

Paradigm Shift and Changing Future of Rural Marketing in India

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Abstract

Rural India in the near future is presumed to become one of the largest markets on the globe and is also transforming quickly in this dynamic world. Today India's rural population consists of 12% of the world population representing huge untapped population. Consistently as the purchasing power and preferences of rural people are changing and every organization is looking forward to invest in rural markets. Rural markets have gained significance in the present scenario in nations like India and China which might lead to sustainable development and growth of Indian economy in upcoming years resulting in substantial increase in buying power of rural consumers. For most of MNC's rural marketing has become the latest mantra that are focusing on rural markets to make inroads into huge Indian market. Village areas consume huge variety of urban and industrial manufactured goods due to the advent of green revolution in India which has lead to enhanced marketing skills and strategies known as rural marketing. As rural market environment keeps on changing, market profile also changes so as people. Hence companies are applying various strategies and modes to be a winner in rural market. Rural market also exhibits regional, linguistic, economic disparities and cultural diversities. Recently growth in buying power has brought lot of interest for major companies like ITC, HUL, Godrej, Colgate, BPCL and Nokia which are exploring cost effective distribution channels. The present paper brings in review of rural market environment, opportunities and major problems in India. Research paper also describes various strategies and major challenges of rural marketing in India.

Keywords: Rural Market, Marketing strategies, Challenges, opportunities, untapped population

Introduction

Consistent overall growth is witnessed by the Indian economy in recent year's especially in rural areas and rural market is termed as the key to survival in India. Improved and enhanced communication network has already given large insight to economy and income in rural areas thus resulting in higher involvement and high consumption rate. Due to increase in agriculture productivity buying power of the rural people has grown enormously in recent years. India's economy as such relies on agriculture; majority of sectors of economy relies and is dependent on rural demand. Slowly and steadily majority of urban markets is reaching maturation point, thus creating an immediate urge

to emphasize on rural development. Because of increasing awareness level and disposal income majority of India's population near about 70% lives in villages and constitute big market for industry. Today majority of consumers almost $\frac{3}{4}$ dwell in rural areas from where more than half of the Nations national income is generated. Hence to survive in today's strong and competitive world there is an urgent need to tap markets in rural areas for organizations. Over the past few years rural market has been growing steadily and is now even bigger than the urban market. 'Go rural' is marketer's new mantra. Major multinationals and Indian companies such as Colgate from Palmolive group, Hindustan Lever as well as Godrej all have concentrated on rural markets. However it can be foreseen that upcoming day ahead looks very committed for those companies who are looking at the opportunities which markets in rural areas offer to the marketers and also for those who understand that dynamics of rural market as well as exploit them to their own advantage. Company's broad strategy of marketing rural products and service includes selling of agricultural based products, services rendered by rural industries and products of such kind. Various types of commodity market for trade channels which are available in rural areas are co-operative, regulated markets, processing industries, private institutes and similar state agencies. Without efficient and effective rural marketing strategies it is presumed that in a social cluster or village economy as a whole can be developed. However in planning era very little attention has been paid for the overall development of rural marketing. In true sense rural marketing is dynamic state of affairs and is also part and parcel of whole economy. Hence marketing and production are two facets of one coin and rural marketing constitutes the nerve centre of various rural development activities.

Review of Literature:

Many studies have been carried out in Indian context in connection with rural marketing which has also revealed a major setback of temperamental attitude of underrating potential source like rural marketing. Various studies have thrown light on rural marketing pros and cons and also its dimensions in different manner. Some of the major ones are highlighted below

Rana J (2012) studied that, Rural Indian market is quite challenging and attractive. Eventough marketers are taking essential and necessary steps to capture this market the scope is still wide and companies have tremendous opportunities. Premium FMCG brands are concerned, only few consumers are there from this market. Companies should also decide in advance their target market for premium brands and also approach them. Rural youths certainly can be of great help in this direction. Also

marketers can also come up with innovative proposals through which target market for premium brands can be convinced.

Venukumar G (2012) through his studies concluded that it is very much certain that FMCG companies will have to gain inroads in rural markets in order to achieve double digit growth targets in future. He opines that definitely there is lot of money and huge potential in rural India. Also companies entering rural market must go for strategic reasons and not for tactical reasons as rural consumer is considered as closed book and it is also through unwavering commitment that companies can make inroads into rural market. Ultimately a company will win in the rural market which has innovative ideas to tap the market and also with required resources.

Rahman M et.al, (2012) through his study found out that in India the market share of hair care segment contributes about 9% to FMCG sector which is continuously increasing from 6230.8 crores of rupees to 8417.79 crores of rupees between commercial years 2008-09 to 2010-11. In India shampoo market is dominated by HUL with market share of 46% followed by P&G with 24%. Some of the major top shampoo brands are Pantene, Sunsilk, Clinic Plus and Head & Shoulders which are placed in 'Stars' cell of BCG Matrix of Shampoo brands in India.

Dr. Singh P. et.al (2012) opined through his findings that issue of rural product generation through industrialization needs to be viewed from a new angle and perspective far more on scientific lines. Understanding the market opportunities for rural products along with country's development priorities is the core of scientific approach keeping in mind country's development priorities and also chalks out a strategy where rural industries have a major role to play. Rural products need to adapt themselves not only according to changing tastes of national market, but also according to changes in tastes in international market as rural products are forced to increasingly become part of global supply chains.

Kavitha T (2012) through her studies suggested that new phase of rural consumption appears to provide great opportunity for FMCG sectors. To connect and communicate with consumer who is more aware and unreserved than ever before the study found that rural marketers need to evolve new strategies. Product and brand development cycles need to undergo a dramatic change as today's rural consumer is not just indulgent but "smart" too as he wants those products which carry the best of traditional wisdom and modern science providing individualism and convenience in one go. Those products and brand strategies that which respond to these demands

are more likely to succeed in market.

Dixit D (2011) through his studies found out that bottom line or top line growth should not be the primary objective of getting into rural markets. One can't make fortunes out of these markets as yet because these markets offer future opportunity. Investment in these markets is being made both in turns of effort and capital which certainly might take time before showing desired results. Rural marketing however is all about seeding the markets, creating awareness regarding brands and also promoting a culture for consumption purpose.

Badagu D and Chauhan S (2011) concluded in their study that looking at the major challenges and opportunities which rural markets offer to marketers it can be said that future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. Further he also stated that a radical change in attitude of marketers towards vibrant and burgeoning rural markets is called for, so that they can successfully impress on 230 million rural consumers who are spread over approximately near six hundred thousand villages in rural India.

Size of Rural market in India:

According to latest Census of India, village is one with clear surveyed boundaries not having a municipality, corporation or even a board having density of population which is not more than 400sq.km and around 75% of the working populations are male who are engaged in agriculture related activities.

Present Need of the study:

Having learnt the paradigms to urban markets with reasonable success as urban markets are becoming competitive perhaps saturated. Indian rural market has caught attention of many marketers and corporations. Coupled with increase in purchasing power, social mobility, increasing literacy level and improved means and modes of communication, the tempo of development is accelerating in rural India. These factors have readily contributed to change the pattern of rural demands. Earlier days the general impression was that the rural markets had potential for agricultural inputs because of which there is growing market for consumer goods today. Today lots of marketers are quite enthusiastic to enter the rural market and are also looking for opportunities to exploit to the best of their advantage. Marketers thus need to understand the dynamics of rural market as rural consumers differ from their urban counterparts on a large number of important attributes as their buying behaviour is different which has got important implications for markets. For exploring

marketing opportunities in widely scattered Indian rural market there has been increasing thrust about how to develop a proper marketing framework. If marketers want to tap the potential of rural market in India they should understand the rural culture and also treat it on priority. Rural market poses a distinct challenge for marketers who are interested to tap the goldmine the path to which is paved with thorns. In order to successfully enter the rural market marketers need to be aware of the major challenges that which lies in the way and they should also be adequately equipped with tactics and strategies in order to combat them. Besides marketers are also considering serious all out efforts to tap rural markets and are also likely to face some challenges in their rural endeavors.

Present Status of Rural Marketing in India:

The concept of rural marketing environment is quite complex in India which has been changing continuously since last few years. Hence marketing organizations who want to target the rural market should foresee and adapt such strategies to make some necessary changes in market. An adaptive organization can always have modest growth and can stand competition by making effective marketing plans and also creating own strategies in a more creative way and also creating opportunities in the market with change in the dynamic environment as it might prove profitable for them. Hence in India there are various factors which affect consumer behaviour, some of the major ones are discussed below:

- a. The environment in which consumer dwells: In India, environment or the surrounding in which the consumer lives or dwells certainly has a strong influence on buyer behaviour. Various such factors like electrification, water supply do effect demand for durables
- b. Influence of consumer's occupation: Occupation as such is the main source of income for any individual living in a society and the same applies to rural areas also wherein owners of land buy more consumer durables than agricultural labourers.
- c. Brand Preference and Loyalty: People in rural areas will not give much preference to branded products but certainly give importance to loyalty for a product. Hence more than 80% of sales in rural areas come from branded items in 16 various product categories
- d. Place of purchase: Company needs to access those products to rural consumers which mostly influences purchase decision of rural consumer. Hence and organization having its presence in rural area should develop various shops and outlets where retailers can avail better services.

e. Geographic influence: The geographic location wherein the consumer is located also affects the taught process of consumer buying behavior. To cite and example most of the rural villages in South India accept technology quicker

compared to other parts of India. Hence HMT sells more winding machines in north while they sell more quartz watches in south.

Major Marketing Strategies for Rural Market in India:



Image to show Rural Marketing strategies adopted my companies in India

Some of the major strategies for rural market in India are as follows:

a. Rural Market Segmentation: It is one of the major factor which leads to influence the behaviour of rural consumer which necessarily requires better effort from company's point of view to make rural consumers satisfy their demands. Besides in recent years majority of the organization's are focusing on segmenting the market which are as follows:

Demographic factors: This is one of the major factors which is taken into consideration for segmenting consumer goods and fast moving consumer goods (FMCG's). Demographic profile of consumers comes into picture to sell goods in rural areas in case of rural marketing.

Occupational or Sociological Segmentation: This type of segmentation is based on economy vise categorization which necessarily reflects the purchasing power of farmers which includes Small farmers, artisans, tenant farmers, large level farmers, medium level farmers and very large farmers (Zamindars)

Artisans: These category of workers comprise of blacksmiths, carpenters, handicrafts and other people who are unemployed

Small farmers: Comprises of farmers who own small farms and jointly owned farms for getting food

Medium level farmers: Comprises of small farmers who are jointly owning farms for getting food

Large scale farmers: Comprised of farmers who have large lands and are also local leaders who spend their time in urban areas doing other occupation besides agriculture

Very Large farmers, Land Lords (Zamindars): Zamindars, businessmen and rich money lenders own big size lands and also maintain large size farm labour. Zamindars spend time in nearby urban areas doing some part time occupation. Small farmers and tenant farmers struggle for basic needs, middle level farmers struggle for comforts but very large farmers struggle for enjoyment and lavish living.

Rural Branding: Branding is a process which is involved in creating a unique name and image for a product in consumer's mind mainly through advertising campaigns which are consistent with theme. Branding necessarily aims to establish significant and differentiated presence in the market that which attracts and retains loyal customers. Hence the term brand is generally applied to trade names, trade symbols, trademarks etc. For instance Pepsi, Lifebuoy brand names are recognizable by sight normally

and rural consumer likes to associate himself to such brands that which give more value for money. Some of the major brand names which have created long lasting impact on rural consumers are Everyday batteries, Asian Paints, Lifebuoy, Parle, Dabur Chawan Prash, Parachute, Tata Salt, Amul, Nirma, Zandubalm, Chermas and Kumar shirts in textiles.

Rural Market Research:

By 2025 it is predicted that FMCG sector in rural and semi urban India is estimated to cross US\$100 billion. Also rural FMCG market is anticipated to expand at CAGR of 17.41 percent to US\$100 billion during 2009-25. In terms of revenue rural FMCG market accounts for 40 percent of overall FMCG market in India. Amongst leading retailers, Dabur generates over 40-45 percent of its domestic revenues from rural sales. HUL rural revenue necessarily accounts for 45% of its overall sales while other companies earn around 30-35 percent of their overall revenues from rural areas. Also since 2000 India's per capita GDP in rural regions has grown at Compounded Annual growth rate (CAGR) of 6.2 percent. As a result of government's increased focus towards rural jobs and MGNREGA Scheme India's unemployment rate has declined to 4.8 percent in February 2017 compared to 9.5 percent in August 2016. Rural communication campaigns communicate for rural markets call for different kind of outlook. For products to be easily accepted and made easier to reach the customers company's operating in rural areas

should develop regional languages and also set in local culture. Besides mass media and outdoor media rural extravaganzas like melas, festivals and other events should also be taken as an opportunity by companies to promote their goods and services where villagers come together.

Rural Events:

One of the best ways to capture the attention of rural audience is through event management. As rural areas do have limited venues for entertainment, conducting and implementing a successful event in rural area can certainly bring a good response.

Direct marketing campaigns in rural areas:

Direct marketing as such is one of the most reliable and powerful way to meet target customers requirement as well as to build product awareness and promotion. Also success of any marketing campaign depends on fieldworkers and their emotional and sensitivity connection towards rural markets.

Creation and Management of Database Systems:

Promotional related activities and marketing branding in rural context can be highly effective and companies should create likely database of prospects in order to capture the rural market. The data in turn will be essential for marketers to reach their target accurately and also can help companies in implementing effective marketing plan and communication strategies.

Major Marketing Strategies for Rural Market in India:

Type of Product	Description of Product
Sturdy Product	More Durable, heavier and long lasting
Designing Product	Development of new products
Small Unit Packaging Product	Use of Small containers or packets
Utility Products	More Usable Products

Sturdy Products:

Rural consumers do believe that heavier the item, more higher the power and durability as they prefer tough and long lasting product. For instance Bullet motor cycle still continues to be popular in villages. Royal Enfield sells about 65% of two wheelers in semi urban and rural areas and ambassador as well as fiat cars continue to be popular in rural areas.

Designing Products:

To suit themselves to the field conditions in rural areas company's can come out with new products or even promote existing products. To quote some instance LG electronics came out with unique product for rural markets wherein it launched Sampoorna India's first T.V with Devanagari script on screen display. A refrigerator has been introduced in rural areas by Voltas company with cold technology which keeps the refrigerator cold for several

hours in case of long power cut. For rural consumers Nokia has designed a basic model which is dust resistant and also has a mini torch light

Small Unit Packing:

Majority of the companies are coming up with value added small packets in rural areas. Small unit packaging certainly provides an opportunity for the consumers to try the product and also help the company to reach to its consumers especially daily wage earners. Over the past few years Ponds has gained a high market share focusing on rural market and it has also introduced 20gm talcum powder. Rural buying behaviour was studied by Cavinkare Company which introduced Chik Shampoo in small sachets of 4ml at a price of just 50 paise. Rasna was made available in small sachets priced at one rupee each and each sachet can make 2 glasses of soft drink.

Utility Products:

Rather than appearance or show rural people are concerned with utility of items in rural areas. Philips Company introduced free power radio RL117 priced at 995 Rs for the first time in India. Radio required no external batteries or electricity for its operation. HMT watches are much popular in rural areas for their utility value.

Rural Market Opportunities:

The growth story of India is now spreading itself to India's hinterland, not just increasing only in its income but also in its production and consumption. Economy is growing vibrant and habits, tastes, attitudes, preferences as well as income of consumers is rising rapidly. These changes are also evident in rural areas. As such companies are trying to trigger growth in rural areas. As banks are lending finance at low rate of interest there has been a substantial increase in affordability of purchasing costly products by rural people. Today Rural India offers a plethora of opportunities with the substantial upgradation in purchasing power; increased brand consciousness pattern and rapid spread of communication network all waiting to be harnessed. By large India's rural market offers huge potential for marketers and also seems to be the replacement of urban market. With its vast demand base rural market is extremely attractive and also offers various opportunities. As is the trend with urban India, consumers in rural region are expected to embrace online purchases overtime and also drive consumption digitally. Rural regions are very well covered by basic telecommunication services and also slowly witnessing increasing pattern of smartphones and computers. However taking advantage of this online web portals are being used as key channels to enter and establish themselves in rural market.

Conclusion:

Indian rural market as such plays a pivotal role as it provides greater opportunity to the companies to stretch their reach to nearly seventy percent of the population. By uplifting the standard of the people, providing infrastructure facilities, quality of life of people residing in rural area rural market benefits the rural economy. Though the rural market has become a favourite destination for every marketers but it's important to realize that it has lot of challenges and risk, therefore corporations should assess the obstructions as vigilantly as possible. A thorough understanding of rural markets and systematic move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to taken into account the complex factors that influence the rural consumers buying behaviour.

The rural market is developed by rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to boost the rural economy. The marketers tune to their strategies in accordance to the rural consumer in the coming years. In spite of all complexities involved in the rural marketing, the rural scene of rural environment is changing steadily in India. The biggest challenge today is to develop a scalable model of influencing the rural customer mind over a large period of time and keep it going. Traditional urban marketing strategies will have to be localized as per the demands of the rural markets. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioral change. Government support is necessary for the development of rural market in India to face the emerging issues and challenges in the core areas like; transportation, communication, roads, and credit institutions, crop insurance for better utilization of land and water management. The future no doubt lies in the rural market. In conclusion, the rural markets are enticing and marketing to rural consumers is exciting. However, a clear understanding or the rural consumers and their current and future expectations are the major part of strategies to tap the rural market nowadays.

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