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RURAL MARKETING IN INDIA

Mr. Dhere S.R.

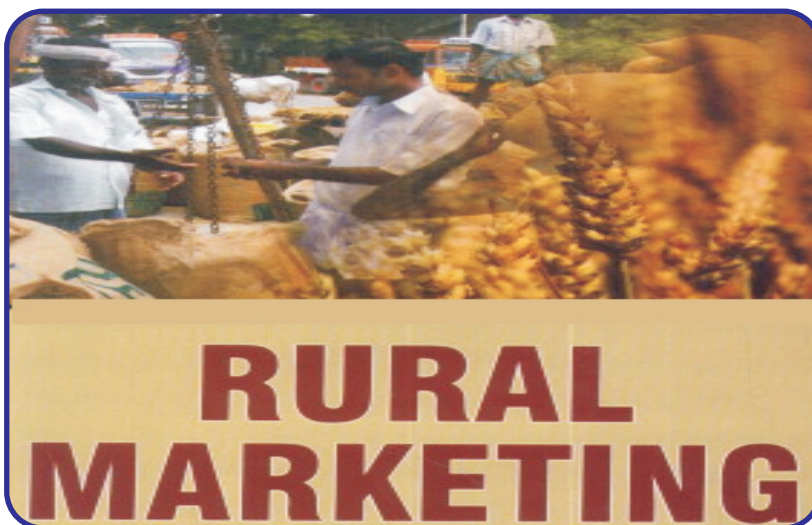
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ABSTRACT

India is an agro-based economy and the growth of most of the other sectors of economy is driven by rural demand. 70% of the India population lives in rural areas. In comparison to just 5,161 towns in India there are 6, 38,365 villages (Census 2001) in India. This in itself is an indicator where the real India resides. This segment, commonly referred to as the 'bottom of the pyramid', presents a huge opportunity for the 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. Urban market is reaching towards the saturation point, thus bringing in an urgent need to focus on rural development.

KEYWORDS :agro-based economy , rural development ,modern farm equipments and methods of farming.



INTRODUCTION

On account of the green revolution, there is a socio economic revolution taking place in Indian villages since last three decades. Increasing knowledge of fertilizers, water resources, pesticides, better quality seeds, modern farm equipments and methods of farming have changed the villages far better. The per capita income of the farmers is on the increase and the manner in

which they spend their disposable income has also changed. 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. In simple words it can be said that rural markets have emerged as an important growth engine in the Indian consumption story.

OBJECTIVES OF THE STUDY:

- To understand the concept of rural marketing
- To analyze the growth potential of rural markets

- To study the challenges of rural marketing in India
- To provide recommendations for effective rural marketing practices.

RESEARCH METHODOLOGY:

The Present study is based on secondary data. Secondary data is collected through various books, various research paper and various websites on internet.

OVERVIEW OF RURAL MARKETING:

In the 1970s, Nirma launched its low-priced detergent for consumers who had low income, especially for the rural population. Till then most of the products manufactured were aimed for the urban middle class and elite. But there existed a huge potential for low-priced products targeted for rural population. This concept was then extended and explained in a brilliant way by C.K. Prahalad in his book "The Fortune at the Bottom of the Pyramid" according to whom the world population can be represented in the form of a Pyramid with the elite class lying at the top of the pyramid, the middle and the upper-middle class lying in the mid-area of the pyramid and the lower class, which consists mainly population in rural areas, lying at the bottom of the pyramid. Around 4000 million people considered to be the poorest in the world are placed in the bottom of the pyramid. This is reason enough for firms from various sectors like FMCG, telecom, electronics etc to come up with new marketing strategies aimed to capture the rural market, hence emerged the concept of Rural Marketing

Rural Marketing means planning and implementation of marketing functions for rural areas. Rural Marketing has been defined as the process of developing, pricing, promoting, distributing, rural specific goods and a service leading to exchange between urban and rural market, which satisfies consumer demand and also achieves organizational objectives.

Rural marketing is often confused with agricultural marketing - Agricultural marketing denotes marketing of goods and services of the rural areas to the urban consumers or industrial consumers, where as rural marketing involves delivering manufactured or processed goods or services to rural producers consumers.

According to National Commission on Agriculture "Rural marketing is a process which starts with a decision to produce a salable farm commodity and it involves all the aspects of market system, and includes pre and post harvest operations i.e. assembling, grading, storage, transportation and distribution".

Rural India with its traditional perception has grown over the years not only in terms of income, but also in terms of thinking. The rural marketing in Indian economy can be classified under two broad categories as:

- Market for Consumer Goods; Durable and Non Durable;
- Market for agricultural inputs which include fertilizers, pesticides, seeds and so on.

The McKinsey Report (2007) on the rise on consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today and almost four times the size of today's urban Indian market and estimated the size of the rural market at \$577 billion.

According to a study by CRISIL and preliminary data released for 2011-2012 by National Sample Survey Organization (NSSO) the consumption of FMCG product usage of technology is also enhanced in rural areas. According to a recent survey in December 2012 of IMRB and Internet and Mobile Association of India (IMAI) "the number of claimed internet users has witnessed a Compounded Annual Growth Rate (CAGR) of 73 % since December 2010. As of June 2012 there are 3.6 million mobile

internet users in rural India, This has grown 7.2 times in the past two years. The penetration of the computer literates among the rural population is 8.4 percent while the penetration of claimed internet users has grown from 2.68 % in 2010 to 4.6 percent in 2012. The penetration of active internet users has enhanced from 2.13 percent in 2010 to 3.7 percent n 2012. The data clearly shows that the increased level of media, technology and mobile penetration have caused a shift in rural buying decisions and purchasing patterns. The Indian Company and MNCs are trying to trigger the growth in 'oral areas.

CHALLENGES IN RURAL MARKETING

As stated earlier, the market scenario in the rural areas today is changing very rapidly. The boundaries of nation are disappearing, technological changes are taking place at the flash of an eye, standards are undergoing changes in no time and so are the fortunes of various organizations. Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market. There are several difficulties confronting the effort to fully explore the rural markets.

The concept of rural markets in India is still m evolving shape and the sector posses a variety of challenges. Distribution cost and non availability of retail outlets are the major problems faced by the marketers. As most of the firms try to extend marketing plans which are being used in urban areas, brands have failed miserably rural markets. The unique consumption patterns, tastes, and needs of the rural consumers should he analyzed at the product planning stage so that they match the needs of the rural people.

The peculiarities of the rural markets and rural consumers pose challenges to the marketers in reaching them effectively which as under:

Low Levels of Literacy:

The literacy rate is low in rural areas as compared to urban area which lead to problem of communication for promotion purposes. Print medium becomes ineffective and to an extent irrelevant in rural areas.

Seasonal Demand:

The demand for goods in rural markets depends upon agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

Transportation:

Many rural areas are not well connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

Communication Problems

Facilities such as telephone, fax and telegram are rather poor in rural areas

Media Problems:

Media have lots of problems in rural areas. Television is a good medium to communicate message to the rural people. But due to non-availability of power, as well as television sets, majority of the rural population cannot get the benefits of various media.

Outlook of rural consumes:

Due to the traditional outlook of rural consumers it is found that they are resistant to change. Their buying decision is slow and delayed. Life in rural areas is still governed by customs and traditions and hence it is found that people do not easily adapt new practices. Demand for branded and latest fashion goods are rarely preferred by the consumers.

Career in Rural Market:

While rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent to deal with rural consumers.

Corporate Initiatives and Innovations in Indian Rural Market

Rural retailing has become the latest marketing mantra of most of the corporate majors. The socio economic changes i.e. change in lifestyle, habits and tastes, economic status etc. increasing literacy level; developing infrastructure facilities, increase in income and increase in income and increasing expectations are the reasons for improvement of business by the marketers in rural areas.

Companies trying to reach out to the rural consumers are exploring alternative cost effective channels. Direct selling through company delivery vans, setting up of temporary stalls in rural areas are some of the successful examples. Similarly lower prices, small packing has been the most common strategies adopted by FMCG companies to penetrate rural markets.

The Indian Corporate has adopted some innovative marketing initiatives in the rural market. Some live examples are:

- Setting up of e-chorals by ITC: Offers the farmers all the information, products and services they need to enhance their farm productivity. Farmers are able to access to the latest local and global local and global information on weather, scientific farming practices as well as market prices through this web portal- all in Hindi.
- HUL launched a multi-brand rural marketing initiative call 'Khushiyon ki Doli' in 2010 which included various personal care brands such as Wheel, Surf Excel, Fair & Lovely, Sun Silk, Vim, Lifebuoy and Close up etc. with the objective of inculcating good personal hygiene habits.
- Addressing the power shortage in rural India, Godrej an Boyce launched in 2010, a perfect refrigerator for rural population called 'Godrej Chotukool' which is powered by battery.
- HLL initiated 'Operation Bharat' to tap rural market. Under this it passed out low priced sample packets of toothpaste, fairness cream, shampoo and other products.

Recommendations for Effective Rural Marketing Practices

- Initiative should be taken by the government to develop the infrastructural facilities like roadways, railways etc, in the rural areas so as to reach large Indian rural market.
- The rural communication facilities like telecommunication systems, internet facilities. Broadcasting systems etc. have to be improved at the earliest to have proper communication access.
- Educating the rural consumers is the key to successful rural marketing.
- The efficient marketing is predominantly influenced by efficient distribution system which is to be fast and available at minimum cost.
- Effective Supply Chain Management practices can bring down the various costs associated with rural markets like distribution cost, of communication cost, cost of sale etc.

CONCLUSION:

Rural Marketing is evolving, is dynamic and as a part of economy has untapped potential. The growing power of the rural consumer is forcing the big companies to flock to rural markets. The role of government is very vital in solving the problems of rural markets. Development of infrastructure and effective implementation of laws, rules and regulations will protect of interest of rural consumer.

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