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RURAL MARKETING IN INDIA: TRENDS AND PROSPECTS

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ABSTRACT

Rural marketing concerns the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions and vice versa, as well as the marketing of various products manufactured and marketed within rural area. This study is an overview of level of rural marketing activities in India and documents significant thrust provided to the area in the form of government initiatives and private ventures. The importance of this study lies in the fact that despite being mostly composed of rural populace, rural marketing in India has not been able to keep pace with the overall trends of economic development in the country, hence the need for renewed impetus.

KEYWORDS: Rural marketing, rural development, rural economy

1. INTRODUCTION

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 population. 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. The majority of emerging market nations continue to have largely rural, agrarian based economies. In India alone, of the 121 billion residents counted in the 2011 census, roughly 83.3 million people lived in rural areas. Delivering products and services into this market presents both unique challenges and enormous opportunities for companies.

Rural marketing is now a two way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agriculture inputs, fast moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consist of agriculture produce such as

rice, wheat, sugar and cotton etc. There is also a movement of rural products within rural areas for consumption.

The objective of this study can be summed up as under:

- To understand concept, origin and significance of rural marketing
- To highlights some new trends in the rural marketing scene of India

Nowadays marketing has transformed the nature and dynamic of business. Business is about adaptation to face different challenges and grab opportunities. Since the 1980s the mass rural market was used to attract the marketers in Indian consumer market but 70% of the population was under which was the major attraction for marketers. In recent time this has increased substantially.

Phases in rural marketing

Part-1 (before 1960s):-

In this phase primary attention was given to agriculture marketing because produces like food grains and industry oil seeds etc. Baniyas and Mahajans were dominated the unorganized market.

Phase-2 (1960s to 1990):-

Green revolution and white revolution which happened in this period had change the techniques of farming (towards scientific). Govt. was also paying attention to product like khadi and other hand loom products.

Phase-3 (after mid 1990s):-

Since 1990, India’s industrial sector had gain strength and maturity. Its contribution to GNP increased substantially with support and development programs of center and state govt. rural area progressed socially & economically and emerges as new market. Rural marketing was consider different from agriculture marketing.

2. DEFINING THE RURAL MARKET

The Census of India defines ‘rural’ as habitation where population density is less than 400 per sq. km, and where at least 75% of the male working population engaged in agriculture, and where there is not any municipality or board. Predominately Indian economy is agriculture and recent censuses of 2011 shows that 68.84% of Indian lives in the rural areas

Census of 2011¹

	2001	2011	Differences
India	102.9	121.0	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

Rural and urban distribution-68.84% to 31.16%

3. DEFINING RURAL MARKETING

Rural marketing can be defined as the function that manages all activities involved in assessing, Stimulating, and converting the purchasing power of rural consumer into an effective demand for specific products and services and moving these products and services to the people in rural area to create satisfaction and a better standard of living and thereby achieving organization goal. (Anil kalotra, 2013).

3.1. Opportunities:-

Rural market is growing at a fast rate and recently govt. of India in their recent budget make some policy changes towards the growth of rural India which has not been the focus point of past govt. policies.

Increasing in disposable income and purchasing power:-

MNREGA² and Direct Benefit Transfer (DBT) have made a huge changes in the disposable income of the consumer. Direct benefits transfer and

¹ Census of India 2011 report

²Mahatma Gandhi National Rural Employment Guarantee Act

zero balance bank account bring the rural consumer in the economy. Kisan credit card and some other policy made the rural consumer relevant to the big MNC due to their high populations.

Reduction of Risk during Recession:-

It has been observed that the company which target both rural and urban market. Company get the reduction in the risk if there is recession in the economy (Pawan& Neha, 2013).The demands for goods in the urban market often follow a cyclic where as in the rural market it is steady. So companies can safeguard themselves from the harmful effects of recession after entering in the rural market.

Information Technology Penetration in Rural India:-

In the past couple of years the sales of the mobile phones in rural areas have increased³ and due to the high competition in the urban sector both mobile companies and the service provider now are more focused on the rural consumer. Last year google has collaborated with other Indian companies like Micromax and karboon to launched smartphone named Android one to target the consumers who wants to buy their first smartphone.

Recent budget of India (budget 2016-17):-

Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector, infrastructure sector employment generation and recapitalization of the banks. Focus on Vulnerable sections through Pradhan Mantri Fasal BimaYojana, New health insurance scheme to protect against hospitalization expenditure, facility of cooking gas connection for BPL families etc.

3.2. Challenges:-

The unique features of rural markets and rural consumers pose challenges to marketers in reaching them effectively. There are a large number of small villages which are not easily accessible. The main challenges are discussed below:

Transportation problems:-

Transportation is essential for movement of products from urban production centers to remote villages. In rural India transportation facilities are quite poor. Most of the villages in the country are not connected by well-constructed roads. Many parts of India have kuccha roads. Due to poor transportation facilities it is not possible for a marketer to access the rural market.

³

Source:<http://www.idc.com/getdoc.jsp?containerId=prAP41064116>(visited on21-05-2016)

Warehousing problems:-

A storage function is a necessity for some product because there is a time gap between production and consumption of commodities and marketers won't be able to sale these products, Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.

Underdeveloped consumerism:-

Rural society have less information than urban society but due to rapid growth in modern technology which is now adapted by the rural consumers, the gap between the urban and rural market is narrowing down.

Inadequate media coverage:-

Media is a fourth pillar in the democrat country. Television and internet is a good source to communicate the message to rural inhabitants. But due to non-availability of power as well as television sets, majority of rural population cannot get the benefits of various media. Even the govt. policy to provide village's computer and smartphone have not changed the market as well as they have expected to be. Due to the lack of electricity in rural India.

Multiple languages and dialects:-

India is a country of many languages. Language becomes barrier in effective communication in the marketing efforts. The number of languages vary from state to state, region to region and district to district, etc.

Low level of literacy:-

The literacy rate is low in rural areas as compared to urban areas. Marketers face communication problem due to the lack of literacy rate. Print medium is not much effective and it is irrelevant since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.

Traditions:-

The traditional values and superstitious beliefs of the regions is a major hurdle in the progression of this sector.

Seasonal demand:-

Seasonal demand is a major problem of rural markets. Agriculture productivity conditions plays a significant role in the demand of commodities in the rural market because it is the main source of income. Again agriculture depends on monsoon so buying capacity of rural consumers varies. Despite this, many rural areas are not connected by rail transport. Kuccha roads become unserviceable during monsoon.

4. NOTABLE ORGANIZED RETAIL MODEL WORKING IN RURAL INDIA Hariyali Kisaan Bazaar:-

Hariyali Kisaan Bazaar (HKB)⁴, the rural retail arm of DCM Shriram Consolidated Ltd (DSCL), The Company operates in two lines of business: Agri/rural, Chemicals and polymers. Their Agri- business offers agriculture inputs, both manufactured and merchandised, outputs and services. The company initiated rural retailing with the objective to move towards providing total solutions to farmers. Hence it can be called one stop shop for meeting farming and family needs of rural population. It has 37 outlets in many villages of 6 different states.

ITC CHOUPAL SAGAR⁵

ITC launched the choupal sagar in 2004⁶. It is a rural hyper market which is managed by ITC's Agri-business division. Farmers can sell their commodities and can buy almost everything including cosmetics, garments, electronics, and appliances and even tractors.

ITC E-choupal:-

ITC's Agri Business Division, one of India's largest exporters of agricultural commodities⁷, has conceived e-Choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis. The e-Choupal model has been specifically designed to tackle the challenges posed by the unique features of Indian agriculture, characterized by fragmented farms, weak infrastructure and the involvement of numerous intermediaries, among others. More than 4millions farmers have benefited from this initiative

5. CONCLUSION

The study concluded that the rural India offers huge opportunities which companies can capitalized for their growth and development. There are many challenges as well population of rural India is higher than urban India but marketers unable to get full benefits of it because of lack of infrastructure. Literacy rate is low in rural area so people are unable to identify brand differences There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and

⁴ Source: <http://www.dcmshriram.com/haryali-kisaan-bazaar> (visited on 19-05-2016)

⁵Source:<http://www.itcportal.com/media-centre/press-reports-content.aspx?id=627&type=C&news=CHAUPAL-SAGAR-Unlocking-rural-market>

marketing of products in rural India, companies in rural market can earn more profits, market share, etc .The rural market is a greater future prospect for the marketers and there are many opportunities available for the rural markets.

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