

A Study on Innovative Practices in Rural Marketing: An Indian Perspective

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ABSTRACT

Villages are the integral part of any nation. In India villages are its hearts. Approximately 75% of India population lives in villages. Rural marketing is playing an unavoidable role in India. It's about developing pricing, promoting and distributing rural specific product and services. Rural marketing innovation is all about introducing significant changes in product designing, packing, placement, promoting and pricing. The success of rural market depends on the efficiency of marketers to understand the psychology of rural consumer and their needs. The present study gives main focus on understanding the emergence of rural marketing in India, Present situation, challenges and issues faced by marketers of Indian rural market, Innovation in the field of rural markets and successful strategies that can be adopted in rural marketing.

1. Introduction

Mahatma Gandhi said "The Future of India lies in its villages". Villages play an important role in economic growth of our country as the rural regions comprise of the maximum consumers in this country. The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And there are clear indications that the 21st century is going to see its full blossoming. Rural marketing represented the emergent distinct activity of attracting and serving rural market to fulfill the needs and wants of persons, households and occupations of rural people. As the competition increases in the rural market, pave the way for Creating innovative ideas in the rural marketing as per the needs of the rural consumers.

2. Objectives

- To access the potential of Indian rural market.
- To determine the major challenges and opportunities in the Indian rural market
- To identify the innovations in rural marketing.

3. Features of rural marketing

Some of the important features of rural marketing in Indian economy are,

a. Creates employment opportunities

Introduction of various rural development programs creates the employment opportunities for rural poor. One of the biggest cause behind the steady growth of rural market is that it is not exploited and also yet to be explored.

b. Development of infrastructure

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

c. Market growth

The rural market is growing steadily over the years. Demand for traditional products, branded products and other FMCGs and consumer durables has also grown over the years.

d. Marketing mix

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

4. Emergence of rural market

The rural market in India is not a separate entity and it is highly influenced by the sociological and behavioral factors operating in the country. About 285 million populations live in urban India whereas 741.6 million reside in rural areas, constituting 72.22 per cent of India's population resides in its 6, 27,000 villages. Size of rural market is estimated to be 42 million households and rural market has been growing at five times the pace of the urban market.

Rural India shares a good part to India's GDP through agriculture, self-employment, services, construction etc. As per a strict measure used by the National Sample Survey in its 63rd round, called monthly per capital expenditure, rural expenditure accounts for 55 per cent of total national monthly expenditure. The rural population currently accounts for one - third of the total Indian FMCG sales.

Rural consumers are influenced by rationality, personal experience, and the level of utility, that is derived from the consumption, etc. The clever, gimmick advertisements do not work with rural consumers. Their buying behavior is influenced by experience of their own friends, relative and family members. Above all, quality of the product and its easy availability are the primary and vital determinants of the consumer buying behavior. Rural consumers are very much attached to an influence by touch and feel aspect of any promotional activity

In this context, a special marketing strategy, namely, rural marketing has taken shape. Rural marketing is a process of developing, pricing, promoting and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants and also to achieve organizational objectives.

Rural marketers need to have an open mind, and sensitize themselves to understand the rural consumer.. Sometimes, rural marketing is confused with agricultural marketing – the later denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed input services to rural producers or consumers.

5. Rural marketing strategies

Rural markets and rural marketing involves a number of strategies which includes:

- **Seller and Location specific promotion involves a strategy** designed to be suitable to the location and the seller.
- **Joint and co-operative promotion strategy** involves participation between the marketing agencies and the client.
- **Bundling of inputs** denote a marketing strategy, in which several related items are sold to the target client, including arrangements of credit, after-sale service.
- **Management of demand** involves continuous market research of buyer's needs and problems at various levels so that continuous improvement and innovations can be undertaken for a suitable market performance.
- **Developmental marketing** refers to taking up marketing programmes keeping the development objectives in mind and using various managerial and other inputs of marketing to achieve these objectives.
- **Media** both traditional as well as modern media, is used as a marketing strategy.
- **Unique selling propositions (USP)** involve presenting a theme with the product to attract the client to buy that particular product.
- **Extension services** denote a system of attending to the missing links and providing the required know-how.
- **Ethics in business** form an important plan for rural markets and rural marketing.
- **Partnership for sustainability** involves laying and building a foundation for continuous and long lasting relationships.

6. Opportunities in Indian rural market

At present, three out of four of country's consumers are in rural market and one-half of national income is generated

there. A number of corporate units have been trying to get grip on the rural market in a variety of ways. There is no doubt that rural market reveals opportunities and great attraction to marketers.

Major opportunities available in rural market are as follow,

a. Increase in Literacy Rate

Increase in Literacy Rate Literacy rate is increasing in rural areas. According to census 2011 it stood at 68.9% (2001 census 58.7%).

Increase in literacy rates

	2001	2011	Difference
Overall India	64.8%	74.0%	+9.2%
Rural	58.7%	68.9%	+1.2
Urban	79.9%	85.0%	+5.1

There are more graduates in rural than in urban India. This brings social and cultural changes in buying behavior of the rural customers and more aware about national and international brand. Due to increase in literacy rate they get jobs in nearby towns. They earn urban salaries but continue to live in self owned homes in the villages, they have high purchasing power and prefer to buy branded product.

b. Increasing in disposable income and purchasing power

Projects from private companies and the rural employment initiatives by the Government like MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) schemes have given the rural population an opportunity to meet their daily needs. Government decided to expand the agriculture loan at lower rate of interest and distribute million of Kisan Credit Cards, has given a boost to the income level to the rural sector.

c. Reduction of Risk during Recession:

The companies which cater both urban and rural markets tackle the recession in the better way. The demands for goods in the urban market often follow a cyclic whereas in the rural market it is steady. So companies can safeguard themselves from the harmful effects of recession after entering in the rural market.

d. Infrastructure improving rapidly

In 50 years only, 40% villages have been connected by roads, in next 10 years another 30% would be connected. Rural telephone density has gone up by 300% in the last 10 years.. The government aims to provide LED lights to around 400million homes that do not have an electricity connection by 2017. Rapid development of rural infrastructure is also major attraction for marketers.

e. Increase Population and hence Increase in Demand

The rural market in India is vast and scattered and offers a plenty of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the

maximum number of consumers. It will create more demand for the product.

7. Challenges faced by the marketers in rural markets

a. Seasonal demand

Agriculture is the main source of income of villagers and the demands of products depend upon multiple factors like the monsoon, quality of crops and these things are not stable which makes rural markets unpredictable.

b. Language barrier

India is a country which is very diverse in terms of cultures and languages used by citizens. These languages vary from state to state which makes marketers confused about the advertising campaigns that they need to use for creating an impact on the consumers

c. Transportation problems

Transportation is not that simple in rural areas as compared to the developed cities. A lot of places are not even connected with rail transport which makes the increase in the fund for distributing products to deprived areas.

d. Warehousing problem

Warehousing facilities such as the availability of godowns are not easy in rural India. The godowns are not well managed and controlled leading to loss as a lot of products are wasted. This will give you a rough idea of the Indian rural market and how it is different from the urban market in the country. If you have any doubts regarding any similar topics related to marketing, you can write about that in the comments section.

e. Insufficient banking and credit facilities.

In rural markets, distribution is affected due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to facilitate credit transactions in general, and to obtain credit support from the bank.

f. Illiteracy

Most the people in rural areas are illiterates. So the marketers have to understand illiterate persons before adopting various promotional activities, techniques and strategies for creating awareness and demand for the product in rural areas.

8. Principles Of Innovation For Rural Markets

The principles of innovation to be adopted in rural market have to take into consideration need lifestyles and consumer behavior of the rural population.

a. Process Innovation

Process innovation is critical in rural markets. Innovation must focus on building a logistics infrastructure including manufacturing that is in accordance with the prevailing condition and can deliver solution in a cost effective manner.

b. Product Innovation

Product development must start from a deep understanding of functionality. The infrastructure and environment in which rural consumers live and work in ,demand a rethinking of a functionality new. Poor consumer's problem cannot be solved with old technologies. New technologies must be developed according to the expectations of the rural consumers

c. Price Innovation

The option of reuse , recycle, refill are critical in product development for rural people as they reduce the overall cost of the product. Market strategies must ensure the price the product is reduced either through re-engineering, cost saving in operation, reduction in pack sizes etc... Organizations have to focus on price performance of the product.

d. Promotional Innovation

Promotional campaigns have to be innovative to target the youngsters by engaging them through combination of media options. In rural areas they have to adopt innovative promotional activities in order to create demand for the product

9. Innovative practices adopted by companies

There are lot of marketing innovations introduced by different companies in rural areas in order to maximize their profit and sustainable growth in rural markets. A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packing, product placement, product promotion or pricing.

E-Choupal: It is an initiative of ITC Limited, a large multi business conglomerate in India, to link directly with rural farmers via the Internet for procurement of agricultural and aquaculture products like soybeans, wheat, coffee, and prawns. The programme involves the installation of computers with Internet access in rural areas of India to offer farmers up-to-date marketing and agricultural information.

Bhoomi: Bhoomi is a project jointly funded by the Government of India and the Government of Karnataka to digitize the paper land records and create a software mechanism to control changes to the land registry

TARAAhaat: It is for profit social enterprise which delivers education, information, services and other opportunities to rural areas ,through internet.

Drishtee: Drishtee establishes kiosks that offer affordable Internet access, consumer products and community services to rural Indian villages .Local entrepreneurs manage the sekiosks.

HKB (Hariyali Kisaan Bazaar): It is an innovative effort aimed at empowering farmers and meeting the needs of rural households by providing access to agricultural products, services and retail.

10. Conclusion

The rural market is where the market of future is likely to be. Urban markets are becoming increasingly competitive for many products. In some cases they are even saturated. On the other hand, rural market offer growth opportunities. The government needs to play a positive role in the development of

rural markets in association with the local NGO's. Improving infrastructure capacities, initiating community development programs, offering better employment opportunities, simplifying credit availability and so forth would make such markets ever more attractive. The future of businesses operating in India lies in rural areas.

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