

Rural Marketing:

The rural markets are estimated to be growing fastly compared to the urban markets. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of the green revolution in India, 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 taken shape. *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 inputs or services to rural producers or consumers.

Various definitions of Rural Market:

- **Census of India 2011:** The rural market has been defined as a place where the population is not more than 5,000, the density of population is not more than 400 per square kilometer and at least 75 per cent of the male working population is engaged in agriculture.
- **RBI (Reserve Bank of India):** Locations with population up to 10,000 people will be considered as rural and 10,000 to 1, 00,000 as semi-urban.
- **Planning Commission:** Places with population up to 15,000 people are considered as rural.
- **NABARD:** All locations irrespective of villages or towns, up to a population of 10,000 will be considered as rural.
- *Most Companies in the FMCG would define rural as any place with a population up to 20,000 people.*
- **Consumer Durable Companies would consider any town with a population below 50,000 people as rural.**
- *A Simple Definition from Marketers' View would be "any market that exists in an area where population with less than 10,000 people, low density of population and without significant infrastructure facilities is a rural market".*

Scope of rural marketing:

1. **Large Population:** According to 2011 census rural population is 68.4% of total population and it is scattered over a wide range of geographical area
2. **Rising Rural Prosperity:** Average income level has improved due to modern farming practices, contract farming, industrialization, migration to urban areas and remittance of money by family members settled abroad.
3. **Growth in Consumption:** There is a growth in purchasing power of rural consumers. Changing Lifestyle: Lifestyle of rural consumer has changed considerably.
4. **Life Cycle Advantage:** The products, which have attained the maturity stage in urban market, are still in growth stage in rural market.
5. **Market Growth Rate Higher than Urban:** As per the survey made by NCAER the growth rate of FMCG market and durables market is higher in rural areas as compared to urban areas.
6. **Rural Marketing is not Expensive:** To promote consumer durables within rural areas it costs Rs one crore while in urban areas it will costs in millions.

Government Initiatives:

The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption. E-commerce players like Flipkart, Snapdeal, Infibeam and mobile wallet major Paytm have signed Memoranda of Understanding (MoUs) with the government to reach rural areas by connecting with the government's common service centres (CSCs) being setup in villages as part of the 'Digital India' initiative. With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. The scheme aims to provide irrigation to every village in India by converging various ongoing irrigation schemes into a single focused irrigation programme. The Government of India aims to spend Rs 75,600 crore (US\$ 11.34 billion) to supply electricity through separate feeders for agricultural and domestic consumption in rural areas. This initiative is aimed at improving the efficiency of electricity distribution and thereby providing uninterrupted power supply to rural regions of India. To promote agriculture-based businesses, the Government of India has started 'A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE). The Government of India seeks to promote innovation and technology development in the remote rural and tribal areas. The programme called the 'Nav Kalpana Kosh' aims to improve rural areas at various levels, such as governance, agriculture and hygiene. Banks are working to set up rural ATMs, which will dispense smaller denomination currency notes. "We have encouraged banks to find a solution for bringing in rural ATMs banks will have to find an appropriate technology solution for a different type of ATM to care for the needs of the rural people. Despite India's rural population consisting of 65-70 percent of the total population, it accounts for only 40 percent of the total consumption of the country. The retail market has so far been unable to penetrate into these local markets due to supply chain inefficiencies, and poor connectivity in the rural areas. This fact is relevant as 53 percent of household sector spending comes from rural India. Indicative of its huge market potential, a report put by AC Nielsen projects showed that the FMCG sector will reach US \$100 billion by 2025 in rural and semi-urban India alone. Leading online commerce companies like Flipkart, Snapdeal, Infibeam and mobile wallet firm Paytm have already signed memoranda of understanding (MoUs) with the government to reach far-flung and rural areas. In terms of infrastructural support, the Ministry of Communications and Information Technology has established 100,000 its common service centres (CSCs) in villages to connect with e-commerce firms.

Factors differentiating Rural marketing from Urban marketing

1. **Infrastructure availability:** The electricity supply, availability of finance facility, education level, roads, connectivity, and presence of organized markets: In these infrastructural aspects, the rural market varies widely from the urban market.
2. **Income Streams:** It is seen that the pattern of income generation in rural areas based on agriculture is seasonal and highly unreliable unlike the fixed monthly income in the urban areas. This created a consumption pattern that is quite different from the urban one.
3. **Lifestyle:** The lifestyle and daily routine of consumers in two markets is markedly different. This creates significantly different profile of urban and rural consumers for the same product.

4. **Context:** because of variation in infrastructure, lifestyle and the income aspects, the context in which an individual exists in rural areas is very different from the one who reside in urban area. This creates difference in nature and priorities of needs in two markets.
5. **Socio-cultural background:** Value system and thus perception towards goods/services and consumption in general is quite different in the two markets.
6. **Accessibility:** The cost and logistics of accessing consumers in a highly widespread and heterogeneous rural market are very different from those involved in reaching urban consumers concentrated in good number in a single location. It demands two distinct marketing approaches.
7. **Media reach and habits:** The reach of media vehicles and the media habits, varying widely in rural and urban markets, requires different type of promotional strategy in these two markets.
8. **Nature of competition:** The nature and intensity of competition amongst the brands is very different in the two markets.
9. **Consumer behavior:** The consumer's response to marketing stimuli differs widely in two markets. The rural consumer behavior is quite different from that of urban buyer's behavior.