

# Indian Rural Marketing

## Determining the Performance

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### ABSTRACT

An Attempt is made to study the different areas of marketing and also to determine the performance of Indian Rural Marketing. The study is based on the data pertained to 1995-96 to 2006-07. In general out of 10 years under consideration only last 5 years under consideration only last 5 years successfully years. This paper has discovered that the rural marketing strategy has to be different from urban market. A uniform marketing strategy for the total Indian Market is difficult as well as unprofitable. Market strategy as indicated above can light on some fruitful areas to be concentrated upon to create demands.

### 1. INTRODUCTION

It was during the decades of fifties and sixties when most of the Third World Countries achieved independence from the colonial rule. The decline of Indian economy during the colonial era was reflected more prominently in the impoverishment of rural India. Our country, of course, was and still is predominantly rural, but the system of extracting revenues from agriculture and deliberately introduced distraction in the cropping pattern caused decline in food supplies and over all deterioration in rural conditions. The decline of cottage industry and the artisan class in the face of onslaught of British industry further added to the misery of rural India. Our country is a vast country. Villages are the backbone of our economy. Unfortunately a large number of our villagers are poor. In spite of the fact that several steps have been taken to bring rural people above the poverty line the truth remains to be told that the desired result has not been achieved.

Rural India is a real India. Bulk of India's population live in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of U.S.A or U.S.S.R.

### 2. CHARACTERISTICS OF RURAL INDIA

- i) Besides being large, the rural market is geographically scattered.
- ii) Shows linguistic, religious and cultural diversities and economic disparities.
- iii) Market is undeveloped as the people who constitute it lack adequate purchasing power.
- iv) Rural market is largely agriculture oriented with poor standard of living. Low-Per capita income and socio-cultural backwardness.
- v) Exhibits sharper and varied regional preferences with district predilections, habit patterns and behavioral characteristics.

### 3. PHASES IN RURAL MARKETING

The rural marketing is an integral part of the rural development process. This process mainly consists of two phases.

*First phase* is characterized by the concerted efforts of Government to build up the social infrastructure through development projects, as well as to adopt promotional measures to effect economic change through the preparation of modern methods of cultivation. This also includes the programmes

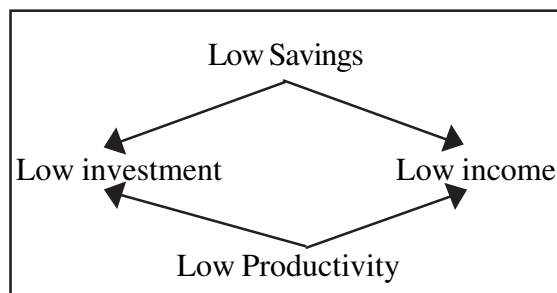
of rural industrialization as a supplementary source of income for the dis-guised unemployed rural population. All these rural development programmes have been dominant development priorities in the developing countries. The rural people are oriented to the process of buying agricultural and industrial inputs and selling that outputs. This in a way is a planned way due to the governmental efforts to motivate the rural people through subsidies and methods of subventions.

*In the second phase* the surplus income in the rural areas is used to improve the populations' standard of living and quality of life. The second phase is the more crucial phase, in which the rural people with additional income are suddenly exposed to the urban oriented marketing systems. This system includes not only transactions of productive goods and services but also unproductive means of wasting one's resources, such as conspicuous consumption in containment, alcoholism and gambling etc. A rural marketing system which has only a commercial objective and which only aims at mopping-up the surplus income in the rural people in self-defeating nationally and it is myopic. What is required is the channeling of the surplus to productive uses, not only in the sense of purchasing goods and services, but also through the inculcation of habits of saving and investment which are significant factors in the provision of an impetus to the development of self-reliant rural marketing activities. In fact, rural marketing should become a series of exposures of the population in rural areas to marketing with the common objective of contributing to the growth of the national economy.

#### 4. RURAL MARKETING

When we are talking about rural marketing, it would be necessary to explain rural marketing. Actually rural marketing consists to two words: "rural" and

"marketing". The first denotes an "environment" and a second a "process" both terms have their own descriptive parameters and analytical and objective dimensions. Their synthesis in a meaningful developmental activity and society at large is the case of the rural marketing process. Rural environment in a developing country is generally discussed in terms of socio-economic parameters the essence of which is summarized. In the concept of the circular chain reaction as below:



Above chain term adversely affects social factors such as education, health, housing and sanitation. Marketing as a process is aptly defined as a means to deliver a better "Standard of living" and more than a mere exchange of goods and services to satisfy human needs and wants. While the latter is more a functional and product oriented concept, the former is a far more comprehensive socio-economic concept.

In this context the Kotler has defined the marketing as "the societal marketing concept call for a customer orientation backed by integrated marketing aimed at generating customer satisfaction and long-run consumer welfare as key to attaining organizational goals."

On this basis rural marketing can be defined as the process of delivering a better standard of living and quality of life to the rural areas, taking into consideration the prevailing social structure of the rural people. It is a social process of interactions between the rural and urban environment. The objectives of such interaction is to break the

vicious circle of negative economic effects and induce diversities of change into a uniform social structure. These diversities may lead to co-operation, conflicts and competition. Rural marketing has several processes viz.

It involves the socio-economic activity network aimed at rural development. It deals with all the tangible and intangible means of development process, which include inputs, products, services and ideas. It deals not only with commercial business but all private, public and voluntary organizations associated with the rural development process.

When marketing activities are done in the rural areas or marketing enter in rural people, it is necessary to know the conditions of the markets. Our country is a vast country having 906428 villagers and every village has some separate culture and language also. The various macro-economic forces viz., governmental, political, legal, geographical, technological, social, cultural, ethical and competitive have been also contributing to the sea change in marketing techniques in rural areas. It is correctly said that very nature of marketing in a society, it will be influenced by the environment. It is rightly said that. "The marketing conditions differ in each country. But in India the marketing conditions differ from district to district. Hence it is not necessary to formulate a strategy to suit all the rural market.

Now a day, the villages have been undergoing a sea change. The green revolution has sweeping effect over the rural sector. Transport and communication systems have improved; the market intelligence system in the villages has assumed better quality; retail outlets have expanded, fashions and tastes of the urban elites have visited the villages with a great demonstration effects; and more funds are now being pumped in by financial institutions. On the basis of the above facts it is said that coming decade is a decade of rural marketing in India.

Any market has their import segments as the population, purchasing power and the benign behavior. The buying behavior is determined by many factors, blend of needs, wants, preference, intention, habits and tastes. In this connection the populations determine market in India. In terms of population, India is the second largest populated country in the world. According to the 2006 censuses the total population of India was 106.6 crores as compared to 1996 is 84.6 crores. The increase rate of India's population in 2006 is 2.2% and 1996 is 2.5%. The Indian market has a deep rural character out of a total population of 106.6 crores, as many as 82.96 crores live in villages and only 23.64 crores live in cities and towns. This means about 72.6% of India's population are in rural and 27.4% population in urban.

In marketing, literacy has played a very significant role. From the literacy point of view, the Indian situation is not a happy one. According to the 2006 census out of the total population 106.6 crores only 55.43 crores (52%) were literate. The literacy level in southern India is much higher than the rest of country. Purchasing power of consumers in a country largely determines the market potential of a product. It is dependent on the national and per capital income on the one hand and consumption and savings levels in the country on the other. In India, the net national income and per capita income were Rs. 185683 crores and Rs.2213 respectively in the year 1995-96 (base year 1995-96). But in the year 2006-2007, the net national income (1995-96 base) were Rs.2,36,863/- crores and per capital income Rs.3287/- In the year 2006-2007 the net national income were Rs.2,45,820 crores and per capita income Rs.2716/- Notwithstanding their low level, relative to that in the developed countries, both have been repeatedly rising on account of the national development plan. An important aspect of per capital income in

India is the use of this income for consumption purpose. An understanding of consumption expenditure level and pattern considerably helps marketing to identify consumer needs; the market potential for company's products and services. In our country in the last decade the rise in the rural consumption expenditure has been more as compared to the urban consumption expenditure. It indicates that rural consumers are steadily getting more willing to spend their income and offer more marketing opportunities to companies.

"Indian's are great bargainers". The rural purchaser mostly does haggling over each purchase. This is because of want of price uniformity and unpopularity of "Ag marking" and "ISI marking". As a consequence, personal inspection by the business and commercial stimuli and consequent response mechanism, in the beginning phases it is initiated and nurtured by a sequence of 'induced' marketing exposures planned by the government, public and voluntary agencies. The marketing exposures are interactions between rural and urban as well as intra-rural transactions, not only in terms of exchange of economic goods and services, but also in terms of social processes and change. Social change leads to their interrelated consequences: conflicts, co-operation and competition. All three are vital to the successful transformation of traditional society to modern modes. Such a transformation is the result of complex changes; the gradual elimination of features that make rural and urban modes of life culturally, socially and geographically distinctive.

The growth of rural marketing is a planned evolutionary process based on strategic instrument of change rather than on short-term opportunistic gains. While preparing a programme of rural marketing, one should have a sound idea about rural

attitudes, habits, social standards, important, festivals, crop seasons, and significance of astrology local institutions, which have important impact on daily life. Brisk buying is done soon after the harvesting period. The crop "Kharip" and "Rabbi" are associated with two important festivals, viz. "Diwali" and "Holi". Heavy festival are seasonal buying becomes a habit with rural folk. This increases the important of fairs and weekly "Hats" also affect the buying pattern.

Besides the above factors social and religious customs, climatic consideration, dual ownership due to prevalence of joint family system, also mould the buying habits of the rural population. Management of the rural marketing process involved the resolution of conflicts, the encouragement of co-operation and the strengthening of the competitive spirit during the interactions between the rural and urban environment as well as within the rural environment itself, which arises during the process of social and economic changes, successfully managing this responds on the vital factor of effective communication.

## 5. NECESSITIES IN RURAL MARKETING

When we are seeking to develop rural markets, a lot of problems arise. One cannot under-estimate the several cluttering problems in planning for growth. The marketing effort for manufactured consumer goods as well as agricultural inputs in rural areas have the following necessities.

- High distribution cost.
- Inadequate credit facility for small retailers.
- High marketing development expenditure.
- Inadequate infrastructure facility i.e. connecting roads, warehouse, media available etc.

The development of rural market involves additional cost, both in terms of promotion and distribution. In rural marketing, often it is not the promotion of a brand that is crucial but creating and awareness concerning a particular "Product filed". In such a situation, syndicated advertising may bring down the market development expenditure. Less traditional forms of communication might also be considered. Banks can play a very significant role in the context of credit to the villagers or agricultural stockiest, so that they are able to service higher volume of trade at lower margins.

## 6. RURAL MARKETING STRATEGY

Rural marketing as a long term process, should be considered with the framework of strategic marketing programmes which should aim at canalizing the surplus income generated in the rural areas to protective use such as: - Investment in shares and savings certificates which inculcate the skills of assessing the financial implications of the capital and the savings market.

The first consideration about rural marketing is to plan the products for rural areas. On account of striking disparity, the approach to the rural marketing has to be selective and not mere extensive of products available to urban consumers. The modified product for the rural market should confirm to the regional tastes. The name of the product made for rural sector should be easy to remember and easy to pronounce. The village folk can never retain tropical name, but will remember simple and easy name i.e. Usha fans, Hero Cycles, Dalda.

1) The buying power of villagers is not likely to be much more than urban people. Hence necessities of life as well as other products must be low-priced. In the context of growing prosperity of the rural population in India one expert said the new situation demands the

festering of an entirely new mass market for a wide spectrum of consumer goods and a revolution in marketing for low priced manufactured articles.

2) The colour of the product should keep the consideration of eye appeal uppermost. Generally, the villagers will prefer dark colour instead of light colour.

3) On account of illiteracy and lack of persistent publicity, branding carries little importance in the villages. The rural consumers do not make brand discrimination but once induced to buy and use a product, he becomes loyal to the brand.

4) The package of the product shall have the aspects of publicity as well as protection. The package itself should be strong and able to sustain rough handling and dusty environment. The affix label is likely to be more useful than insert.

5) Guarantee has to be a good promotion as well as protection device. The manufacture of consumer durables should not over look this aspect of service. In this regard, an integrated and comprehensive strategy is required for obtaining fruitful result.

6) Advertising, the propelling power to business must be tremendously effective in rural distribution system. For communicating the message of the rural products to the rural population, advertisements should be well designed and should suit the rural needs. To be effective, advertising will have to incorporate cultural nuances of rural India. Because of religious and cultural pressures advertisement with seminude figures, under the grab of modernity, are bound to prove ineffective. Whatever media is used printed, or audio/visual, the message to be conveyed must be in the language understood by the village folk.

7) The puppet shows at the time of village fairs and festivals may also be effective means of communication.

- 8) Personal selling is the most effective method for products requiring pre-sale and post-sale advice. This is so because certain products are more amenable to demand creation through personal selling (oral presentation of product and information.)
- 9) Creation of new marketing organization assisted by the State governments is necessary to provide assistance to the manufacturer for rural marketing.
- 10) For planning a strategy, the most important factor is the determination of demand and the changing pattern of customer choice. The researchers must be provided with necessary assistance to innovate and create attractive products with new design, maintain good quality standard and have better utility and increased production.
- 11) A conveniently located shopping area developed in a village is obviously conducive to the development of rural shops. Any plan of this nature could come about in conjunction with the provision of other facilities such as the village Panchayat, building, dispensary etc. At the same time basic infrastructure facilities like transport, electrification of rural areas should be necessary.
- 12) Open more and more shops in the village, which have an important role to play from the point of view of making goods of frequent requirements available to the rural consumers.
- 13) Strengthening of transportation, especially road network and improving their condition would help the viable operations of rural marketing.
- 14) The distribution facility may be extended beyond the cities to the village either directly by manufacturers or their agents. Such a step will ensure the availability of goods in village shops at the same price as in the town. The product availability will improve and this will help rise the turnover of small village shops and in providing better services to consumers.

- The rural marketing strategy has to be different from urban marketing, because of different environment. A uniform marketing strategy for the total Indian rural market is difficult as well as unprofitable. Market strategy as indicated above can light on some fruitful areas to be concentrated upon to create demand. Appropriate advertising and personal selling, and to meet demand, integrated outlets, became case of the marketing strategy for rural India. It becomes the onerous responsibility of the Government to frame rational fiscal, financial and procurement policies to give a fillip to rural marketing. In the growing production and its distribution the Government must remove the irritants of multiple levies, permits and licenses involved in inter urban-rural and interstate movement of goods. The success of marketing in rural areas depends on how effectively the various marketing skills are used in the number of complex activities beginning with the assessment of the need of the consumer, organizing the production to meet the demand, pricing, advertising and publicity, culminating in the sale of the product at a profit.
- i) Needs, Wants and Demands:- The starting point for the discipline of marketing lies in human needs and wants. People need food, air, water, clothing and shelter to survive. Beyond this, people have a strong desire for recreation, education and other services. They have strong preferences for particular versions and brands of basic goods and services.
  - ii) Products:-People satisfy their needs and wants with products. Products broadly to cover anything that can be offered to someone to satisfy a need or want. Normally the word product brings to mind a physical object, such as and automobile, a television set or a soft drink.
  - iii) Value, Cost and Satisfaction:- The guiding concept is value. Value is the

**Table 1**  
**Examples of some Marketers in Rural Areas**

S.No	Product	Company Philosophy to make the product popular	Sales in Rural Marets	Dealers Engaged
1.	Lifebuoy of Hindusthan Lever (A Pioneer in Rural Marketing )	A Carboloc Soap touted as the Red Soap to catch the Fanly of the rural Consumer	72%	35 Lakhs
2.	Nirma Washing Powder with Karshanbhai Patel as Chairman	Low value High volume	69%	21 Lakhs
3.	Anacin (Geoffrey Manners)	Harri Patti	70%	12 Lakhs
4.	Vicks RichardsonHindustan (Now Procter and Gamble)	An Ayurvedic Medicine	42%	8 Lakhs

consumer’s estimate of the products overall capacity to satisfy his or her needs. Today’s consumer behavior theorists have gone beyond narrow economic assumptions of how consumers from value in their mind and make product choices. Therefore, the concepts of value, cost and satisfaction are crucial to the discipline of marketing.

iv) Exchange, Transactions and Relationships:- The fact that people have needs and wants and can place value on products, does not fully define marketing. Marketing emerges when people decide to satisfy needs and wants through exchange. Exchange is one of four ways people can obtain products they want. The first way is self-production, the second way is coercion, the third way is beginning and fourth way is exchange.

A transaction consists of a trade of values between two parties. A transaction differs from a transfer. Transaction marketing is a part of a larger idea, that of relationship

marketing. Smart marketers try to build up long-term, trusting, “win- win” relationships with customers, distributors, dealers and suppliers.

**7. CONCLUSION**

It is seen that gradually many multinational and other marketing organization are showing consciousness towards rural markets. It is also true that, the fast moving consumer goods (FMCG) marketers can hardly ignore the rural market. They believe that the semi-urban and rural centers are mainly responsible for the bulk growth of FMCG categories. Last but not list, the company has to think a lot for the selection of transport and channel members. Any hoarding by the middleman has to be controlled very carefully. To facilitate easy sales in the rural areas, the marketer may capitalized on the “small is beautiful” strategy because studies have shown that rural buyers prefer to by smaller units sizes rather than big economy packs.

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