

## EMERGING TRENDS IN RURAL MARKETING

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From the strict marketing point of view, the market structure in India is dichotomous having rural and urban markets. But many do not concur with this view as they contend that consumer everywhere is a consumer and hence their needs, aspirations, beliefs and attitudes will also be the same. The fact, however, remains that there are certain unique characteristic features which call for separate marketing strategies to be distinctively developed to suit the rural and urban market behaviour.

Conditions existing in urban markets at present can also be analyzed in this context. First, the urban markets have almost reached a saturation level that further tapping them with a high profit margin has become difficult. Secondly, competition is becoming tough in urban markets compelling many firms to incur heavy costs in promotional expenditure. Thirdly, the awareness level of urban consumers is high and hence product features have to be changed often. Needless to say this process needs a huge investment which will have a negative impact on profitability. Thus, except perhaps for easy reach the urban markets have become as oasis.

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### 1. INTRODUCTION /SIGNIFICANCE OF RURAL MARKETS

The rural markets are estimated to be growing fastly compared to the urban markets. The potentiality of rural markets is said to be like a 'woken up sleeping giant'. These facts are substantiated in a study of market growth conducted by various researches. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of the green revolution in India, 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 taken shape. Sometimes, rural marketing is confused with agricultural marketing – the later 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.

A number of factors have been recognized as responsible for the rural market boom to come into existence:

1. Increase in population and hence increase in demand.
2. A marked increase in the rural income due to agrarian prosperity.
3. Standard of living is also increasing in rural areas.
4. Large inflow of investment for rural development programmes from government and other sources.

5. Increased contact of rural people with their urban counterparts due to development of transport and wide communication network.
6. Increase in literacy and educational level and resultant inclination to sophisticated lives by the rural folks.
7. Inflow of foreign remittances and foreign made goods into rural areas.
8. Change in the land tenure systems causing a structural change in the ownership patterns and consequent changes in the buying behaviour.
9. Rural markets are laggards in picking up new products. This will help the companies to phase their marketing efforts. This will also help to sell inventories of products out dated in urban markets.

### 2. WHAT MAKES RURAL MARKETS ATTRACTIVE?

Rural market has following arrived and the following facts substantiate this.

- 742 million people
- Estimated annual size of the rural market
  - FMCG Rs. 65,000 Crores
  - Durables Rs. 5,000 Crores
  - Agri-inputs (incl. tractors) Rs. 45,000 Crores
  - 2 / 4 wheelers Rs. 8,000 Crores
- In 2001-02, LIC sold 55 % of its policies in rural India.
- Of two million BSNL mobile connections, 50% in small towns/villages.

- Of the six lakh villages, 5.22 lakh have a Village Public Telephone (VPT).
- 41 million Kisan Credit Cards issued (against 22 million credit-plus-debit cards in urban) with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.
- Of 20 million Rediffmail signups, 60 % are from small towns. 50% transactions from these towns on Rediff online shopping site.
- 42 million rural HHs availing banking services in comparison to 27 million urban HHs.
- Investment in formal savings instruments: 6.6 million HHs in rural and 6.7 million in urban.

### 3. STRATEGIES

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. Rural markets and rural marketing involve a number of strategies, which include:

Client and Location specific promotion involves a strategy designed to be suitable to the location and the client.

Joint or co-operative promotion strategy involves participation between the marketing agencies and the client.

'Bundling of inputs' denote a marketing strategy, in which several related items are sold to the target client, including arrangements of credit, after-sale service, and so on.

Management of demand involve continuous market research of buyer's needs and problems at various levels so that continuous improvements and innovations can be undertaken for a sustainable market performance.

Developmental marketing refer to taking up marketing programmes keeping the development objective in mind and using various managerial and other inputs of marketing to achieve these objectives.

Media, both traditional as well as the modern media, is used as a marketing strategy.

Unique Selling Propositions (USP) involve presenting a theme with the product to attract the client to buy that particular product. For examples, some of famous Indian Farm equipment manufactures have coined catchy themes, which they display along with the products, to attract the target client, that is the farmers. English version of some of such themes would read like:

- The heartbeats of rural India.
- With new technique for a life time of company.
- For the sake of progress and prosperity.

Extension Services denote, in short, a system of attending to the missing links and providing the required know-how.

Ethics in Business form, as usual, an important plank for rural markets and rural marketing.

Partnership for sustainability involve laying and building a foundation for continuous and long lasting relationship.

Selection of sales force The salesman in rural markets should be selected from the educated unemployed villagers, trained well and appointed as salesmen. The town-to-villages shuttling salesmen are to be replaced by stationary salesman in villages.

### 4. OPPORTUNITIES

- Infrastructure is improving rapidly.
  - In 50 years only 40% villages connected by road, in next 10 years another 30%.
  - More than 90% villages 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 so there are many marketing opportunities.

#### Durables Urban Rural Total (% of rural HH)

CTV	30.4	4.8	12.1
Refrigerator	33.5	3.5	12.0

#### FMCGs Urban Rural Total (% of rural HH)

Shampoo	66.3	35.2	44.2
Toothpaste	82.2	44.9	55.6

- Marketers can make effective use of the large available infrastructure.
  - Post offices - 1, 38,000
  - Haats (periodic markets) - 42,000
  - Melas (exhibitions) - 25,000
  - Mandis (agri markets) - 7,000

- Public distribution shops - 3, 80,000
- Bank branches - 32,000
- Proliferation of large format rural retail stores which have been successful also.
  - DSCL Haryali stores
  - M & M Shubh Labh stores
  - TATA/Rallis Kisan Kendras
  - Escorts rural stores
  - Warnabazaar, Maharashtra (annual sale Rs. 40 crores)

### Many Language and Dialects

The number of languages and dialects vary from state to state region to region. This type of distribution of population warrants appropriate strategies to decide the extent of coverage of rural market.

### Market Organization & Staff

The size of the market organization and staff is very important, to manage market system effective control. However the existing organizational setup particularly at district and block level needs to be strengthened in order make the services on various aspects available to the farmers timely and also easily accessible to them.

### Problems Related to Rural Marketing

The rural market offers a vast untapped potential; it should also be recognized that it is not that easy to operate in rural market because of several problems. Rural marketing is thus a time consuming affair and requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The problems are.

#### 5. BARTER SYSTEM

In the developing country like India, even today the barter system i.e., exchange of goods for goods exists. This is a major obstacle in the way of development of rural marketing.

### Underdeveloped People and Underdeveloped Markets

The agricultural technology has tried to develop the people and market in rural areas. Unfortunately, the impact of the technology is not felt uniformly through out the country. Some districts in Punjab, Hariyana or Western Uttar Pradesh where rural consumer is somewhat comparable to his urban counterpart, there are large areas and groups of people who have remained beyond the technological breakthrough. In addition, the farmers with small agricultural land holdings have also been unable to take advantage of the new technology.

### Lack of Proper Physical Communication Facilities

Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.

### Inadequate Media Coverage for Rural Communication

A large number of rural families in own radios and television sets there were also community radio and T.V sets. These have been used to diffuse agricultural technology to rural areas. However the coverage relating to marketing is inadequate

### Other Influencing Factors in Rural Marketing

Natural calamities and Market conditions (demand, supply and price). Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, Grading, Transport, Market Intelligence (up to date market prices to villagers), Long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

### Major Losers

Small and marginal formers, 75% villagers are illiterates or semiliterate, they facing difficulties like proper paper procedures for getting loans and insurance. The farmers facing high interest rates for their credits (Local money lending system). Most of the credit needed for agricultural inputs like seeds, pesticides, and fertilizers.

### The Major Weakness and Challenges

- Traditional mind not to react new ideas.
- Agricultural income mostly invested in gold ornaments and weddings.
- Low rural literature.
- Not persuading new thinking and improved products.

#### 6. EMERGING TRENDS IN MARKETS

### Online Rural Market (Internet, Nicnet)

Rural people can use the two-way communication through on – line service for crop information, purchases of Agri-inputs, consumer durable and sale of rural produce online at reasonable price. Farm information online marketing easily accessible in rural areas because of spread of telecommunication facilities all over India. Agricultural information can get through the Internet if each village has small information office.

## 7. INFORMATION THROUGH LOCAL AGRICULTURE INPUT DEALERS

Most of the dealers have direct touch with the local farmers; these farmers need awareness about pests, disease, fertilizers, seeds, technology and recent developments. For this information, farmers mostly depend on local dealers. For development of rural farmers the government may consider effective channel and keep information at dealers, for farmer education hang notice board and also train the dealer recent changes and developments in agriculture.

National Chain Stores: large number of stores set up in different rural areas throughout the country by the same organization for marketing its products. Thus national chain stores can serve large number of customers in rural area.

## 8. COST BENEFIT ANALYSIS

Cost benefit can be achieved through development of information technology at the doorsteps of villagers; most of the rural farmers need price information of agri-produce and inputs. If the information is available farmers can take quick decision where to sell their produce, if the price matches with local market farmer no need to go near by the city and waste of money & time it means farmers can enrich their financial strength.

## 9. NEED BASED PRODUCTION

Supply plays major role in price of the rural produce, most of the farmers grow crops in particular seasons not through out the year, it causes oversupply in the market and drastic price cut in the agricultural produce. Now the information technology has been improving if the rural people enable to access the rural communication, farmers awareness can be created about crops and forecasting of future demand, market taste. Farmers can equate their produce to demand and supply, they can create farmers driven market rather than supply driven market. If the need based production system developed not only prices but also storage cost can be saved. It is possible now a days the concept of global village.

## 10. MARKET DRIVEN EXTENSION

Agricultural extension is continuously going through renewal process where the focus includes a whole range of dimensions varying from institutional arrangements, privatization, decentralization, partnership, efficiency and participation. The most important change that influences the extension system is market forces. There is a need for the present extension system to think of the market driven approach, which would cater the demands of farmers.

## 11. PROCESSING INDUSTRY

India is the second largest producer of fruits and vegetables in the world with an annual production of more than 110

million tones of fruit and vegetable only 1.3 percent of the output is processed by the organized sector commercially, the reason higher consumption in fresh form. However, as the packaging, transportation and processing capacities increase, the market for processed fruits and vegetables is projected to grow at the rate of about 20 % per annum. 100 % export oriented units (EOU) and Joint venture units required improving the processing industry.

## 12. APANAMANDI / KISAN MANDI / RYTHUBAZAAR

There is a need to promote direct agricultural marketing model through retail outlets of farmer's co-operatives in urban areas. The direct link between producers and consumers would work in two ways: one, by enabling farmers to take advantage of the high price and secondly, by putting downward pressure on the retail prices.

## 13. RURAL AGRI- EXPORT

Rural produce, raw fruits and vegetable, processing goods, have the potential market in Asian, Europe and western countries. Particularly soudhy countries have commendable potential for Indian rural produce.

## 14. INTEGRATED MARKETING

Under this concept, both the supply of inputs and servicing of inputs are undertaken at the same point or by the same company.

## 15. CONCLUSION

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, as also in several other countries, like China, is still in evolving shape, and the sector poses a variety of challenges, including understanding the dynamics of the rural markets and strategies to supply and satisfy the rural consumers.

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