

# An Analytical Study of Rural Marketing in India

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## *ABSTRACT*

Rural marketing is as old as the civilization. Surplus of argo- Products are exchanged in earlier days in the barter system. The introduction of currency and communication has increased the scope of rural market. the predominantly rural character of India's national economy is reflected in the very high proportion of its population living in rural areas with more than 700 million people living in rural areas, in some 5,80,000 villages, about two third of its workforce was engaged in agriculture and allied activities with a contribution of 29 percent of India's Gross Domestic Product (GDP), India's economy is predominantly rural in India's economy can be thought of as comprising of two main sectors, namely, the Rural Sector and the Urban Sector. The Rural sector is, in turn, composed of two main sub sectors.

### **Introduction:**

*Marketing is the process of identifying the needs and wants of the consumers, then prepare that particular product or service in order to satisfy them, keeping in consideration the benefits of the organization. This concept applies to every type of marketing, whereas when we talk of rural marketing the emphasis is to be given on the rural areas.* Marketing may aptly 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 programme 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 21st 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, Rural marketing has become the latest mantra of most corporate Companies like Hindustan Lever, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, Coca Cola, L.G., Philips, Cavin Kare are all eyeing rural markets to capture the large Indian market. Coming to the frame work of Rural Marketing, Rural Marketing broadly involves reaching the rural

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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 markets have potential only for agricultural inputs like seed, fertilizers, pesticides, cattle feed and agricultural machinery. There is a growing market for consumer goods as well.

#### **Objectives:**

- To develop an insight into rural marketing regarding different concepts and basic practices in this area.
- To discuss the challenges and opportunities in the field of rural marketing.

#### **Problems in rural marketing:**

There are many problems to be tackled in rural marketing, despite rapid strides in the development of the rural sector. Some of the common problems are discussed below:

1. **Transportation:** Transportation is an important aspect in the process of movement of products from urban production centers to remote villages.
2. **Communication:** Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low.
3. **Availability of appropriate media:** It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India.
4. **Warehousing:** A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous.

#### **Challenges in Rural Market:**

There are various challenges that hinder the

progress of rural market. Marketers face a number of problems like physical distribution, logistics, no proper and effective sales force and no effective marketing communication when they enter into the business of rural markets.

The following are the major problems faced in the rural markets “

#### **Standard of Living:**

A large part of the population in rural areas lies below poverty line. Thus the rural market is also underdeveloped and the marketing strategies have to be different from the strategies used in urban marketing.

#### **Low literacy levels:**

The low literacy levels in rural areas leads to problem in communication with the market and the print media has less utility as compared to the other media of communication.

#### **Low Per Capita Income:**

In rural market, agriculture is the main source of income and hence expense capacity depends upon the agricultural produce. Demand may or may not be stable.

#### **Transportation and Warehousing:**

Transportation and supply chain management are the biggest challenges in rural markets. As far as by road transportation is concerned, about 50% of Indian villages are connected by roads to the nearest big cities. The rest of the rural markets do not have proper road linkage to other cities which causes problems in physical distribution.

Many villages are located in hilly remote areas which is difficult to connect with them through roads. Warehousing is another major problem in rural areas, as there you will hardly get any organized agency to look after the storage issue. The services given by central warehousing corporation and state warehousing corporations are limited only to urban and suburban areas.

### **Ineffective Distribution Channels:**

The distribution chain is not organized and also requires a large number of intermediates, which in return increases the cost. Due to lack of appropriate infrastructure, manufacturers are giving back steps to open outlets in these areas. That is why they need to be dependent on dealers, who are rarely available for rural area which increases the challenges for marketers.

### **Definition of rural marketing**

The term rural marketing” used to be an umbrella 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. So, before venturing into the other aspects of rural marketing let us discuss the development of this area in different parts which is briefly explained here. Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. It was treated as synonymous to agricultural marketing”.

In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheats and paddies. Better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machinery like powder tillers, harvesters ,threshers etc. changed the rural scenario. The economic conditions of the country were as such that the rural people were not in a position to buy these kinds of products. Secondly, our market was in a close shape and we never allowed companies (foreign) to operate in Indian market.

### **Characteristics of rural markets**

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 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.

- \* 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.

### **6. Significance of the rural markets:**

If you meet a sales executive today and ask which market he would prefer to serve, the immediate answer would be, “Rural Markets” as they are still unexploited. A number of factors have been recognized as responsible for the rural market boom. Some of them are:-

1. Increase in population, and hence increase in demand. The rural population in 1971 was 43.80 crores, which increased to 50.20 crores in 1981, 60.21 crores in 1991 and 66.0 crores in 2001.
2. A marked increase in the rural income due to agrarian prosperity.

3. Large inflow of investment for rural development programmes from government and other sources.
4. Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.
5. Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

Rural communication Around 50 percent of the villages are today connected by all weather roads and can be accessed throughout the year. But there are states, which are almost 100 percent connected with the metal roads.

Market segmentation in rural markets Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing. 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.

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. The lower income group consumers are not able to purchase large and medium size packaged goods. It is also found that the labeling on the package is not in the local language. This is a major constraint to rural consumers understanding the product characteristics.

### **Conclusion:**

Economic reforms in India have brought about major changes in the whole market environment. With these changes, rural marketing will become an important playground for our marketers. 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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