

## Marketing Strategies in Rural Markets

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### Abstract

Rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas. Number of strategies like product, price, promotion, distribution, marketing and sales strategies can help various organizations to capture large market share of rural India. However, it is not that easy to operate in rural market because of several problems such as underdeveloped people and underdeveloped markets, Inadequate Media coverage for rural communication, Multi language and Dialects, Traditional Values, Lack of proper physical communication facilities. But every problem has its solution. So, the problems of rural marketing can be solved by improving infrastructure, transportation, communication, warehousing and packing facilities.

**Keywords -** *Transportation, Non-Agricultural Workers, Corporation*

### Introduction

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution; the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, **rural marketing** has emerged. Rural marketing in Indian economy can be classified under two broad categories. These are: The market for consumer goods that comprise of both durable and non-durable goods. The market for agricultural inputs that include fertilizers, pesticides, seeds, and so on. The concept of rural marketing in India is often been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the

marketing of various products manufactured by the non-agricultural workers from rural to urban areas. To be precise, Rural Marketing in Indian economy covers two broad sections, namely: Selling of agricultural items in the urban areas, Selling of manufactured products in the rural regions.

### ***Review Of Literature***

Hindustan Unilever is the pioneer and largest player in India's FMCG market. HUL was the first company to step into the Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market through its urban network stockists and distributors. HUL proactively engaged in rural development in 1976 with Integrated Rural Development Programme in ETAWAH district of Uttar Pradesh. In 1990, HUL launched 'Operation Streamline' for distribution of products to inaccessible rural markets with High potential using unconventional transport like bullock carts, tractors and bicycles and appointed rural distributors and star sellers. In 2000, HUL started Project Shakti to reach inaccessible low potential rural markets. This project has reached 100,000 villages. HUL embarked upon Project in 2003 to create sustainable villages in Dadra and Nagar Haveli. Today HUL's products touch the lives of two out of every three Indians.

**Kotni VV Devi Prasad (2012)** proposed to undertake this study to find out various ways to tap the potential rural markets. The main aim of this study was to observe the potentiality of Indian Rural Markets and finding out various problems are being faced by rural markets. This paper attempted to provide a brief literature on rural marketing and finally offers policy recommendations for better performance of rural markets by adopting SWOT analysis matrix to rural markets.

**Priya Lakshmi and Vandana Bajpai** stated that the objectives of rural management is to organize, develop and utilize the available at optimal level to proper utilization and productivity of resources, in such a manner that the entire rural population may be benefited by it and increase the production and consumption to increase Indian economy. Ruralmanagement also helps to enhance living standard rural people. Since independence, the Government has initiated certain plans for the betterment of rural people. Upgrading rural market is one way to improve access to marketing opportunities. Early to pre- independent, Indian rural people played very important role in Indian independent movement and make India free from British regime, but rural people did not get much attention from Indian govt. and other business organization, to understand them and fulfil their needs and wants. Although India is an agriculture based country and Indian economy is totally based upon agriculture and villagers, even they have being ignored. Since 1990 the wave of L.P.G. 2 (Liberalization, Privatization and Globalization) has changed the face of Indian rural markets and still is in its transition period, due cut throat competition in urban markets, more market saturation and negative.

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### Objective Of The Study

To develop an insight into the term, size and Strategies of Rural Marketing.

To discuss the emerging problems in Rural Marketing.

To provide suggestions in order to make the rural marketing a success.

### Nature And Source Of The Data:

The study is descriptive in nature. Various websites and books are explored to gather the relevant information.

### Features Of Rural Marketing:

Some of the important features or characteristics of Rural Marketing in Indian Economy are being listed below:

With the initiation of various rural development programmes there have been an upsurge of employment opportunities for the 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. The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the maximum population and regions and thereby, the maximum number of consumers.

### Size Of Rural Market

According to the census of India village with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400 Sq.km and with at least 75% of the male working population engaged in agriculture activities would qualify as rural. According to this definition there are 6,38,000 villages in the country of these 0.5% has a population about 10,000 and 2% have population between 5,000 and 10,000 around 50% has a population less than 200. Interestingly, the FMCG and consumer durable companies, any territory that has more than 20,000 & 50,000 population respectively in rural market so for them it is not rural India which is rural. According to the census of India 2001, there are more than 4000 towns in the country. It has classified them into 6 categories around 400 class-I to towns with 1,00,000 and above population, 498 class-II towns with 50,000-99,999 population, 1368 class-III towns with 20,000-50,000 population, 1560 class-IV towns with 10,000-19,999 population. It is mainly the class-II & class-III towns that markets term as rural.

### Demographic Profile Of Indian Rural Market

About 285 millions live in urban India where as 742 millions reside in rural areas. The No. of middle income & high income households in rural India is expected to grow from 46 millions to 59 millions. Size of rural market is estimated to be 42 millions household and rural market has been going at 5 times the growth of the urban market. More government, rural development programs. Increase in agricultural productivity leading to growth of rural disposable income. Lowering

of difference between taste of urban and rural customers. The Indian rural market with its vast size and demand offers great opportunity to marketers. Our national is classified in around 450 districts & approx. 6, 30,000 village which can be stored in different parameters such as literacy level, accessibility income levels, distance from nearest town etc. The rural market accounts for half of the total market for Tv sets, fans pressure cooker's, bicycle's, washing soap, tea salt & tooth powder, what is more, the rural market for FMCG product is growing much faster than the urban market

### **Need Of Rural Marketing**

There are many reasons that have urged the Indian companies to enter the rural India. Some of them are discussed here: The rural Indian population is large and its growth rate is also high which shows that the Indian rural market has great potential which needs to be captured. The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market. The rural audience has matured enough to understand the communication developed for the urban markets Television has been a major effective communication system for rural people and, as a result, companies can identify themselves with their advertisements. Socio-economic changes (lifestyle, habits and tastes, economic status) Infrastructure facilities such as roads, electricity and media in rural India has improved and it now becomes comparatively easy to transport goods to rural parts of the country. Literacy level among the rural mass is increasing day by day. Rural consumer can understand the message given by the producers in the advertisements. Expectations of the people living in rural India have increased manifolds. So. Manufacturers can capture large market share by meeting the expectations of rural people.

### **Strategies For Rural Marketing**

Strategies that may be helpful in improving marketing in rural areas are listed below

- A. Product Strategies
- B. Pricing Strategies
- C. Distribution Strategies
- D. Promotion Strategies
- E. Marketing Strategies
- F. Sales Strategies

#### **A. *Product Strategies:***

1. **Small unit and Low price packing:** By making the product available in small and low price packing, a company can attract villagers to at least try its product because larger pack sizes may be out of reach for rural consumers because of their price and usage habits. For example: Shampoos, Biscuits.
2. **New Product Design:** A company can opt for new product designs or modified designs that

are specially meant for rural areas keeping their lifestyles in view.

3. **Sturdy Products:** Sturdiness of a product either in terms of weight or appearance is an important fact for rural consumers. The product meant for rural areas should be sturdy enough to stand rough handling and storage. People in rural areas like bright flashy colours such as red, blue, green etc., and feel that products with such colours are sturdy but they are more concerned with the utility of the item also.

4. **Brand Name:** The brand name awareness in the rural areas has fairly increased. A brand name and is very essential for rural consumers to remember the product.

**B. Pricing Strategies:**

The pricing strategy for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not compromising with the utility and sturdiness of the product.

1. **Low cost Products:** This strategy can be adopted by both, manufacturing and marketing men. Price can be kept low by small unit packing.

2. **Simple Packaging:** Sophisticated packing should be avoided and Simple packaging should be adopted to cut down the cost.

3. **Reusable packaging:** Packaging that is reusable and can be refilled attracts the attention of rural buyers. For examples: ZanduChyawanprash is providing plastic Containers that can be reused by the consumers.

4. **Application of value engineering:** This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'soya protein is being used instead of milk protein. Milk protein is expensive while soya protein is cheaper but the nutrition value is same.

**C. Distribution Strategies:**

Most of the manufacturers and marketers can arrange for distribution to villages using the strategies listed below:

**1.UsingOwn Delivery Van:** One of the way of distribution to rural area can be using delivery vans which can serve two purposes-it can take product to consumer in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only big companies can adopt this channel.

**2.Annual Melas:** Annual melas organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to Indian Market Research Bureau-around 8000 such melas are held in rural India every year. Also every region

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consisting of several villages is generally served by one satellite town termed as Mandis and Agri-markets where people prefer to go to buy their commodities. By making product available in these annual Melas, Mandis and Agri Markets, a firm can cover large section of rural population.

**3.Paintings:** A picture is worth thousand words. This way of conveying message is simple and clean. Rural people like the sight of bright colours. COKE, PEPSI and TATA traders advertise their products through paintings.

### ***D. Promotion Strategies:***

Mass media is a powerful medium of communication and other strategies that can be followed to promote the product in rural market include:

#### **1. Promoting Products with Indian Models and Actors:**

Companies should picking up Indian models, actors for advertisements as this will help them to show themselves as an Indian company. Shahrukh Khan is chosen as a brand ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford.

**2. Associating them with India:** MNCs must associate themselves with India by talking about India, by explicitly saying that they are Indian. M-TV during Independence Day and Republic Day time make their logo with Indian tri-colour **Promoting Indian Sports Team:** Companies may promote Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. ITC was promoting Indian cricket team for years; during world cup they launched a campaign "Jeetahajitegaapna Hindustan India IndiaIndia".

**3. Talking about a Normal Indian:** It is a normal tendency of an Indian to try to associate him/her with the product. If he/she can visualize himself/herself with the product, he /she become loyal to it. That is why companies like Daewoo based their advertisements on a normal Indian family.

### **Communicating In Indian Language**

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.

### ***E. Marketing Strategy:***

Marketers need to understand the psyche of the rural consumers and then act accordingly. Rural marketing involves more intensive personal selling efforts as compared to urban marketing. Firms should refrain from designing goods for urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large number so that the brand can be associated with the rituals, celebrations, festivals, melas and other activities where they assemble.

***F. sales Strategy:***

Rural sales strategy will include hiring employees genuinely like spending time in the rural areas and who are comfortable with the local language. Marketers can continuously assess all aspects of the business by interacting with the people and their family members personally, evaluating product choices for popularity and keeping favorites on the list.

**1. Understanding Cultural and Social values:** It is

recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

**2.Changing Perception:** If one go to villages they will see that villagers using Toothpaste, even when they can use Neem or Babool sticks villagers are using soaps like Nima rose, Breeze, Cinthol etc. even when they can use locally manufactured very low priced soaps. Villagers are constantly looking forward for new branded products. What can one infer from these incidents, is the paradigm changing and customer is no longer price sensitive? They just want value for money.

**PROBLEMS IN RURAL MARKETING**

The rural market offers a vast untapped potential. It is not that easy to operate in rural market because of several problems and also it is a time consuming affair and it requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The problems are:

- Underdeveloped people and underdeveloped markets
- Inadequate Media coverage for rural communication
- Multi language and Dialects
- Traditional Values
- Lack of proper physical communication facilities

**1. Underdeveloped people and underdeveloped markets:** The technology has tried to develop the people and market in rural areas. Unfortunately, the impact of the technology is not felt uniformly through out the country. Some districts in Punjab, Haryana or Western Uttar Pradesh where rural consumer is somewhat comparable to his urban counterpart, there are large areas and groups of people who have remained beyond the technological breakthrough.

**2. Inadequate Media coverage for rural communication:** A large number of rural families own radios and television sets. There are also community radio and T.V sets. These have been used to diffuse agricultural technology to rural areas. However the coverage relating to marketing is inadequate using this aid of Marketing.

**3. Multi language and Dialects:** The number of languages and dialects vary from state to state region to region. This type of distribution of population warrants appropriate strategies to decide the



extent of coverage of rural market.

4. **Traditional Values:** The traditional values and superstitious beliefs of the rural regions seem to be a major hurdle in the progression of this sector.

5. **Lack of proper physical communication facilities:**

Nearly 50 percent of the Villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.

### **SUGGESTIONS**

- Infrastructure of markets and warehouses should be regulated so as to ensure fair prices. The arrivals of various products such as Food grains, Vegetables, Dairy products and Flowers etc. need speedy transport. Therefore, rural roads must be compliment and coordinate with railways, nearest waterways (port), airports to avoid spoiling of such products.
- The efficient marketing and distribution system is necessary to reach ultimate consumer in the quickest time possible at minimum cost.
- The communication systems must be developed to make it appropriate to rural market. If not possible, communication must be in regional language.
- Public weighing machines one in each rural market to ensure correct weigh for both for farm and non-farm arrivals. Storage godown are also required.
- For storage facilities the government should not depend on private agencies to store food grains (National commission on Agriculture recommended).
- The existing marketing staff must be increased and adequate training must be given.
- The proper packaging technology must be improved.

### **Conclusion**

The vital role rural marketing have to play in the economic development of a developing country, is beyond doubt at present. An intensive effort in order to provide the basic facilities to rural consumers is the need of the hour. Indian rural marketing system should be made much more competitive by infusing competition within the country and preventing the external system equation from interfering with the local markets in the larger interests of the nation.

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