

A study on Identification of Rural Consumer and Rural Marketing in Indian Perspectives

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Abstract—This article deals with the issues & challenges faced by the marketers while penetrating in to rural market. It also illustrates how some companies have used the different strategies to establish themselves in the rural market. The Indian rural market is full of opportunities and has seen impressive growth in recent years. A boom is being witnessed in the rural markets and a large untapped market exists there. Companies across different sectors are foraying into the burgeoning rural markets to fuel their growth engine. Companies have to ascertain the needs of those consumers and explore the potential of rural markets with appropriate marketing strategies. To understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern looking at the challenges and the opportunities 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. Largely, it can be concluded that there is huge rural market which is waiting to be served, ready to splurge, willing to explore new products and services. The corporate sector is, thus, increasingly looking towards the rural consumers and fine tuning its marketing strategies to tap on their wallets and promote their products.

Key words: Rural Consumer, opportunities, Rural Marketing

I. WHAT IS RURAL?

The "Rural Sector" means any place as per the "latest census" which meets the following criteria,

- 1) A population of less than 5,000
- 2) Density of population less than 400 per sq. km and
- 3) More than "25 per cent of the male working population" is engaged in agricultural pursuits.

II. OBJECTIVES OF PAPER

The objective of this Paper is to understand:

- 1) The concept and scope of rural markets
- 2) The nature and attractiveness of rural markets
- 3) Solutions to problems of rural markets
- 4) Classification of rural consumers
- 5) Changing profile of rural consumers
- 6) Influencing the rural consumers

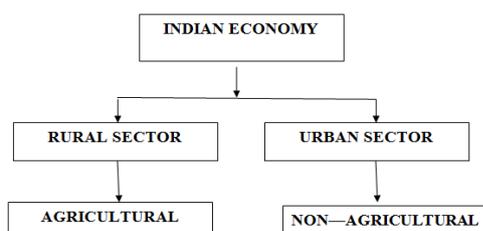


Fig. 1: Classification of Indian Economy

III. INDIAN RURAL MARKET: BRIEF OVERVIEW

There's no second thought about the fact that the Indian rural market is increasingly becoming the economic powerhouse of the country. The hinterlands, accounting for about 50 per cent of India's gross domestic product (GDP) and housing nearly 70 per cent of the country's population, are showing remarkable multiplier effect and thereby excite policy makers and business leaders.

Moreover, rural areas, where 12 per cent of the world population is residing, are witnessing enormous growth in their incomes and crucial shift in consumer behaviour.

- 1) Rural India accounts for around 55 per cent of the manufacturing GDP; rural areas were host to nearly 75 per cent of new factories built in the last decade, and rural factories account for 70 per cent of all new manufacturing jobs.
- 2) Rural consumption per person has increased by 19 per cent yearly between 2009 and 2012; two percentage points higher than its urban peers. In incremental terms, spending in rural India during this period, increased by US\$ 69 billion, significantly higher than US\$ 55 billion by urban populations.

A. Definition of Rural Market and Rural Marketing:-

"The soul of India lives in its villages", declared M. K. Gandhi at the beginning of 20th century. According to the 2011 census of India, 68.84% of Indians (around 833.1 million people) live in 640,867 different villages. The size of these villages varies considerably. 236,004 Indian villages have a population less than 500, while 3,976 villages have a population of 10,000+. Most of the villages have their own temple, mosque or church depending on the local religious.

B. Rural Marketing:-

Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives.

It is a two-way marketing process in which the transactions can be:

- 1) Urban to Rural: It involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG Products, Consumer durables, etc.
- 2) Rural to Urban: Here, a rural producer (involved in agriculture) sells his produce in urban market. This may not be direct. There generally are middlemen, agencies, government co-operatives, etc who sell fruits, vegetables, grains, pulses and others.

- 3) Rural to rural: These include selling of agricultural tools, cattle, carts and others to another village in its proximity.

C. Features of Indian Rural Markets:

- 1) Large, diverse and Scattered Market:
- 2) Major Income of Rural consumers is from Agriculture
- 3) Standard of Living and rising disposable income of the rural customers
- 4) Traditional Outlook
- 5) Rising literacy levels
- 6) Diverse socioeconomic background
- 7) Infrastructure Facilities

D. Classification of Rural Consumers:

The rural consumers are classified into the following groups based on their economic status:

1) The Affluent Group:

They are cash rich farmers and a very few in number. They have affordability but not form a demand base large enough for marketing firms to depend on. Wheat farmers in Punjab and rice merchants of Andhra Pradesh fall in this group.

2) The Middle Class:

This is one of the largest segments for manufactured goods and is fast expanding. Farmers cultivating sugar cane in UP and Karnataka fall in this category.

3) The Poor:

This constitutes a huge segment. Purchasing power is less, but strength is more. They receive the grants from government and reap the benefits of many such schemes and may move towards the middle class. The farmers of Bihar and Orissa fall under this category.

E. Profile of rural consumers:

IMRB (Indian Market Research Bureau) and NCAER (National Council for Applied Economic Research) have made available a few studies based on which rural consumers profile can be arrived at.

1) Literacy:

23% of rural Indian population is literate and people are getting added to this list year after year. There are still some villages which are underdeveloped. Maximum education is primary school or in some cases high school. To this group the marketing promotional strategy to be adopted is demonstration of product features and advantages. Print media and posters do not make any impact.

2) Income:

An average rural consumer has a much lower income than his urban counterpart. The disposable income has increased in the recent years to considerable extent. In spite of this, the common traits of rural consumers are low purchasing power, low standard of living, low per capita income and low economic and social positions.

3) Density:

Rural population is scattered across 7 lakh villages. This implies that rural demand is scattered and urban demand is concentrated.

4) Influencers:

There are many reference groups in a village. These include teacher, doctor, panchayat members, health workers, bank manager and co-operative board workers. These influencers

need to be kept in mind when a marketer decides on rural marketing.

5) Occupation:

The main occupation is agriculture. The size and ownership of land determines the basis for differentiation and consumption patterns.

6) Culture:

Rural consumers are traditional in their outlook. They associate faster with messages that match their cultural behaviour.

7) Language:

English is not a language of rural India. Hence a marketer should aim for communication in the local language.

8) Media Habits:

Television, radio, video and theatre are some of the traditional media that a rural consumer identifies with.

F. Changing profile of rural consumers:

Rural consumers as studied are dependent on agriculture and were not very literate about products and services available. This scenario is slowly changing due to increase in literacy and disposable income. Not long ago, rural consumers went to a nearby city to buy 'branded products and services'. Only select household consumed branded goods, be it tea or jeans. Earlier, big companies flocked to rural markets to establish their brands. Rural markets today are critical for every marketer - be it for a branded shampoo or a television. Earlier marketers thought of van campaigns, cinema commercials and a few wall paintings to entice rural folks under their folds. Today a customer in a rural area is quite literate about myriad products that are on offer in the market place, thanks to television. Many companies are foraying into the rural markets and educating them on newer products and services. The rural youth today are playing a far more significant role in influencing the purchase decisions. They may not be the end customers but often are the people who influence the purchase of high value products and they decide on which brands to choose. Penetration levels of consumer durables in the rural sector have risen dramatically in the last decade or so.

Influencing the rural consumers:

The biggest challenge today is to develop a scalable model of influencing the rural consumers' mind over a large period of time and keep it going. This needs to be achieved in a limited or a reasonable budget. That's where the marketers who really understand rural markets and advertising agencies can make a difference and develop a scalable media/communication model.

The mass media has the drawback that the time gap between the point of exposure and the time of purchase is long. Hence it is difficult to use it in rural communication. The most important element in rural communications is that the marketer has to integrate 3 things in communication.

- 1) Exposure of a message
- 2) Trial or demonstration
- 3) Final sale.

G. What the government is doing for the rural sector?

The government has started many programmes aimed at improving the standard of living in villages or rural areas. To build rural infrastructure, the government launched a time-bound programme called the Bharat Nirman (External

website that opens in a new window) in 2005. Under the Bharat Nirman, action is proposed in the areas of Water Supply, Housing, Telecommunication and Information Technology, Roads, Electrification and Irrigation.

This section of the National Portal is designed to give detailed information to the rural population of India. Information on the various services, facilities and opportunities available, and how to benefit from welfare schemes is given. A list of online services is also available. Be it applying for loans, or knowing how to protect crops, or how to find the nearest hospital for health check-up and how to find the nearest school for children; information about schemes for the promotion of rural industry; provision of basic infrastructure facilities in rural areas e.g. schools, health facilities, roads, drinking water, electrification; government assistance to individual families and Self Help Groups (SHG) living below poverty line, every small and big detail can be found here.

Hindustan Unilever (HUL) started successful rural marketing projects like "Project Shakti" and "Operation Bharat" in India. Hindustan Unilever began the first home to home operation in rural areas in personal products in 1998 which was known as "Operation Bharat". By 1999 "Bharat Operation" covered 13 million rural household. During the course of operation, there were HUL vans which visited villages across the country distributing sample packs comprising a low unit price pack each of shampoo, talcum powder, toothpaste and skin-cream priced at 15rs. This was to create awareness of the company's product categories and of the affordability of the product. Coca Cola also explored the market by introducing bottles at rs.5, backed with Aamir Khan advertisement. Amul is another case in point of aggressive rural marketing. In 2000; ITC tried developing direct contact with farmers in remote villages in Madhya Pradesh. ITC E-choupal was a result of this initiative.

IV. CONCLUSION

Indian rural market has a vast size and demand base. Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives. As part of planned economic development, the government is making continuous efforts towards rural development. There are several roadblocks that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages. There is more to rural marketing than just offering LUPs (Low Unit Packaging), reducing a product's price or making an inferior product and dubbing the national ads in vernacular. It might rather do more harm than good. It is very important to understand the psyche of the rural consumer and modify the marketing mix so as to be fit to cater to the rural demographics. Let us have a look at some of the companies, which, made the efforts to understand a

rural consumer, customized the offerings and revolutionized the rural marketing mix.

The rural consumers are classified into: the affluent group, the middle class and the poor based on their economic status. IMRB (Indian Market Research Bureau) and NCAER (National Council for Applied Economic Research) have made available a few studies based on which rural consumers profile can be arrived at. The rural youth today are playing a far more significant role in influencing the purchase decisions. They may not be the end customers but often are the people who influence the purchase of high value products and they decide on which brands to choose. The biggest challenge today is to develop a scalable model of influencing the rural consumers' mind over a large period of time and keep it going.

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