

An Empirical Study on Rural Marketing Opportunities and threads in India

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Abstract

Rural Marketing is gaining in its importance as a force of economic change that must take place if many rural communities are to survive. The Urban markets are maturing and high level of competition ruining the profit margins. The urban consumers being too much advanced expect new products in small intervals thereby reducing life span of the products. Rural Marketing is now a days a play a role major opportunity for the people who migrate from rural areas people or semi urban people areas to Urban areas peoples. On the other hand rural income graph is on a rise, which has given huge scope to the corporates to tap this market where 70% of India resides. The study aims to provide information on how the corporates carry out the marketing process and the reasons for the paradigm shift from Urban to Rural markets. These are the market for consumer goods that comprise of both durable and non-durable goods and the market for agricultural inputs. Rural incomes are growing due to green revolution, rise in agri-produce prices, Skilled India programs, financial inclusion, etc. preferences of rural people are also getting changed.

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Introduction

The rural Market in India is vast market, scattered and offers a plenty of opportunities in comparison to the urban sector. The concept of rural Market in India Economy has played an influential role in the lives of people. Indians are not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The heart of Indians lives its villages and the Indian rural market with its large size of market and more demand based offers great opportunities to the Indian rural marketers. The 1970s and 1980s witnessed is steady development. In this mention very clear indications that the 21st century is going to see its full

blossoming. Between 2010 to 2014, spending in rural India reached \$85 billion, significantly higher than the \$68 billion spent by the urban Population.

A large number of businesses are involved in the marketing of various products in the rural areas of Indian market and elsewhere. The main objective of this program is to develop a strong foundation of applied knowledge, concepts, approaches and analytical skills in the participants for successful marketing of products and services to rural consumers and users. Rural marketing is defined as any marketing activity in which one of the dominant participants is from a rural area. This implies that rural marketing consists of marketing of inputs to the rural as well as marketing of outputs from the rural markets to other geographical areas.

Literature Review

(Blackwell, 1977) analyzed that there are various factors which influence the behavior of consumer and (Krishnamurthy, 2008) stated that rural consumers are required to study for influencing factors of their behavior for FMCG. Price, promotion, packaging, quality, brand name etc. influence the purchase of the rural consumers (Sarangapani & Mamatha, 2008, Bhatt & Jaiswal, 1986, Pandey, 2005, Kumar & Madhvi, 2008, Narang, 2001).

In 1994 Ying Zhao argued that retailers also play an essential role in the purchase of FMCG of rural consumer. The study of literature makes it necessary to conduct the present study because it is clear from the review of literature that a lot of things are to be found out about rural consumer behavior. Rajan. R.V argued that a lot of space is unfilled in the sense of research in the rural consumer behavior study from last two decades. After going through the literature it is clear that there is a lot of scope of studies related to influencing factors of rural behavior.

Yuvarani (2013) analyzed that liberalization of the Indian economy had far reaching consequences, which led to the free entry of global brands in Indian markets. Srinivas (2007) stated that the India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The growth statistics exhibit large potentials for FMCG and Consumer Durables for the Indian Rural markets (Paninchukunnath, 2010). Rural Marketing is defined as a function that manages all activities. Srivastava and Kumar (2013) analyzed that FMCG sector is a vital contributor to India's Gross Domestic Product. The rural India is a profitable and potential market for FMCG producers. Aggarwal (2014) suggested that Consumer behavior research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs.

Potential of Rural Market

Rural Market is a plan of action being used by the organizations to increase the penetration into rural and regional market. Indian rural market, in this comparison study explains that large population or many people live in rural areas hence the need to extend resources in the form of products and services to the rural population and consumers. The high income brings in buying resources to the rural population and enables the local farmers to acquire new technologies using new apparatus to multiply their productions to satisfy the needs and wants of rural markets consumers by providing high quality goods and better services.

Objectives

- ✓ To study rural market consumers to determine the effect of income on consumption level.
- ✓ To observe rural people regarding their preference over buying a new product with additional benefits or sticking to the (already used) branded/unbranded products.
- ✓ To study rural area consumers regarding their considerations for the most attractive benefits.
- ✓ To observe rural population regarding their considerations over alternative purchasing plans.
- ✓ To study rural consumers regarding their preference for packaging.
- ✓ To examine rural market consumers regarding their priorities over different types of packaging.
- ✓ To explore the potentialities and future prospects in rural markets.
- ✓ To identify problems and suggest suitable measures for the improvement of rural markets.

Indian Rural Market

According to research analysis in the 21st century, there has been a comfortable growth in the Indian economy. This growth began in the 1960s, 1970s and 1980s because of the increase in income and capability to buy goods and services of the rural Indian population. The research also reveals that in India, data on customers has been affected and not so many facts are provided, or statistics are available about the rural customers. The only available facts are about the established enterprises like Hindustan Lever, Philips India, Asian Paints, Larsen and Toubro. It is also worth mentioning that companies like TATA are on a course towards the same pattern. (Business Journal 2009.)

Rural Market and Marketing

About 70% of the people reside in India rural areas as India is a country of variety inhabitants. The rural population provides towards the economic development of the country through farming activities such as the cultivation of agricultural food stuff and rising of livestock, hence by trading on these agricultural products and livestock, the needed foreign exchange is earned. Nearly 600,000 rural habitats communities exist in India per rural market researchers. 25% of communities constitute to 65% of the total rural inhabitants. So, one can calculate 65% of 700 million inhabitants by from 150,000 communities which provides a bigger market share. If one goes by statistics, around 70% of the Indian inhabitant's lives in the rural areas. This represents 12% of the world inhabitants.

Reasons for Improvement of Business in Rural Area

- ❖ Socio-economic changes (lifestyle, habits and tastes, economic status)
- ❖ Literacy level (25% before independence – more than 75% in 2020)
- ❖ Infrastructure facilities (roads, electricity, media)
- ❖ Increase in income
- ❖ Increase in expectations

What Rural India Buys?

- Products more often (mostly weekly).
- Buys small packs, low unit price more important than economy.

- Many brands are building strong rural presence without much advertising support, like shampoos, detergent, talcum powder and beauty cream, etc.
- Fewer brand choices in rural areas; number of FMCG brands in rural areas is half of urban area.
- Buys value for money, not cheap products.

Opportunities for marketers

Untapped Potential It offers a great chance for different branded goods as well as services for large number of customers. It is estimated by HLL that out of 5 Lakh villages in India, only 80 thousands has been taped so far, which goes on to indicate the market potentials of the rural market.

Market Size and Potential

The size of India s rural market is stated as 12.2 % of the percentage of the old population this means 12.2% of the world's consumers leave in rural India. In India, rural household farm about 72% of total household constitutes a huge market by any standard.

Competition in Urban Areas

The urban market is getting saturated and thus is enable to provide the much needed market to many companies and in search of greener pastures many of these companies are now targeting the rural market.

Potential of Rural Market

With urban market showing of saturation, Companies are excited about the potential of rural India. Some major companies that have focused in the rural market sector are Philips, Parle, Godrej, Soaps, Bajaj Autos, TVS, Proctor & Gamble, Colgate-Palmolive, and HUL. Above following points indicate the potential of rural market.

Attractiveness of Rural Market

- Large Population
- Rising Rural Prosperity
- Growth in Consumption
- Changing Lifestyle
- Life cycle Advantage
- Market growth rate higher than Urban
- Rural market is not Expensive

Problems in Rural Marketing

- ✓ Transport Problem
- ✓ Communication Problems
- ✓ Warehousing Problems
- ✓ Many Languages and Dialects

- ✓ Market Organization & Staff
- ✓ Non-Availability of Dealers
- ✓ Hierarchy of Market
- ✓ More expensive of the rural marketing
- ✓ Low literate peoples

Trends in Rural Marketing

The companies should start selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer asks for value for money

Large population: The Indian rural market with its vast size and demand offers great opportunity to marketers.

Agricultural dependent peoples: Food categories are currently driving the bulk of the additional USD\$ 90 billion into the marketplace by 2025.

Green revolution: The vision of Dr. Swami Nathan, the father of the green revolution to achieve self-sufficiency in food grain production in 1995, gave a major breakthrough in food grain production by the use of scientific methods in agriculture

Smart phones penetrating into rural India: 320 million are rural mobile phone users i.e. roughly 38 per cent of the rural population, which includes children and senior citizens. The actual benefit of technology positively impacting rural economy will be seen when data communication is used effectively

Purchasing power increasing: which guarantees 100 days of employment one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc. helped the rural economy.

Government Incentives and policies: The government's stress on self-sufficiency resulted in various schemes like Operation Flood (White Revolution), Blue Revolution, Yellow Revolution, etc.

Mass Media: Mass Media has created increased demand for goods and services in rural areas. Smart marketers are employing the right mix of conventional and non-conventional media to create increased demand for products.

Problems of Rural Markets

- ❖ The problems of physical distribution and channel management adversely affect the service as well as the cost aspect. Rural market structure consists of primary market and retail sale markets. Rural market structure involve stock points in the feeder towns to service these retails at the rural area levels.

- ❖ Culture is a system of shared values, beliefs and perceptions that influence the behavior of consumers. There are different groups in rural area peoples based on the religions, occupation, age, Education and politics, each and every one group exerts influence on the behavior of the rural area peoples.
- ❖ Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated peoples Farmers do not wear Jeans and Brands.
- ❖ Television has made a great impact and large audience has been exposed to this medium. Now the present situation rural area people attract to the television channel advertisements. Very easy reach to the information in rural area people only television only.
- ❖ Underdeveloped People: five year plan. The position of improving but slowly rural market has many challenges. But the vast and expanding markets call for good marketing strategies to create situation to parties in the chain of rural marketing. The problems of rural marketing are as follows. Rural society is found by tradition, old customs, practices etc.

Conclusion

The Indian rural market findings were basically carried out through the theoretical framework on this research work from the web pages and books mentioned in the references. Exploring, researching and writing about rural marketing between Finnish and Indian rural markets have enlarged my scope of considering things and prepared me into meeting this goal. The research survey undertaken on this subject with a mention of two companies involved during the interviews has helped explore more into my thinking ways to meet this goal. My research question was to compare these two rural markets and come up with the analysis on how they function. Through quantitative and qualitative research, I achieved the objectives by reaching some of the answers in the comparisons of these two rural markets.

References

- [1](Blackweel 1977) analyzed that there are various factors which influence the behavior of consumers.
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- [4]In 1994 Ying Zhao argued that retailers also play essential role in the purchase of FMCG of rural consumer.
- [5]The growth statistics exhibits large potentials for FMCG and Consumer Durables for the Indian Rural markets (Paninchukunnath, 2010).
- [6]New economic policy 1991 has changed the Indian marketing scenario due to its liberalization policies (Gopalaswamy, 1997).
- [7]They behave differently from urban consumer for the same product as stated by Anand&Krisana, 2008.
- [8](Blackweel,1977) analyzed that there are various factors which influence the behaviour of consumer and (Krishnamoorthy, 2008) stated that rural consumers are required to study for influencing factors of their behavior.

- [9]Sulekha and Kiran (2013) concluded that in India more than 72% population lives in villages and FMCG companies are famous for selling their products to the middleclass households; it implies that rural India is a profitable and potential market for FMCG producers.
- [10]Yuvarani (2013) analyzed that liberalization of the Indian economy had far reaching consequences, which led to the free entry of global brands in Indian markets.