

# Rural Marketing in Globalized Era

*The most compelling charm for producers.*

AUTHOR

M. Sivakumar

Lecturer,

Dept. of Management

Studies, PSNA College

of Engineering and

Technology,

Dindigul, Tamilnadu.

## ABSTRACT

Rural Marketing is an important part of economic growth in this global era. In India, the rural markets are expanding at such rapid pace that they have overtaken the growth in urban markets. It is emerging staranger with a gradual increase in disposable income of the rural folk. The buying behaviour demonstrated by the rural Indians differ tremendously in comparison to the urban Indians. The buying decisions are highly influenced by social customs, traditions and beliefs and purchasing power of the consumers. While planning promotional strategies in rural markets, marketers must be very careful in choosing the tool to be used for communication. The unique consumption patterns, taste and needs of rural consumers should be analyzed. It needs to involve more intensive personal selling efforts. To look at the challenges and opportunities in the globalized era. It is compulsory to understand the dynamics of rural markets and to exploit them.

## 1. INTRODUCTION

Rural markets are becoming important for reasons of economic growth in these areas and increasing inter-firm rivalry in the urban markets. The concept of rural marketing is having different dimension from that of urban marketing due to the vast physical size of the rural market spread over 6,30,000 villages having over 700 million consumers in India. The question of physical distribution and channel management and services would be a stupendous task. A large marketing network will also adversely affect cost of the product. However, the existing market structure can be gainfully utilized. There are nearly 3.5 million shops in the rural sector. Well planned roads connect about 33 per cent of the villages; approximately 10 per cent have a bank within the village boundary. Weekly *haats* are held in about 42,000 villages. The existing market structure is thus a mix of rural markets and

- retail outlets in villages. The central stock
- points need to be located in feeder towns
- with network of feeding the retail outlets
- with mobile outlet in weekly haats and
- *melas*, always ensuring that the set up
- does not adversely affect product pricing,
- which must be kept competitive and
- acceptable.
- A thorough understanding of the rural
- markets has become an important aspect
- of marketing in the Indian marketing
- environment today. This attraction
- towards the rural markets is primarily due
- to the colossal size of the varied demands
- of the 230 million rural people. In fact, the
- rural markets are expanding in India at
- such a rapid pace that they have
- overtaken the growth in urban markets.
- This rate of growth of the rural market
- segment is however not the only factor
- that has driven marketing managers to go
- rural. The other compelling factor is the
- fact that the urban markets are becoming

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increasingly complex, competitive and saturated.

Further, the vast untapped potential of the rural markets is growing at a rapid pace. The policies of the government largely favour rural development programmes. This is clearly highlighted by the fact that the outlay for rural development has risen from Rs. 14, 000 crores in the 7th plan to Rs. 30,000 crores in the 8th plan period. These figures also prove that the rural market is emerging stronger with a gradual increase in disposable income of the rural folk. In addition, better procurement prices fixed for the various crops and better yields due to many research programmes have also contributed to the strengthening of the rural markets. Thus, with the rural markets bulging in both size and volume, any marketing manager will be missing a great potential opportunity if he does not go rural.

## 2. COMPARISON BETWEEN URBAN AND RURAL MARKETS

A fundamental problem of the differences between urban and rural markets in India is the existence of customs and traditions. This is of paramount importance in the Indian marketing environment as rural and urban markets in our country are so very diverse in nature that urban marketing programmes just cannot be successfully extended to the rural markets. The buying behaviour demonstrated by the rural Indian differs tremendously when compared to the typical urban Indian. Further, the values, aspirations and needs of the rural people vastly differ from that of the urban population. Basic cultural values have not yet faded in rural India. Buying decisions are still made by the

eldest male member in the rural family whereas even children influence buying decisions in urban areas. Further, buying decisions are highly influenced by social customs, traditions and beliefs in the rural markets. Many rural purchases require collective social sanction, unheard off in urban areas.

Another contrasting feature is the precision in the assessment of purchasing power of the consumers. In urban markets, income levels are generally used to measure purchasing power and markets are segmented accordingly. However, this measure is not adequate for defining the purchasing power in rural areas because of the single fact that rural incomes are grossly underestimated. Farmers and rural artisans are paid in cash as well as in kind. However, while reporting their incomes, they report only cash earnings, which then affect the calculation of their purchasing power. This is the reason why marketers are often surprised to find that their products are sometimes consumed by people who, according to their surveys and estimates do not have the purchasing power to do so. Every marketing manager must therefore make an attempt to understand the rural consumer better so that he can plan his strategies in such a manner that they produce the desired results.

## 3. RURAL MARKETING MIX

Unfortunately, most marketers of today try to extend marketing plans that they use in urban areas to the rural markets and face, on many occasions failure. They should adopt a strategy that appeals individually to the rural audience and formulate separate annual plans and sales targets for the rural segment. Changes must be made in the marketing mix elements such as

price, place, product and promotion. Corporate marketers should refrain from designing goods for the urban markets and subsequently pushing them in the rural areas. 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.

For most companies wanting to enter the rural markets, distribution poses a serious problem. Distribution costs and non availability of retail outlets are major problems faced by the marketers. But if one takes a closer look at the characteristic features of the rural market, it will be clear that distribution in fact, is no problem at all.

In rural India, annual melas organized with a religious or festive significance are quite popular and provide a very good platform for distribution. Rural markets come alive at these melas and people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Also, every region consisting of several villages is generally served by one satellite town 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.

While planning promotional strategies in rural markets, marketers must be very careful in choosing the vehicle to be used for communication. They must remember that only 16 per cent of the rural populations have access to a vernacular newspaper. Although television is undoubtedly a powerful medium, the audio visuals must be planned to convey a

right message to the rural folk. The marketers must try and rely on the rich, traditional media forms like folk dances, puppet shows, etc with which the rural consumers are familiar and comfortable, for high impact product campaigns.

Thus, a radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is called for, so they can successfully impress on the 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

#### 4. STRATEGIC PLANNING

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.

What has happened from 1990 onwards is that advertisers spent a lot of money on television and by default they covered some rural markets as well. As a bonus, these advertisers started getting certain returns from the rural market - bonus of investment which they had actually made for the urban market. So television became the major catalyst for focusing on

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the rural market. Previously rural marketing means a van campaign, a badly made cinema commercial, a few wall paintings and occasional participation in haats / shandies. Recently, there was even the incredible suggestion that vans should take CTVs and refrigerators to villages and sell them directly to the village folk. Then there were those rare attempts at coming up with products for rural markets which most often reflected the ignorance of the marketer about rural customers. Naturally, they disappeared without a trace. To understand this phenomenon, all we have to do is pick up 100 best-selling branded consumer products in the rural areas. It is unlikely that we'll find even five of them as those made originally for rural folk. The hypothesis that the high degree of competition as a result of liberalization and global-ization would compel marketers to look at rural areas as an opportunity has not worked either.

Competition has unleashed a battle of survival of the kind that marketers in the country have never faced before and the almost reflexive reaction has been a total preoccupation with the short-term. And the marketing community, embattled thus, simply has not had the will or the resources to embark on a journey into the unknown. The inclination to deal with the perceived complexities or to come up with the required discipline in dealing with the rural markets, which was not there during the leisurely period prior to liberalization, could hardly be expected now.

Given this background, the thesis of this presentation is that while the marketers have steadfastly refused to go near the villages, the rural consumers have been moving closer to the cities over the years. This movement has gathered

momentum in the last decade because of the socio-political upheaval happening in the villages.

The forces that have been unleashed are so powerful and the changes so rapid that villages in many parts of the country bear no resemblance to what they were 10 years ago, even though in physical appearance they may remain similar to what they were earlier. The point is that a marketer willing to have a closer look today is likely to find that rural India is not all that complex, remote and alien as he believed it to be. On this basis, a perspective is presented here which makes rural marketing truly viable.

● Rural Marketing Strategy

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.

● Rural Distribution Strategy

One of the ways could be using company delivery vans which can serve two purposes- it can take the products to the customers in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only the bigwigs can adopt this

channel. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution. Annual “melas” organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the India n 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.

● **Rural Promotional Strategy**

Firms must be very careful in choosing the vehicle to be used for communication. Only 16 per cent of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns.

• **5. CONCLUSION**

• Since marketing is to target the growing segments, we can see the urban-like village dweller as an urbanized person from the districts. The point of such a perspective is that we are reducing complexity and make targeting more feasible by looking at the market as comprising just two segments - the cosmopolitan city dwellers and the urbanized people from the districts. The village then becomes a location or a suburb of a district. And the district becomes the basic geographical entity.

• 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. Thus, when we look at the districts we are really looking at the new generation from the villages. In other words, from this perspective, the rural customer gets the kind of attention that he/she never ever got. Thus looking at the challenges and the opportunities in the globalized era 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. A radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is called for, so they can successfully impress on the 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

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