AND STRATEGIES**



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**ABSTRACT**

Marketing may be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behavior, therefore, is vital for a firm to achieve its marketing goals. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with

products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner. The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development, and there are clear indications that the 21<sup>st</sup> century is going to see its full blossoming. In our country,

where research on consumer behavior has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behavior, particularly from the marketing point of view. Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more

items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions. Consumer research, thus, is indispensable for entering the rural segment of the market. Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

**Keywords:**

Marketing, Rural Marketing, Market Research, Potential Customers etc.

## RESEARCH PAPER

**Introduction:**

'Rural marketing' is similar to simply 'marketing.' Rural marketing differs only in terms of buyers. Here, target market consists of customers living in rural areas. Thus, rural marketing is an application of marketing fundamentals (concepts, principles, processes, theories, etc.) to rural markets. Rural marketing in India Economy covers two broad sections,

namely **i.** selling of agricultural products in the urban areas **ii.** Selling of manufactured products in the rural regions 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. Conceptually, rural

marketing is not significantly different to urban marketing. Marketing manager has to perform the same tasks, but differently in rural marketing. It can be said that marketing is not different, but markets (buyers and users). In rural marketing, a firm has to undergo marketing efforts to satisfy rural segments, which notably differ from urban segments in some aspects. At the same time, we must note that increasing literacy rate, improved sources of income, awareness due to improved and increased means of

communication and transportation, high rate of mobility within and between countries due to liberalization and globalization, and many other such reasons, some customers are likely to be identical. Rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfil the needs and wants of persons, households and occupations of rural people. As a result of the above analysis, we are in a position to define rural marketing

“Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization”.

### **NATURE AND CHARACTERISTICS OF RURAL MARKET**

There goes a saying that the proof of the pudding lies in the eating. So also the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India

consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India. Rural India is the real India. The bulk of India's population lives in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of the USA or that of the USSR. In the same way, most of products are commonly used in both urban and rural areas. In some aspects, both rural and urban customers behave in homogeneous pattern. Some Indian customers have become global and cosmopolitan. The term 'rural marketing' used to be an

umbrella a term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revaluation in Indian after 1990. Agriculture is main source of income. The income is seasonal in nature. It is fluctuating also as it depends on crop production. Though large, the rural market is geographically scattered. It shows linguistic, religious and cultural diversities and economic disparities. The market is undeveloped, as the people who constitute it still lack adequate purchasing power. It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness. It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics. Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary.

### **Indian Economy**

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in

crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behavior of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress. Even in these trying and uncertain circumstances, India's growth story has largely remained positive on the strength of domestic absorption, and the country has registered a robust and steady pace of economic growth in 2015-

16 as it did in 2014-15. Additionally, its other macro economic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half of what it was a few years ago. However, weak growth in advanced and emerging economies has taken its toll on India's exports. As imports have also declined, principally on account of reduced prices of crude oil for which the country is heavily dependent on imports, trade and current account deficits continue to be moderate. Growth in agriculture has slackened due to two successive years of less-than-normal monsoon rains. Saving and investment rates are showing hardly any signs of

revival. The rupee has depreciated vis-à-vis the US dollar, like most other currencies in the world, although less so in magnitude. At the same time, it has appreciated against a number of other major currencies. Given the fact that the government is committed to carrying there form process forward, aided by the prevailing macro economic stability, it appears that conditions do exist for raising the economy's growth momentum and achieving growth rates of 8 percent or higher in the next couple of years. At the same time, growth in 2016-17 may not pick up dramatically from the levels achieved in 2015-16 as the possibility of slow global economic growth and financial sector uncertainties still loom large. Given the prevalent overall macroeconomic scenario, and assuming a normal level of rains in 2016-17, it would not be unreasonable to conclude that the Indian economy is all set to register growth in excess of 7 per cent for the third year in succession.

### **Rural marketing in India**

The non-agricultural sub sector comprises agricultural and allied economic activities such as Crop Cultivation, Animal Husbandry, Dairying, Fisheries, Poultry and Forestry(Floriculture) etc. Thenone—agricultural subsector consists of economic activities relating to Industry, Business and Services. Industry have

refers to cottage and village industries, Khadi, handloom, handicraft, etc. Business refers to trading of general goods, small shops, petty traders etc., whereas services refer to Transportation, Communications, Banking, Postal, Education etc. The size and potential market of the rural sector could be measured in terms of the rural population, the population of livestock, the extent of land, forest and other natural resources. According to the population census of 1991, India's rural population was 62.87 crore, which accounted for 74.3 percent of the country's total population.

Till recently, the focus of marketers in India was the urban consumer and by large number specific efforts were made to reach the rural markets. But now it is felt that with the tempo of development accelerating in rural India, coupled with increase in purchasing power, because of scientific agriculture, the changing life style and consumption pattern of villagers with increase in education, social mobility, improved means of transportations and communication and other penetrations of mass media such as television and its various satellite channels have exposed rural India to the outside world and hence their outlook to life has also changed. Because of all these factors, rural India in now attracting more and more marketers. Increase in competition, saturated urban markets, more and move new products

demanding urban customers, made the companies to think about new potential markets. Thus, Indian rural market have caught the attention of many companies, advertisers and multinational companies. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the purchasing power of the rural people has increased due to increase in productivity and better price commanded by the agricultural products. By and large this rise in purchasing power remains unexploited and with the growing reach of the television, it is now quite easy for the marketers to capture these markets. Rural marketing has become the latest mantra of most corporate. Companies like Hindustan Lever, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, CocaCola, L.G., Philips, Cavin Kare are all eyeing rural markets to capture the large Indian market. Coming to the framework of Rural Marketing, Rural Marketing broadly involves reaching the rural customer, understanding their needs and wants, supply of goods and services to meet their requirements, carrying out after sales service that leads to customer satisfaction and repeat purchase/sales. Earlier, the general impression was that the rural market have potential only for agricultural inputs like seed, fertilizers,

pesticides, cattle feed and agricultural machinery.

### **Conclusion**

Strategies for Rural Marketing are concludes as Product strategy, In India, rural market is relatively special, which has the different consumer community, located in the different physiographic region and the different consumer community, has the difference consumer demand. Therefore, when a company launches product for the rural market, they should pay great attention to meet the rural consumer's need, emphasizing difference research. Positioning, Product positioning plays a crucial role in marketing of rural products. Marketer has to position their products after understanding the unique characteristics of the rural market environment. Segmentation And Targeting, Right segmentation and targeting principles are key to achieve faster success in rural market. Most firms assume that rural markets are homogeneous. It is unwise on the part of these firms to assume that the rural market can be served with the same product, price and promotion combination. Segmentation can be done based on one or more variables like demographic, geographic, psychographic and behavioral aspects. Branding, the brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting

popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers. Packaging, As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. Of the rural market, where the demand is created by promoting urban specific products to rural consumers. Customized products, rural consumers typically define value in terms of the functional focus of a product service its durability, affordability, and fit for multiple uses. Rural lifestyles and behavioral trends are increasingly coming to resemble urban patterns, in both form and variety. Growing aspirations are as much a factor in rural markets as price

sensitivity and an acute sense of value for money. Price strategy, Pricing strategies are very much linked to product strategies. With low disposable incomes, products need to be affordable to the rural consumer, most of which are on daily wages. Some companies have addressed the affordability problem by introducing small unit packs. Distribution Strategy, Studies reveal that the bigger villages of above 5000 population are fairly covered by the marketing people of various companies manufacturing consumable and durable products. The smaller villages are not fully touched due to various reasons like accessibility, small markets and far distances from towns and villages. Strategies for distribution to various rural segments.

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