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Rural Marketing : The Assorted Dimensions and Scenarios with the Key Scenarios

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Abstract

Rural environment is closely connected to nature as agricultural lands, forests, rivers, mountains, etc., whereas the environment is man-made in urban areas. In rural areas, social contacts are personal and relatively long-lasting. In urban areas, the relations are impersonal, casual and mostly short-lived. Rural areas refer to countryside that are sparsely populated places and are distinct from thickly populated urban areas. Rural people live in villages, in farms and in isolated houses. Lifestyle in rural areas are different from urban areas due to limited availability services such as schools, banks, hospitals, libraries, sewerage, street lighting, public transport and telecommunication facilities. The basic facilities such as housing, health, education, water supply, roads, communication and transport are poor in most of the rural areas. Half of the people in rural areas live in unhealthy and

unclean environment. Poverty, unemployment and lack of financial resources for modernising agriculture and starting small industries are the other problems faced by rural people. The rural environment is different from urban environment. Rural marketing is a compilation of the developed product, reasonable price, appropriate placing and right awareness. The marketing rule states that, the right product, at the right price, at the right place, at the right time, through the right medium should reach the right customer. This same rule stands good for rural marketing also.

Keywords: Rural Segment, Rural Marketing, Rural Market and Economy

Introduction

The Rural Marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole. Marketing communication, and promotion too, poses problems in rural markets. There are many constraints emanating from the profile of the audience and the availability of media. The literacy rate among the rural consumers being low, the printed word has limited use in the rural context. In addition to the low level of literacy, the tradition bound nature of the rural people, their cultural barriers and taboos and their overall economic backwardness add to the difficulty of the communication task. The situation is further compounded by the linguistic diversity. Rural communication has to necessarily be in the local language and idiom. The constraints of media further compound the difficulty. It has been estimated that all organized media put together can reach only 30 per cent of the rural population of India. TV is an ideal medium for communicating with the rural

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masses. But its reach in the rural areas is limited even today. As regards the print media, the various publications reach only 18 per cent of the rural population. Even in areas reached, the circulation is limited. And the low literacy level of the rural population acts as a further inhibitor in the use of the print media in rural communication.

Over the last few decades, the Indian rural market has become prominent due to growth in the purchasing power of rural population. The rural areas consume a large quantity of products manufactured in urban areas; therefore, the rural market is getting more importance than urban market. Nowadays, the marketers are looking for expansion in the untapped rural market.

Due to stiff competition in domestic as well as global markets, companies are now moving from urban areas to rural areas. Companies are establishing themselves in rural areas by developing and upgrading the knowledge of their products and creating a segment of necessity for their products among customers. The rural areas had negligibly been tapped, but increasing globalization, has forced marketers to connect with the rural markets.

The majority of Indian population lives in rural areas; therefore, there is a vast scope for marketing in rural India.

The variations in behavior due to consumer environment geographical, occupation, demographical and behavioral, influences the lifestyle and create altogether different sets of needs in different areas. This creates the need to segment the rural market to cater it effectively and profitability.

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The literacy rate is low in rural areas as compared to urban areas and leads to the problem of communication for promotion purposes. With low literacy rates, print medium become inefficient and to an extent irrelevant in rural areas since its reach is poor.

The dependence is more on electronic media – cinema, radio and television but the rural literacy level has improved in the rural past. Rural people have started to go to urban areas for higher education. Even government has introduced various schemes for rural education. Awareness has increased and the farmers are well informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.

The purchasing power of the people in rural areas is dependent on several direct and indirect factors related to the rural economy. Marketing agricultural surplus and rural – urban terms of trade are the main sources of purchasing power for rural consumers. To a large extent, Indian agriculture is dependent on rainfall.

Therefore, the rural demand for consumer goods is indirectly influenced by the rainfall. This results into inadequate purchasing power of the rural consumers. But now a day's purchasing power of the rural people is increasing because government spends huge amounts of money on irrigation, flood control, infrastructure development, antipoverty schemes, subsidies etc.

Therefore, marketers are interested in developing the market in rural area. Media has reached to rural area, so it becomes easy for marketer to sell product in rural area. Marketers have realized the potential of rural markets and thus are expanding their operations in Rural India.

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Traditionally, farmers have treated agriculture as a way of living and they produced just enough quantities to meet their family requirements. Many progressive farmers have increased the yields of crops by following modern agricultural practices. Even small farmers will be encouraged to increase production. When agriculture is well developed, the income of farmers will go up as a result of high marketable surplus. This provides good demand for industrial and consumer goods.

Mahatma Gandhi has rightly said, "India lives in villages and to become a developed nation, villages have to be developed". The Government has taken the initiative for economic development of rural areas and through Five Year Plans have invested heavily in development of agriculture, animal husbandry, irrigation, electricity, dairy and khadi and village industries and infrastructure facilities. In the Tenth Five Year Plan, high priority was given to the development of agriculture and rural areas, transportation, communication, electricity and social services like health, education, employment generation.

Dr. Manmohan Singh recently talked about his vision for rural India. "My vision for rural India is of modern agrarian, industrial and services economy co-existing side-by-side, where people can live in well-equipped villages and commute easily to work, be it on the farm or in the non-farm economy. There is much that modern science and technology can do to realise this vision. Rural incomes have to be increased. Rural infrastructure has to be improved. Rural health and education needs have to be met. Employment opportunities have to be created in rural areas."

Rural development is a comprehensive programme and includes growth in agriculture, village industries, service sector, and development of housing, public health, literacy, transport, education and communication.

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The government has initiated a holistic and integrated approach to rural development consisting of the following:

(i) Rural Infrastructure Development Programme under the umbrella of 'Bharat Nirman'.(ii) National Food for Work Programme which focuses on Employment Guarantee Programme. The work relates to water conservation, land development, flood control and rural connectivity.(iii) Sampoorna Gramin Rozgar Yojana (1993) with the aim to provide additional wage employment in rural areas and also food security.(iv) Pradhanmantri Gram Sadak Yojana – Launched in 2000, with the objective of constructing new roads and connecting about one lakh villages and upgrading existing roads.(v) Rashtriya Bal Swasthya Karyakram (2013) provides – Free Treatment of Childhood Illnesses under National Rural Health Mission.(vi) Swarnajayanthi Gram Swarojgar Yojana – Launched in 1999, the programme aims at developing self-employment among villagers through mix of need-based credit and subsidies. The earlier programmes such as Intensive Rural Development Programme, Million Wells Scheme, Development of women and children in rural areas have been merged under this scheme.(vii) National Rural Employment Guarantee Scheme (2006)-(a) Rural housing project or providing shelter to rural people.(b) Stepping up credit flow to farmers and others.(c) Insuring against risks in agriculture.(d) Creating market for agricultural produce.(e) Providing agricultural market information through IT and internet connectivity.(f) National Food Security Mission to increase production of wheat, rice and pulses.(g) Rastriya Krishi Vikas Yojana to increase public investment in agriculture.(viii) National Agricultural Extension System towards extension training to farmers.(ix) National Horticulture Mission (NHM) is being implemented by the Ministry of Agriculture with effect from 2005-2006. The objectives of the mission are to increase production and productivity of horticulture crops (fruits, vegetables and flowers), reduce post-harvest losses,

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improve nutritional security, increase exports, increase farmers' income and generate employment opportunities for the unemployed.

The floriculture exports have touched Rs.1,000 crore by 2010. The domestic market is estimated at about Rs.3,000 crore and is growing at 40 per cent per annum. The Government is setting up flower auction centres in Bengaluru, Kolkata, Noida and Mumbai and is improve cargo-handling facilities in Goa, Calicut and Coimbatore.

The latest report from Central Statistical Organisation shows that states like Bihar, Uttaranchal, Uttar Pradesh, Chhattisgarh and Jharkhand have shown higher growth between 2004-05 and 2008-09 compared to All India growth for the same period. Example-Bihar has recorded a growth of 12.10 per cent in the 11th Plan period ending 2012 compared to country's average growth of 7.90 per cent.

Agriculture contributes to about 16 per cent of GDP of our country but over 65 per cent of the rural population is depending on agriculture for their livelihood. The agricultural sector plays a major role in the Indian economy as it provides food grains to urban population and also supplies raw materials like cotton, sugarcane and labour force to industrial sector.

Agricultural prosperity generates considerable demand for consumer goods in rural areas. States like Madhya Pradesh has shown agricultural growth of 9.04 per cent compared to all India growth rate of 3.20 per cent during the 11th Five Year Plan. Madhya Pradesh has 16 lakh hectares under irrigation compared to 7 lakh hectares in 2003.

The following initiatives have lead to growth and development of agriculture:

(a) Agricultural Education and Research – Establishment of agricultural colleges and research stations has ensured availability of technical manpower and technological developments in agriculture.

(b) The Green Revolution during late 60s and early 70s focused on increasing yields of crops through modern cultivation practices. From a food deficit nation in mid-60s, our country became self-sufficient in food production in 1971 and we are now exporting agricultural produce to other countries. There has been an increase in disposable income of rural people.

(c) Crop Diversification – Change in cropping pattern from food crops to cash crops like cotton, chilies, fruits, vegetables, flowers and production of seeds have enabled the cultivators to increase their income.

(d) Diversification of Agriculture – Considering the dependence on monsoon, many farmers have taken up production of poultry, fish culture and dairying to supplement income.

(e) White Revolution was initiated by the Government for achieving self-sufficiency in milk production. The policy envisaged producing milk through rural cooperatives and moving the processed milk products to urban areas. Milk production increased from 17 Mio tonnes in 1950 to 123 Mio tonnes in 2012 and increase in rural income. The Indian dairy industry is now the world's largest, accounting for a 20 per cent share in world milk production.

At present, only about 20 per cent of the milk produced is processed. The demand for dairy products can be easily met by processing a major portion of milk produced. There are opportunities for export of high quality dairy products and rural India can be converted into a dollar India.

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In an underdeveloped country, a large part of national income is contributed by primary sector (Agriculture) and as the country develops, share of primary sector declines and that of secondary (Manufacturing) and tertiary sector (Services) increase.

There has been expansion of industrial and service sectors leading to more employment opportunities. Therefore, Indian economy has undergone a change from underdeveloped economy to a developing economy.

The average household income has increased from Rs.52,000 (2005) to Rs.76,000 (2010). Further it has been observed that monthly salary earners have high income compared to income from the farm. The rise in income coupled with increased awareness and the need for possess modern goods have influenced the rural marketing environment in the country.

The mobility towards higher income group has been higher in rural area compared to urban. The rural consumer is quickly moving from basic necessities to branded products.

Examples-

(a) The rural youth forms a distinct segment of the population. They are modern, knowledgeable and receptive to changes than their elders. They value material comforts and are quick in adopting fashionable lifestyle. Marketers of two-wheelers, TVs, ready-made garments, soft drinks, cosmetic, etc., are targeting the youth market.

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(b) Premium brands like Denim Talc and Pantene have entered the market though current volumes are low.

(c) The consumption of instant noodle, an urban product, is growing fast in rural areas.

Expansion of TV network and more channels have contributed to the growth of rural markets. Through several TV channels and internet, rural consumer is also exposed to the global village.

There are about 6 lakh inhabited villages and about 80 per cent of the villages have been connected through Village Public Telephones. Ending 2011, there were 929 million mobile subscribers. Out of this 327 million subscribers are from rural (35 per cent) areas. Further there are about 60 lakh public telephones in villages.

The Government plans to reach rural teledensity of 40 per cent by 2014. Regarding internet users, at the end of 2013, the number of total internet subscribers in rural India stood at 68 million (All India 205 million). Total internet subscribers is expected to reach 243 million by 2014. (More than in the US the second largest internet base in the world after China).

(a) Many states have Implemented E-governance projects. Karnataka's Bhoomi Project aims at computerisation of land records and the documents are made available through bhoomi kiosks.

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(b) E. Seva, for the payment of utility bills, purchase of travel tickets, issue of birth/death certificates, etc., initiated by Andhra Pradesh has been received well by consumers in urban and semi-urban areas.

(c) Very attractive schemes are offered by mobile operators for semi-urban and rural consumers.

(d) A key factor that has inhibited the development of rural India has been lack of access to critical information and services. Project I Shakti, an IT-based rural information service has been developed to provide information and services to meet the rural needs. I Shakti kiosk is operated by Shakti entrepreneur and provide information on health, hygiene, legal, veterinary, agriculture, education and employment.

Conclusion

Rural markets are becoming important for reasons of economic growth in these areas and increasing interfirm rivalry in urban market. The rural buyer is less educated, price sensitive, more traditional and is keen viewer of T.V and video programmes. Products for rural markets have to be simpler, easy to use, visually identifiable, affordable, communicated in an interesting style and available at the customers' door step. Rural marketing is a type of marketing in which activities are planned according to the needs and requirements of the people living in the rural areas. Marketing is the process of identifying the needs and wants of the consumers, then prepare that particular product or service in order to satisfy them, keeping in consideration the benefits of the organization. This concept applies to every type of marketing, whereas when we talk of rural marketing the emphasis is to be given on the rural areas. The focus remains on the people who are living in the remote areas,

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and the marketing activities should be planned accordingly. Seeing this, now-a-days many companies are turning towards the rural market to expand their scope, and to overcome competition or to restart or give new shape to competition. A lot of focus is required to be given on the rural markets because rural markets are the “tomorrow’s markets”.

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