

Innovation in Rural Marketing

*¹Mrs. Poornima.s & ²Dr.T.poonkodi

*¹Ph. D Research Scholar, Bharathiar University Arts and Science College- Gudalur (India)

²Assistant Professor, Bharathiar University Arts and Science College- Gudalur (India)

ARTICLE DETAILS

Article History

Published Online: 03 Oct 2018

Keywords

Rural India, Rural Marketing, Technology, innovation

*Corresponding Author

Email: poornimapramodraj[at]gmail.com

ABSTRACT

There is a great opportunity for the marketers in the rural areas. Two-thirds of countries consumers live in rural area. Naturally the rural markets form an important part of the total market of India. Our nation have around 450 districts, and approximately 630000 villages with different parameters such as literacy levels, accessibility, income levels, distances from nearest towns, etc. It is worthwhile to note that more than 70% of Indian citizens are located in rural areas. The net result is either absence of achievement in efficient marketing or limited achievements in marketing. Since major population of any country determines the success or failure of any brand of commodity or service, the importance of 'rural marketing' should not be underestimated. While growth in Education and infrastructure sectors have been impacting rural India over the years, the impact that Technology is going to have on Rural Marketing initiatives in the next few years is going to be tremendous. Technology is going to make a huge difference to the way we look at rural India. This paper explores the different dimensions of innovations for penetration into the rural market and also the future of rural market in India, driven by growth of Agriculture which will be build around technological, Innovations in products and services specifically in agriculture, banking and telecom sectors. This paper explores the different dimensions of innovations for penetration into the rural market and also the future of rural market in India, driven by growth of Agriculture which will be build around technological, Innovations in products and services specifically in agriculture, banking and telecom sectors.

1. Introduction

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer's need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner. The necessity of harnessing science and technology for transforming rural India has long been recognized. In fact Gandhi had clearly shown an appreciation of this necessity. As early as 1935, at the All India Village Industries Association, Gandhi initiated a movement called 'science for people.

1.2 Nature and Characteristics of Rural Market

- i. Agriculture is main source of income.
- ii. The income is seasonal in nature. It is fluctuating also as it depends on crop production.
- iii. It shows linguistic, religious and cultural diversities and economic disparities.
- iv. The market is undeveloped, as the people who constitute it still lack adequate purchasing power.

- v. It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.
- vi. It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics.
- vii. Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary

1.3 Rural marketing as a Process

In rural marketing, the word "rural" connotes an environment and "marketing" a process. Rural environment in a developing country connotes a chain reaction of low investment, low productivity, low income, and low savings, in turn adversely affecting social factors such as education, health, housing, and sanitation. Marketing can be conceived as an instrument to deliver a standard of living rather than a process of exchanging goods and services to satisfy human needs and wants. While the latter is a more functional and product oriented concept, the former is a far more comprehensive socioeconomic concept that may be particularly relevant to developing countries. Thus, rural marketing can be defined as a process of delivering better standard of living and quality of life to the rural environment, taking into consideration the prevailing rural milieu. It encompasses social interactions between the rural and urban as well as within rural areas,

which may be spontaneous or planned. The objective of such interactions is to break the vicious circle of backwardness and poverty and induce changes into a stagnant social structure. These changes may lead to cooperation, conflict, and/or competition. The management of the rural marketing process involves a controlled promotion of cooperation and resolution of conflicts, and encouragement of constructive competition.

1.4 Scope of the Study

- (i) The emergence of rural markets in Indian context.
- (ii) The present scenario of rural marketing in India
- (iii) The challenges faced by rural marketing in India
- (iv) The reason for popularity of rural markets in India
- (v) To understand and analyze the existing marketing strategies in general
- (vi) To highlight the challenges and constraints for rural marketing

1.5 Statement of the Problem

The problem is to explore the cause and benefits of rural innovation in India. This study analyzes different innovations happening in rural regions in different sectors of India. There are different innovations that are taking share in rural parts of India. The innovation can be product and process innovation, it can be technical or non-technical innovation, and it can be radical or incremental innovation.

- (i) Rural people do not buy brands. In fact, branded consumption accounts for 80% of sales for FMCGs.
- (ii) Rural customers buy cheap products. In reality, they seek value for money.
- (iii) Rural market is homogeneous mass. In fact, it is fascinatingly heterogeneous.

1.6 Review of Literature

Kashyap Pradeep and Raut Siddhartha in their book „The Rural Marketing Book“ had given a comprehensive account in understanding rural India and rural consumers and applying successful rural marketing strategies to succeed in these hinterlands. The book beautifully describes details about the major three problems that a rural marketer should overcome. The first is the challenge of reach, as Indian rural markets are highly scattered and small, which makes it unviable and inaccessible both, and how some companies have solved this problem and how new companies should learn from them. The second problem is about the awareness of your brand and whether they want it, as major parts of rural India remain media-dark and less literate, but then how economic and technological progress will come to the rescue will be a great learning for the companies. The third and the biggest challenge is of influence. The awareness remains low across product categories, also penetration is an issue. The need of the marketer is not just to reach to or communicate with the consumers, but to actually influence consumption and buying, and all these key problems are diligently and clearly addressed in this book.

An article by Jagaman Singh is one more of its type which is highlighting the problems faced in rural markets in spite of all

the prospects it has. The major problem being the skewed land holding patterns by the farmers, poverty, indebtedness, low literacy and many others, and of the possible solutions to this could be through the participation of the corporate, which will lead to more equitable and inclusive growth, as in the case of Thailand for its rural reforms as mentioned in this article.

1.7 Significance of Rural Markets

If you meet a sales executive today and ask which market he would prefer to serve, the immediate answer would be, “Rural Markets” as they are still unexploited. A number of factors have been recognized as responsible for the rural market boom. Some of them are:

- (i) Increase in population, and hence increase in demand. The rural population in 1971 was 43.80 crores, which increased to 50.20 crores in 1981, 60.21 crores in 1991 and 66.0 crores in 2001.
- (ii) A marked increase in the rural income due to agrarian prosperity.
- (iii) Large inflow of investment for rural development programmes from government and other sources.
- (iv) Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.
- (v) Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

1.8 Problems in Rural Marketing

- (i) **Transportation:** Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man. In our country, there are six lakh villages. Nearly 50 per cent of them are not connected by road at all. Many parts in rural India have only kachcha roads. During the monsoons, even these roads become unserviceable. Regarding rail transport, though India has the second largest railway system in the world, many parts of rural India, however, remain outside the rail network.
- (ii) **Communication:** Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, has a limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure. These facilities are extremely inadequate in the rural parts of our country. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural areas. English and Hindi are not understood by many people. Due to these

problems, rural consumers, unlike urban consumers do not have exposure to new products.

(iii) Availability of appropriate media: It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with the rural masses. But, it is not available in all interior parts of the country. It is estimated that TV covers 20 per cent of the rural population. But, the actual viewership is meager. The cinema, however, is a good medium for rural communication. But, these opportunities are very low in rural areas.

(iv) (iv) Warehousing: A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. In warehousing too, there are special problems in the rural context. The central warehousing corporation and state warehousing, which constitute the top tier in public warehousing in our country, have not extended their network of warehouses to the rural parts. It is almost impossible to distribute effectively in the interior outlets in the absence of adequate storage facilities. Due to lack of adequate and scientific storage facilities in rural areas, stocks are being maintained in towns only. Village structure in India: In our country, the village structure itself causes many problems. Most of the villages are small and scattered. It is estimated that 60 per cent of the villages are in the population group of below 1,000. The scattered nature of the villages increases distribution costs, and their small size affects economic viability of establishing distribution points.

(v) Rural markets and sales management: Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional. He may have to spend a lot of time on consumer visits to gain a favorable response from him. Channel management is also a difficult task in rural marketing. The distribution channels in villages are lengthy involving more intermediaries and consequently Introduction of Rural Marketing 56 higher consumer prices. In many cases, dealers with required qualities are not available.

(vi) Inadequate banking and credit facilities: In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural

outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank. Retailers are unable to carry optimum stocks in the absence of adequate credit facilities. Because of this problem, they are not able to offer credit to the consumers. All these problems lead to low marketing activities in rural areas. It is estimated that there is one bank for every 50 villages, showing the poor banking facilities in rural areas.

(vii) Market segmentation in rural markets: Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing. Most firms assume that rural markets are homogeneous. It is unwise on the part of these firms to assume that the rural market can be served with the same product, price and promotion combination.

(viii) Branding: The brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers. It has been observed that there is greater dissatisfaction among the rural consumers with regard to selling of low quality duplicate brands, particularly soaps, creams, clothes, etc. whose prices are often half of those of national brands, but sold at prices on par or slightly less than the prices of national brands. Local brands are becoming popular in rural markets in spite of their lower quality.

(ix) Packaging: As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods. It is also found that the labeling on Introduction of Rural Marketing 57 the package is not in the local language. This is a major constraint to rural consumers understanding the product characteristics.

1.9 What is innovation?

The classic definitions of innovation include:

- (i) The process of making improvements by introducing something new
- (ii) The act of introducing something new: something newly introduced (The American Heritage Dictionary).
- (iii) The introduction of something new. (Merriam-Webster Online)
- (iv) A new idea, method or device. (Merriam-Webster Online)
- (v) The successful exploitation of new ideas (Dept of Trade and Industry, UK).

- (vi) Change that creates a new dimension of performance
Peter Drucker (Hesselbein, 2002)

The term innovation may refer to both radical and incremental changes to products, processes or services. The often unspoken goal of innovation is to solve a problem. Innovation is an important topic in the study of economics, business, technology, sociology, and engineering. Since innovation is also considered a major driver of the economy, the factors that lead to innovation are also considered to be critical to policy makers. In the organisational context, innovation may be linked to performance and growth through improvements in efficiency, productivity, quality, competitive positioning, market share, etc.

All organisations can innovate, including for example hospitals, universities, and local governments. While innovation typically adds value, innovation may also have a negative or destructive effect as new developments clear away or change old organisational forms and practices. Organisations that do not innovate effectively may be destroyed by those that do.

2. Conceptualizing Innovation

Innovation has been studied in a variety of contexts, including in relation to technology, commerce, social systems, economic development, and policy construction. There are, therefore, naturally a wide range of approaches to conceptualizing innovation in the scholarly literature.

Fortunately, however, a consistent theme may be identified: innovation is typically understood as the introduction of something new and useful, for example introducing new methods, techniques, or practices or new or altered products and services.

It is useful, when conceptualizing innovation, to consider whether other words suffice. Recent authors point out that invention - the creation of new tools or the novel compilation of existing tools - is often confused with innovation. Many product and service enhancements may fall more rigorously under the term improvement. Change and creativity are also words that may often be substituted for innovation. What, then, is innovation that makes it necessary to have a different word from these others, or is it a catch-all word, a loose synonym? Much of the current business literature blurs the concept of innovation with value creation, value extraction and operational

execution. In this view, an innovation is not an innovation until someone successfully implements and makes money on an idea. Extracting the essential concept of innovation from these other closely linked notions is no easy thing.

One emerging approach is to use these other notions as the constituent elements of innovation as an action: Innovation occurs when someone uses an invention - or uses existing tools in a new way - to change how the world works, how people organize themselves, and how they conduct their lives. Note in this view inventions may be concepts, physical devices or any other set of things that facilitate an action.

An innovation in this light occurs whether or not the act of innovating succeeds in generating value for its champions. Innovation is distinct from improvement in that it causes society to reorganize. It is distinct from problem solving and is perhaps more rigorously seen as new problem creation. And in this view, innovation applies whether the act generates positive or negative results.

3. Conclusion

Rural marketing in India has still a long way to go, rural marketers have to understand the fact that rural marketing in India has a tremendous potential in our country. Rural marketers should understand this fact and try to tap the huge untapped potential in our country. The Present Generations is the witness to the fact that the rural markets are gradually yet steadily evolving and are on the way to become the hot beds for the future marketing activities. Also, a fact established beyond doubt is that these rural market being different from their urban counterparts on several counts, call for a distinctively different entry mode, operation strategy and marketing strategy for an ensure success in these markets. This naturedly presents a wide scope of innovation in the processes, delivery and value proposition. The key to success lies in bringing in the required distinctiveness through innovation which is continuous, cost effective yet efficacious. Some remarkable successes in the rural market bring to light the possibility of achieving the architectural innovation through consistent and accumulated incremental innovation. Such innovation can further be used as a platform for value innovation. A combination of architectural innovation and value innovation can further be used strategically by the company to emerge as a market driving company in the rural market

References

1. Kotler, Philip, "Marketing Management-Analysis, planning, implementation and control", Prentice Hall of India, 9th edition, 1997.
2. Bijoor, Harish, "Go Rural", Economic Times, June 14, 1999.
3. Shukla, R.K., "New Perspective in Marketing", Rural Marketing: Thrust and Challenges, National Publishing House, New Delhi, 1997.
4. Gopalswamy, T.P., "Environment, Problems, and Strategies", Wheeler Publishing, New Delhi, 1997.
5. Business India, Feb. 23-March 8, 1998.
6. P. Balakrishna and B. Sidharth, "Selling in Rural India," Hindu Business Line, Feb. 16, 2004.
7. http://www.itccorporate.com/agri_exports/e_choupal.html#top.