

Emerging Trends in Rural Marketing and Strategies

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Abstract

The Indian Rural consumers are witnessing an increasing exposure to new Domestic and foreign products. Presently a number of businesses are diversifying their focus on rural market while aligning their strategies to meet the demand of the high volume customers there.

Rural Development depends on Agriculture, which constitutes the core of Indian economy. The agricultural sector generates 28 % of the Gross Domestic Product (GDP) and 65 % of total employment. Such economic dominance of agriculture demonstrates the importance of agricultural development for economic growth and poverty alleviation.

Even after 60 years of planned economy, agriculture sector in India still depends on mercy of 'God'. Millions of rural migrate to urban area in search of livelihood.

They are hardworking and need new areas of earnings. Productivity increase in agriculture depends on good rural infrastructure, well-functioning domestic markets, appropriate institutions, and access to appropriate technology.

Government seems to bring out temporary infrastructural development.

This paper has to develop new product, product improvement, product modifications, and new brands for survival in the Rural market. In this paper Researcher will concentrate on strategies, best practices for meeting customer needs and levels for the development of market.

The need of rural market development and few measures for long term development to build up strong foundation for agriculture and so the Rural – India development.

KEYWORDS: rural market, emerging product, opportunities

Introduction of Rural market

Rural marketers are today making a beeline towards Rural India. The rural market constitutes 70% of the total market and hence, important to India and the world. The standard of living and lifestyles of India have also changed for the better. There were days when big companies flocked to rural markets to establish their brands. Today, rural markets are critical for every marketer be it for a branded shampoo or an automobile. Time was when marketers thought van campaigns, cinema commercials and a few wall paintings would suffice to entice rural folks under their folds. Thanks to television, today a customer in a rural area is quite literate about myriad products that are on offer in the market place. An Indian farmer going through his daily chores wearing jeans may sound idiotic. When it launched the Ruf & Tuf kits, it had created quite a sensation among the rural folks as well within few months of their launch.

Trends indicate that the rural markets are coming up in a big way and growing twice as fast as the urban, witnessing a rise in sales of hitherto typical urban kitchen gadgets such as refrigerators, mixer-grinders and pressure cookers. According to a National

Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. According to Mr. D. Shivakumar, Business Head (Hair), Personal Products Division, Hindustan Lever Limited, the money available to spend on FMCG (Fast Moving Consumer Goods) products by urban India is Rs. 49,500 crores as against is Rs. 63,500 crores in rural India.

The absolute size of rural India is expected to be double that of urban India. The study on ownership of goods indicates the same trend. It segments durables under three groups –

- (1) Necessary products - Transistors, wristwatch and bicycle,
- (2) Emerging products - B&W TV and cassette recorder,
- (3) Lifestyle products - CTV and refrigerators.

Marketers have to depend on rural India for the first two categories for growth and size. Even in lifestyle products, rural India will be significant over next five years.

Apart from increasing the geographical width of their product distribution, the focus of corporates should be on the introduction of brands and develop strategies specific to rural consumers. Britannia Industries launched Tiger Biscuits especially for the rural market. It clearly paid dividend. Its share of the glucose biscuit market has increased from 7 per cent to 15 per cent.

Effective Communication

An important tool to reach out to the rural audience is through effective communication. A rural consumer is brand loyal and understands symbols better. This also makes it easy to sell "look - alike", says Mr. R.V Rajan, CMD, Anugrah Madison Advertising. The rural audience has matured enough to understand the communication developed for the urban markets, especially with reference to FMCG products. Television has been a major effective communication system for rural mass and, as a result, companies should identify themselves with their advertisements. Advertisements touching the emotions of the rural folks, it is argued, could drive a quantum jump in sales.

There is a need to differentiate the brand according to regional disparities. The differentiation may not necessarily be in terms of product content. It may also be in terms of packaging, communication or association with the brand.

The brand has to be made relevant by understanding local needs. Even offering the same product in different regions with different brand names could be adopted as a strategy. At times it is difficult to pass on an innovation over an existing product to the rural consumer unlike his urban counterpart - like increased calcium or herbal content or a germ-control formula in toothpaste.

According to Mr. Shivakumar HLL, the four factors which influence demand in rural India are - access, attitude, awareness and Affluence. HLL has successfully used this to influence the rural market for its shampoos in sachets. The sachet strategy has proved so successful that, according to an ORG - MARG data, 95 per cent of total shampoo sales in rural India is by sachets. The company had developed a direct access to markets through wholesale channel and created awareness through media, demonstration and on ground contact. This changed the attitude of the villagers. Today, the young and the educated in the villages are already large in number. And this number is increasing. Already, 40 per cent of all those graduating from colleges are rural youth. They are the decision makers and are not very different in education, exposure, attitudes and aspirations from their counterparts at least in smaller cities and towns.

District marketing

The village then becomes a location or a suburb of a district. And the district becomes the basic geographical entity. Since the urban-like populations in the villages are taken as a part of the district, they will represent the dominant part of the market in most of the districts. This will compel the kind of attention that it deserves. A districts perspective removes the complexities, heterogeneity, access and targetability that have hindered rural marketing initiatives. He feels that rural marketing requires every element of marketing including product, pricing, packaging, advertising, and media planning to have the rural customer as the target. And, this becomes possible when we have districts marketing as a separate entity.

FACTORS CONTRIBUTING TO THE CHANGE IN THE RURAL MARKET

1.Green revolution

The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selective mechanization, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers.

2.Emerging Role of Bio-Tech. in Indian Agriculture Sector

3.Communication

4.DevelopmentProgrammes

Intensive Agricultural District Programme (IADP- Package Programme)

- Intensive Agricultural Area Programme (IAAP)
- High Yielding Varieties Programme (HYVP- Green Revolution)
- Drought Prone Areas Programme (DPAP)
- Small Farmers Development Agency (SFDA)
- Operation Flood I, II and III (White Revolution)
- Fisheries Development (Blue Revolution)
- Integrated Rural Development Programme (IRDP)
- JawaharRojgarYojna (JRY).

Farmers, today 'keep in touch' with the latest information and maximize both ends. Animal feed producers no longer look at Andhra Pradesh or Karnataka. They keep their cell phones constantly connected to global markets. Surely, price movements and products' availability in the international market place seem to drive their local business strategies. On youth its impact is on knowledge and information and while on women it still depends on the socio-economic aspect.

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.

What Makes Rural Markets Attractive?

Irfan Khan, Corporate communications Manager HLL says, "Consider the market, out of five lakh villages in India only one lakh have been tapped so far". Traditionally HLL used both wholesalers and retailers to penetrate the rural markets. A fleet of motor vans covered small towns and villages. These vans induced retailers to stock HLL products and display advertising material in their shops. In many towns, there were redistribution stockists who carried bulk stocks and serviced retailers. There were some 7,000 redistribution stockists who served over a million retail outlets.

Indian FMCG Companies – Overall Rural market Penetration

Company	Household Penetration (%)
LG	88
Nirma Chemical Works	56
Colgate – Meswak	33
Parle Foods	31
Patanjali products	27

Source – www.etstratagicmarketing.com

Table 1

Rural Demand Pattern

Rural consumers normally identify different locations for purchase of different items, which are termed as hierarchy of markets. For daily requirements they

approach the village shops. Because of peculiarities of the rural market there are many effective differences between urban and rural demand pattern. the major distinctions are given below

Features	Rural
Demand pattern	Seasonable
spread	wide
Literacy level	low
Sources of supply	inadequate
Physical communication facilities	poor
Sources of Information	Word of mouth
Product knowledge	Not known
Awareness of needs	Not known

Opportunities – India is the second largest consumer market in the world. With over 1 billion potential customers, it comes as no surprise why consumer goods companies see India as fertile ground for expansion and growth. The opportunities for consumer goods in rural sector are given below -

- Infrastructure is improving rapidly
- In 50 years only, 40% villages have been connected by road, in next 10 years another 30% would be connected.
- More than 90% villages are electrified, though only 44% rural homes have electric connections.
- Rural telephone density has gone up by 300% in the last 10 years; every 1000+ pop is connected by STD.
- Social indicators have improved a lot between 1981 and 2001 -
- Number of "pucca" houses doubled from 22% to 41% and "kuccha" houses halved (41% to 23%).
- Percentage of BPL families declined from 46% to 27%.
- Rural literacy level improved from 36% to 59%.
- Low penetration rates in rural areas, so there are many marketing opportunities
- Proliferation of large format Rural Retail Stores, which have been successful also are -
 - DSCL Haryali Stores
 - M & M ShubhLabh Stores
 - TATA / Rallis KisanKendras
 - Escorts Rural Stores
 - Warnabazaar, Maharashtra (Annual Sale Rs. 40 crore)

Rural Consumer Insights

- Rural India buys -
 - Products more often (mostly weekly).
 - Buys small packs, low unit price more important than economy.

- In rural India, brands rarely fight with each other; they just have to be present at the right place.
- Many brands are building strong rural base without much advertising support.
- Chik shampoo, second largest shampoo brand.
- Ghadi detergent, third largest brand.
- Fewer brand choices in rural areas; number of FMCG brand in rural is half that of urban.
- Buy value for money, not cheap products.

Why Different Strategies?

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges. Distribution costs and non-availability of retail outlets are major problems faced by the marketers. The success of a brand in the Indian rural market is as unpredictable as rain. Many brands, which should have been successful, have failed miserably. This is because most firms try to extend marketing plans that they use in urban areas to the rural markets. The unique consumption patterns, tastes, and needs of the rural consumers should be analyzed at the product planning stage so that they match the needs of the rural people.

Therefore, marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern. The main problems in rural marketing are: -

- Understanding the Rural Consumer
- Poor Infrastructure
- Physical Distribution
- Channel Management
- Promotion and Marketing Communication

Dynamics of rural markets differ from other market types, and similarly, rural marketing strategies are also significantly different from the marketing strategies aimed at an urban or industrial consumer.

Strategies to be Followed

1.Rural Market Segmentation

1. Education level
2. Irrigation facilities
3. Cropping pattern
4. Small size unit packaging's
5. Utility oriented products

Marketers need to understand the psyche of the rural consumers and then act accordingly. Rural marketing involves more intensive personal selling efforts compared to urban marketing. Firms should refrain from designing goods for the

urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market, a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

2. Distribution Strategy

- Wide coverage based on population of village
- Use of co-operative societies
- Distribution up to feeder markets
- Agri Input dealers
- Jatras, melas

According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural markets have the practice of fixing specific days in a week as Market Days (often called "Haats") when exchange of goods and services are carried out. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town (termed as "Mandis" or Agri-markets) where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

3. Promotional Strategy

- Low –cost /cheap products
- Avoid sophisticated packaging
- Refill packs and reusable packing
- Use of cooperative societies
- Distribution up to feeder markets

Conclusion

Rural marketing is now two ways marketing process. Looking at the challenges and the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. Therefore rural marketing is concern with flow of goods and services from urban to rural and vice versa within the rural area itself. Rural marketing is today considered to be an untapped market for most FMCG products. Successful rural marketing calls for a review of the rural marketing environment, developing proper understanding of the nature and profile of rural consumers, designing the right products to appeal to them, and adopting suitable media as well as appropriate strategies for communication and distribution.

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