

Rural Marketing

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Economically the world is divided into two categories - developed countries and developing countries. The per capita income increases at a higher rate which leads to better living standard of people. This is called economic development. When the total national income is divided by total population, it is called per capita income. Whereas living standard means providing basic amenities like food, cloths, energy, transport services, education, health services and shelter to every citizen during a year. Agriculture contributes 70 % in national income, while export earnings through agro products is between 70 % to 90 %.

Economic activity means earning or spending some money by exchange of commodities or services. Various occupations and activities can be classified into three sections – (A) Primary sector, (B) secondary sector and (C) service sector.

(A) Primary sector:

Agriculture and agriculture related activities such as cattle rearing, fishing, poultry farm, growing of trees, collection of forest products and digging of raw metal etc. are included in primary sector.

(B) Secondary sector:

Industries involved in the production of machinery, transportation, tools for communication, electricity goods, readymade commodities, factories producing color, chemical, medium and small size industries, units producing artistic items in secondary activities. In short industries involved in the production from pin to nuclear weapon are included in secondary sector.

(C) Service sector:

Services like business, communication, transportation, education and health, banking and insurance, tourism and entertainment, gas and electricity are included in service sector.

Meaning of Rural Marketing:

Rural areas are large and isolated with low population density. Rural marketing is promotion of company's products in the rural market by using strategies which differ from that of urban market. Rural marketing in India is large and scattered into number of regions. There is less number of shops available for market products.

Rural prosperity is tied with agriculture. If crop fails, the income of mass is directly affected. On account of green revolution, the rural population is consuming a large quantity of industrial and urban manufactured products. In this context a special marketing strategy namely rural marketing has emerged. The word itself involves delivering manufactured or processed inputs or services to rural consumers.

The rural market accounts for half of the total market for T.V. sets, fans, pressure cookers, bicycles, washing soap, tea, salt & tooth paste. That is more. Thus the rural market for (F.M.C.G) fast moving consumer goods is growing much faster than the urban market.

There are considerable difference between rural market and urban market. Nature, characteristics, buying patterns & behavior of consumer is differ as compared to urban part.

Urban economy mainly depends on secondary and service sector, while rural economy mainly depends on primary activities such as agriculture.

Problems of Rural Marketing:

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The problems of rural marketing are not decreasing in spite of efforts to improve in 9th five year plan. The situation is improving but slowly. The rural marketers have many challenges.

The problems of rural marketing are as follows:

➤ **Inadequate banking facility:**

Rural markets are not developing because of inadequate banking and credit facilities. Rural market needs banks to transact on credit basis and to obtain credit support from the bank. At present every 48th village in India only has bank.

➤ **Improper communication facility:**

Most villages even today largely depend on telegrams and phones for their communication. Other communication facilities are not available at significant level in rural part.

➤ **Many languages :**

India is a country of many languages. Language becomes a barrier in effective communication in the marketing efforts. Languages vary from state to state, place to place, district to district. There are now 18 schedule national languages.

➤ **Vast area:**

India is a vast country. India is approximately spread in 3214 km. from North to South and 2933 km. from East to West. Rural market consists of approximately 75 Cr. rural consumers spread in approximately 6, 38,365 villages.

➤ **Seasonal demand::**

Rural economy is seasonal. Rural people have two seasons namely kharif & rabi. Villages have money mostly in these seasons. As income is seasonal demand is also seasonal.

➤ **Poor infrastructure facility:**

Infrastructural facilities like roads, ware houses, power etc. are inadequate in rural areas. Infrastructural cost is very high and its impact adversely in the rural market activities.

LINQUEST Method for Marketing:

This method (soft ware) is developed along the following parameters.

- Demography
- Agriculture
- Income
- Literacy

As per the product is to be launched, the marketers would be interested in certain parameters like literacy level, income level, bank deposits, accessibility etc. In this software the marketer can give weighted average to different factors.

E.g. To launch new audio cassette recorders, parameters could be villages above population 1000, monthly income is minimum Rs. 2000 and distance from nearest town is within 30 km.

Branding:

Branding is a word which gives specification to the product. It creates individual identification in the product and it can be easily differ from rival product. The term brand is broadly applied as trade name, trade mark, trade symbol etc. e.g. Pepsi, Life boy etc.

The rural consumers like to stick to brands that give value for money. Branded product can be easily recognized by the customer in the retail shop. Brands of a product plays an important role to attract the rural customers because they mostly believe in the brands, just by seeing branded products they will purchase assuming that they will be satisfied by product.

Some of the brand names that have created lasting impact on rural consumers are as follows:

✓ Life boy



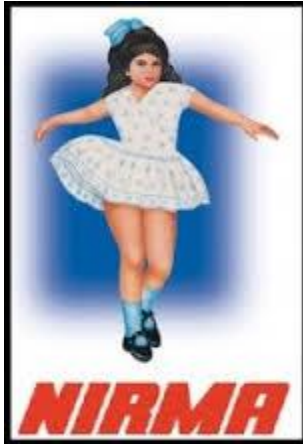
✓ Parle



✓ Amul



✓ Nirma



✓

❖ **Utility of products:**

The rural people are concerned with the utility of the items rather than appearance or show. e.g. HMT watches are popular for utility value.

❖ **Distribution in rural market:**

The rural consumers normally purchase their household requirements from village shops.

❖ **Obstacles to reach the rural consumers:**

- 1) The distribution chain requires a large number of intermediates and it increases the cost of distribution.
- 2) Non availability of dealers.
- 3) Inadequate banking facilities.
- 4) Transport and communication facilities are generally not good in villages

❖ **Distribution in Rural Market**

Marketing channel is the route taken by the producer to reach the consumer. Every marketing channel starts with the producer and ends with the consumer. It's a two way communication. Consumer purchase goods through such channels and producers reach the consumers through marketing channels. The channel members consist of wholesalers and retailers who are middle men in distribution and they perform all marketing functions.

Level Manufacturer ↓ Consumer	Level Manufacturer ↓ Retailer ↓ Consumer	Level Manufacturer ↓ Distributor ↓ Retailer ↓ Consumer	Level Manufacturer ↓ C & F Agent ↓ Distributor ↓ Retailer ↓ Consumer	Level Manufacturer ↓ C & F Agent ↓ Rural Distributor ↓ Wholesaler ↓ Retailer ↓ Consumer
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1) **Manufacturer – Consumer (Direct sale)**

In this case, the stocks are directly supplied to the consumer avoiding middle men and their commission. This benefits the consumer as well as the seller.

Ex. In many states, the government has encouraged farmers to sell vegetables directly to urban consumers by establishment of “ farmers market “ These markets are known as “Rythu Bazar” (Andhra Pradesh) These markets are run by government and only farmers are allowed to sell the agricultural products in the market. The farmers come from about 25 villages surrounding city and are allotted stalls by the market committee. The market committee also provides cold storage facilities for perishable commodities.

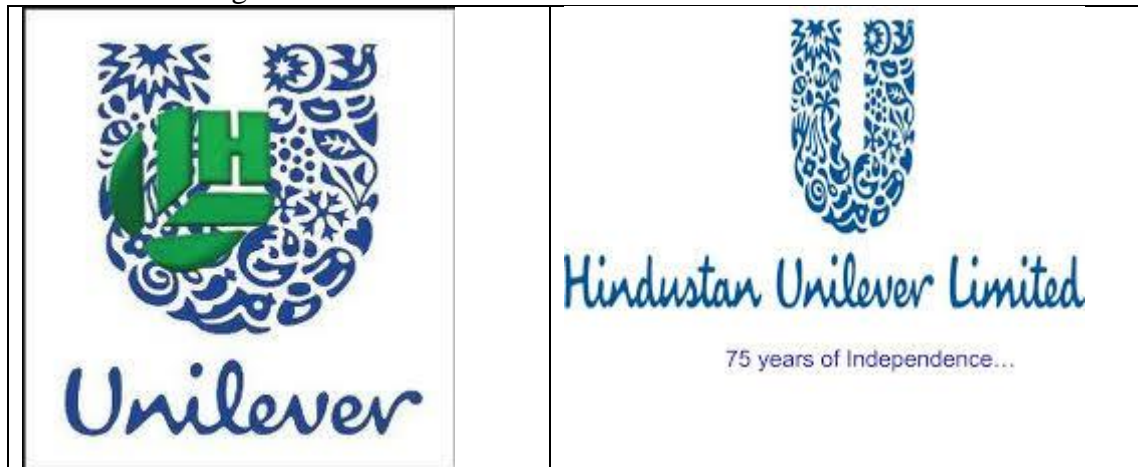
2) **Manufacturer - Retailer – Consumer**

Here the stocks are sold to the consumers through a network of retailers.

Ex. Mahindra and Mahindra tractors have appointed dealers in important rural market. A dealer covers one district. The company arrange for supply of tractors to these retailers from their manufacturing unit. The dealer looks after sale and service of tractors.



Hindustan Unilever (HUL) started successful rural marketing projects like “Operation Bharat” covered 13 million rural household. During the course of operation, there were HUL vans which visited villages across the country distributing sample packs at a low price. Pack each shampoo, talcum powder, toothpaste and skin cream priced at Rs. 15. It was done to create awareness of the company’s product in rural marketing.



Rural marketing is growing at a far greater speed. Now multinational companies have realized the potential and are ready to tap rural markets. Colgate, LG Electronics, Philips, Britannia and Hero Honda are trying to seep in rural market.

3) Manufacturer - Distributors - Retailer – Consumer

The manufacture appoints distributors in key rural markets and these distributors cater the needs of retailers in rural villages.

4) Manufacturer – Company Depot.-C&F Agent - Distributors - Retailer – Consumer

In this case, the manufacture moves the stock to company depot/depot operated by a C&F agent and from these depots, stocks are supplied directly to distributors & from there to retailers.

Conclusion:

As India is developing country, contribution of Agriculture in national income is very high. On the contrary, in an developed country, contribution of agriculture is very less or negligible.

Country	Contribution of agriculture
England	2%
England & USA	3%
Canada	5%
Australia	7%
India	60%

Thus to get sustainable Rural Market, qualitative market and the upliftment of rural area, in 10th five year plan, Govt. has emphasized on Small Scale Industries & Cottage Industries, but still it is in slow motion.

The rural consumers are scattered all over India in wide rural areas. Considering low income of rural consumers, low population rural areas, inadequate road infrastructure facility in rural areas, it is very difficult & uneconomical to cater all services in all villages. The marketers have to follow a selective approach, based on market potential in developing a network of distributors & retailers in Rural Markets.