

Rise In Rural Marketing In India

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Abstract

Rural marketing in India is on a high rise since the past decade and major multinational corporations want to tap into this potential market which accounts for 70 per cent of the Indian population and there is a shift from urban markets into rural markets. The reasons for this shift are many, to name a few – the saturation of the urban markets, sudden uprise in the number of rural consumers increasing at a pace faster than their urban counterpart. The rural market presents with its various opportunities and challenges, given how diversely populated the rural consumers in India are. This study gives an overview on the rural marketing and focuses on the factors which differentiates the rural & urban markets along with the attractiveness of rural market, opportunities in rural marketing. At the same time concentrates on the government initiatives, digital usage of the rural people for digital rural marketing. By reviewing some studies, the information that need to be concentrated and strategies to be followed for successful development of rural markets.

Keywords: Rural Marketing, Rural Market, Urban Market, Multinational Corporations, Consumers

Introduction:

Over the past ten years, India's markets have shifted from urban to rural, and big foreign companies seek to take advantage of this development. Seventy percent of Indians reside in rural areas. This change is due to a number of factors, some of which are the saturation of the urban markets and the unanticipated increase in the number of rural consumers in comparison to urban consumers.

The intense competition in urban marketplaces has led to marketers focusing on the bulk of possible clients, resulting in a rather saturated market. The goal of the marketers is to broaden their product categories to include a market that hasn't been explored yet: the rural market. Additionally, this has prompted businesses to participate in corporate social responsibility programmes aimed at helping the impoverished obtain funds to purchase the items they wish to buy.

Present scenario:

The relevance of rural marketing has increased in India due to the significant rise in the purchasing power of rural communities brought about by the country's overall economic growth. India's green revolution has led to a significant increase in the consumption of industrial and consumer goods made close to metropolitan regions by the country's rural areas. In this context, a special marketing strategy, namely, rural marketing has replaced agricultural marketing which was confined merely to selling farm machines and other inputs.

- The National Council for Applied Economic Research (NCAER) reports that rising productivity and higher prices for agricultural products have enhanced rural residents' purchasing power.
- The diversified population of India's rural consumers brings a range of opportunities and difficulties for the rural market. The 909.4 million people that make up the rural market are what draw marketers to enter this space/area.
- It is necessary to comprehend the rural consumer in order to promote in the domain of rural marketing businesses. As the development, literacy, and awareness levels of rural customers rise and these consumers seek value for their money, there is a transition occurring from urban to rural marketing.
- In order to better understand rural consumers, marketers must establish a connection with them and do demos. In recent years, numerous advances in marketing strategies targeting rural areas have been implemented.

Why 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. It got a separate meaning and importance after the economic revaluation in India after 1990.
- Later, it is known as a marketing system that involves the development, planning, pricing, and distribution of goods and services so that people in rural areas can access basic products at fair prices. Rural marketing is now a two-way marketing process.
- Products are both imported and exported into and out of rural markets for use in manufacturing and consumption.
- Agribusiness inputs and fast-moving consumer goods (FMCG) like soaps, detergents, cosmetics, textiles, and so forth are part of the migration from metropolitan areas to rural areas.
- Agricultural products like rice, wheat, sugar, and cotton are transported from rural to urban areas. Additionally, there is a migration of agricultural goods for consumption inside rural areas.

Expansion of India's rural markets are the markets of the future. Producers and marketers are drawn to them in large quantities. For example, with the saturation of the urban markets, corporations such as Hindustan Unilever Ltd. (HUL), ITC, Parley Foods, and many more are focusing on the rural markets. The growth of rural markets will determine the extent of future expansion. Large corporations should actually acknowledge rural marketing as developmental marketing. Take ITC's e-Choupal and HUL's Project Shakti, for example.

Attractiveness of rural markets

- India, a nation of 140.76 crore people, is a multilingual, multicultural, and multilevel society.
- According to the World Bank, almost two thirds of Indians reside in rural areas.
- The rural sector contributes roughly 46% of the country's income and 25%–30% of India's GDP.
- In addition to significantly raising rural populations' purchasing power, rural markets support industrial development and economic expansion on the whole.
- The FMCG rural market is expected to reach a value of up to \$10 billion in 2020.

Features of Rural Marketing

1. Large, diverse and scattered market- India's rural market is large and well-established. It's interesting to remember that 75% of Indians, or 75 crore people, reside in rural areas.
2. Major income of the rural people- Rural prosperity and agriculture are closely related. Rural residents' primary source of income is agriculture. Rural residents' income is directly impacted by crop failure. But as other industries have started to take centre stage, the rural economy's reliance on agriculture has steadily decreased in recent years.
3. Standard of Living-People in rural areas work in small-scale farming and related industries. Rural clients are often more cautious when making purchases due to the instability of their income. They have doubts about their ability to make money in the future. Low literacy rates, low per capita income, and social backwardness are some of the key reasons why the bulk of people living in rural areas are impoverished. In addition, some obstacles exist that prevent society progress. Deep-rooted superstitions, customs, religious prohibitions, and cultural norms are all included. Regrettably, because they have less capacity to save for future requirements, even those in rural areas with respectable salaries tend to invest less in higher living standards.
4. Traditional perspective- Villages take a long time to grow and preserve their customs. Change is a never-ending cycle, but most people living in rural areas eventually come to terms with it. But in general, the most of them are not easily changed. Nevertheless, literacy—especially among young people—is gradually altering this. They have at last started to change the locals' viewpoint.
5. Infrastructure Development- - Lack of infrastructure is the one factor that separates the urban and rural markets the most. Infrastructure like communication networks, concrete roads, banking services, and warehouses is lacking in rural areas. In addition, rural locations make physical distribution and promotion very challenging. It basically stems from a lack of infrastructure, which increases the potential applications

of rural marketing.

6. **Market growth**-The rural market has expanded significantly over time. Over time, there has also been an upsurge in demand for traditional commodities like bicycles, farming supplies, and fast-moving consumer goods (FMCG). This was the result of fresh prospects and employment chances. Programs for rural development also made revenue sources more accessible. Bicycles, agricultural products, and many other items have seen an increase in demand over time. The market is growing as a result of all these factors. Rural areas now have more potential as a result.

7. **Socio-economic background**-Rural residents come from a variety of socioeconomic backgrounds. The rural market is impacted by geographical dispersion and uneven land fertility, in general. In addition, the villagers represent a wide range of social, cultural, and religious origins. Sociocultural aspects impact customers' willingness to accept innovations and new products across a range of domains. Variations in consumer behaviour due to factors such as geography, occupation, demography, and behaviour affect lifestyle and create completely distinct requirements in different locations. To effectively and financially service the rural market, this calls for segmenting it.

8. **Literacy rate**- As everyone knows, literacy rates are lower in rural than in urban areas. For marketing objectives, it further complicates communication. Print media has also lost some of its effectiveness and relevance in rural areas due to low literacy rates and a limited audience.

9. **Higher Purchasing Capacity**-Although there is a larger reliance on electronic media, such as radio, television, and movies, rural literacy has improved in the past. In addition, a growing number of rural residents are moving to cities in order to pursue higher education. Furthermore, the government has also started a number of rural education initiatives. Increased awareness leads to farmers knowing more about the world around them. In the end, they're pursuing a better standard of living while also learning about new technologies.

Opportunities in rural marketing:

- **Large market**-The sheer size of the rural market's population demonstrates its enormous potential, which, if properly addressed, may result in unprecedented growth.
- **Awareness**-Contrary to popular belief, rural consumers are knowledgeable about products and features and, as such, seek for high-quality products that offer value for their money.
- **Rising literacy rates**-Rural consumers are increasingly demanding new items to meet their needs as a result of the rising literacy rate in their community. India's rural areas have a 73.5 percent literacy rate as of 2021.
- **Risk reduction during recessions**-Depending on the impacted sectors—primary, tertiary, and secondary—both urban and rural markets are susceptible to recessions in different ways. However, businesses with investments in both areas can protect themselves from this risk.

New employment opportunities:

- Government schemes like MGNREGS, DAY-NRLM, ABRY, GKRA, NCS etc. have created new employment opportunities in rural India.
- People in rural areas are getting loans from public sector and cooperative banks, which opens up job chances for them. As a result, the number of rural residents moving to cities has drastically decreased.

Government initiatives:

- **Credit cards (Kisan credit card)**-Public sector-short- and medium-term loans to buy seeds, fertilizers, etc. This enabled them to produce more-increasing their income.
- **Large inflow of investment from government through rural development programs.**
- **Schemes like Rajiv Gandhi Grameen Vidyut Karan Yojana, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana – Saubhagya** gave a boost to the agrarian economy. People's behaviors and social lives changed as a result. The development of the consumer durable industry received a boost from REP.

Case studies:

1. Sikkim success in blooming orchid cultivation - Agriculture and tourism are the main economic activity of the rural people. The state government agencies laid basic foundation for horizontal expansion of rural marketing with infrastructural facilities like polyhouse cultivation and input material supply.

Recently, a village cluster from Rai Gaon, East Sikkim was adopted for Orchid technology demonstration and assistance under 'Mera Goan Mera Gaurav' scheme. Later, Prime Minister Narendra Modi declared Sikkim as organic state on 18 Jan 2016 added feather in the cap to the on-going programs aiming for premium returns through small scale enterprise.

2. Manipur Rural Marketing Development Private Limited is an Indian private company incorporated on 26/04/2002 and it is an Non-Government Company.

Manipur's Imphal East district gets new rural market shed- MAHUD minister Mr. Thounaojam Shyamkumar inaugurated a rural market shed at Kongpal Kongkham Leikai in Imphal East district.

For helping the women of the area to generate income, and for assuring the people of the area that the pond located near the rural market shed can be protected and cleaned under the scheme of Environmental Directorate.

3. HUL's project shakti- In 1998 HUL's personal products unit-initiated Project shakti, the first and largest rural home-to-home operation by a company. The project covered 13 million rural households by the end of 1999. HUL has launched special initiatives to push its rural sales through "Project Shakti" and "Shakti Amma" television channel. Recently HUL came up with another marketing campaign

Khushion Ki Doli - Quite popular in rural areas. This campaign made HUL's brand name more well-known in villages and helped to develop deep customer engagement for HUL's brand adoption. A wide range of products for home care and personal care, such as Surf Excel, Lifeboy, Fair and Lovely, Wheel, and Close-Up were promoted via this rural marketing campaign to meet the needs of people who live in rural areas on a daily basis.

4. Cola brands rural marketing- Coca-Cola and Pepsi Cola Brands used rural marketing strategies to enter into rural markets and increase their reach. Variety of distribution, pricing strategies, etc. were used like offering refrigerators, ice boxes, credit facilities, etc.

To optimize its availability in rural areas Coca-Cola introduced Chota Cola which was smaller than the traditional Coke bottle, plus it was also offered at a lower price. This increased Coca-Cola's sales in the rural areas by around 60% with Chota Cola.

5. ITC- e-Choupal in Madya Pradesh- Indian Tobacco Company (ITC) Limited that started as a traditional tobacco and cigarette producer has grown into a premier and diversified Indian business giant dealing with hotels, agri-business, information technology and fast-moving consumer goods (FMCGs).

It is one of India's foremost private sector companies with a market capitalization of about USD 4 billion and annual revenues of USD2 billion. The social consciousness of the company led to the creation of e-Choupals in 2000, to serve as special gathering places for exchange of information and to also act as e-commerce hubs.

6. Godrej Aadhar and Chotu Kool- To provide a service-based solution to its farmers, Godrej launched Godrej Aadhar which is a retail outlet of Godrej Agrolet and aims to provide solutions and assistance to farmers regarding agricultural inputs like weather information, testing of soil and water.

Chotu Kool is one of the most brilliant examples of innovation in rural marketing, wherein it is a low-priced product which provides the rural consumer to preserve their food in a cost-effective way, rural consumers are unable to buy refrigerators because of high prices and less utilization as compared to a urban consumer.

Digital rural marketing:

The secret to overcoming saturation in rural areas is digital marketing; practically all Indian marketers now live by the motto "GO RURAL."

- Its goal is to familiarise prospective customers with the available products and services so they may make informed judgments by being aware of their options. Brand awareness has increased in rural areas because to digital marketing.
- By 2025, there will likely be more active rural internet users than active urban users, with over 900

million people predicted to be active internet users.

Challenges in rural marketing:

- 1)Transportation and Distribution of Products- The difficulty and challenge of reaching these rural communities stems from their remote location.
- 2)Mode of communication with the Rural Consumers-When interacting with rural consumers, language might be a hurdle. Marketers must recognise that these individuals speak regional languages.
- 3)Low level of education- Compared to metropolitan areas, rural areas have a lower literacy rate.
- 4)Seasonal demand- The purchasing power of rural consumers is constrained since agriculture accounts for a major portion of the income of those who live in rural areas.
- 5)Media and Promotions- Marketers should use a method like puppet shows that the rural customer can relate to since they are less likely to be drawn to commercials intended for urban consumers because they cannot relate to them and feel connected.

Conclusion

After consideration, the things that need to be concentrated more for a better rural marketing are understanding the rural consumer, per capita income, literacy levels, seasonal demand, infrastructure and other physical facilities, underdeveloped people and underdeveloped markets, traditional outlook, many language and dialects, inadequate media coverage for promotions, availability of duplicate and cheap brands, slow purchasing decision, problems related to distribution and channel management, cultural factors and vast and scattered market. At the same time, melas are the places where villagers gather for shopping and companies can take advantage of such events to demonstrate and market their products. So, it can be improved more by creating awareness through Haats (As per now there are 42000 rural haats which get approx. more than 4500 visitors per haat) and a few of the marketing best practices in rural markets as of today are: hoardings and wall paintings advertisement, kiosk set up for one-on-one interaction, leaflets and flyers distribution, mobile vans doing audio-visual promotion and festivals. An advertising effort that stands apart from the general advertising trends holds a good chance of success and technology-driven applications like mobile advertising, self-serving kiosks and AI assistants have higher success potential with this group-digital marketing. Government intervention along with the firms understanding nature of the rural consumers by utilizing various folk media to reach them in their own language can lead to more beneficial results.