

## **Dynamics of Rural Marketing:**

### **Introduction:**

Consistent overall growth is witnessed by the Indian economy in recent year's especially in rural areas and rural market is termed as the key to survival in India. Improved and enhanced communication network has already given large insight to economy and income in rural areas thus resulting in higher involvement and high consumption rate. Due to increase in agriculture productivity buying power of the rural people has grown enormously in recent years. India's economy as such relies on agriculture; majority of sectors of economy relies and is dependent on rural demand. Slowly and steadily majority of urban markets is reaching maturation point, thus creating an immediate urge to emphasize on rural development. Because of increasing awareness level and disposal income majority of India's population near about 67-70% lives in villages and constitute big market for industry. Today majority of consumers almost  $\frac{3}{4}$  dwell in rural areas from where more than half of the Nation's national income is generated. Hence to survive in today's strong and competitive world there is an urgent need to tap markets in rural areas for organizations. Over the past few years rural market has been growing steadily and is now even bigger than the urban market. *'Go rural' is marketer's new mantra.*

Major multinationals and Indian companies such as Colgate from *CP group*, Hindustan UniLever as well as Godrej all have concentrated on rural markets. However it can be foreseen that upcoming day ahead looks very committed for those companies who are looking at the opportunities which markets in rural areas offer to the marketers and also for those who understand that **dynamics of rural market** as well as exploit them to their own advantage. Company's broad strategy of marketing rural products and service includes selling of agricultural based products, services rendered by rural industries and products of such kind. Various types of commodity market for trade channels which are available in rural areas are co-operative, regulated markets, processing industries, private institutes and similar state agencies. Without efficient and effective rural marketing strategies it is presumed that in a social cluster or village economy as a whole can be developed. However in planning era very little attention has been paid for the overall development of rural marketing. In true sense rural marketing is dynamic state of affairs and is also part and parcel of whole economy.

### **Present Status of Rural Marketing in India:**

The concept of rural marketing environment is quite complex in India which has been changing continuously since last few years. Hence marketing organizations who want to target the rural

market should foresee and adapt such strategies to make some necessary changes in market. An adaptive organization can always have modest growth and can stand competition by making effective marketing plans and also creating own strategies in a more creative way and also creating opportunities in the market with change in the dynamic environment as it might prove profitable for them. Hence in India there are various factors which affect consumer behavior, some of the major ones are discussed below:

**a. The environment in which consumer dwells:** *In India, environment or the surrounding in which the consumer lives or dwells certainly has a strong influence on buyer behaviour.*

**b. Influence of consumer's occupation:** *Occupation as such is the main source of income for any individual living in a society and the same applies to rural areas also wherein owners of land buy more consumer durables than agricultural labourers.*

**c. Brand Preference and Loyalty:** *People in rural areas will not give much preference to branded products but certainly give importance to loyalty for a product.*

**d. Place of purchase:** *Company needs to access those products to rural consumers which mostly influences purchase decision of rural consumer. Hence an organization having its presence in rural area should develop various shops and outlets where retailers can avail better services.*

**e. Geographic influence:** *The geographic location wherein the consumer is located also affects the thought process of consumer buying behavior.*

**Some of the major strategies for rural market in India are as follows:**

**a. Rural Market Segmentation:** It is one of the major factor which leads to influence the behaviour of rural consumer which necessarily requires better effort from company's point of view to make rural consumers satisfy their demands. *Besides in recent years majority of the organizations are focusing on segmenting the market which are as follows:*

1. **Demographic factors:** This is one of the major factors which is taken into consideration for segmenting consumer goods and fast moving consumer goods (FMCG's).

2. **Occupational or Sociological Segmentation:** This type of segmentation is based on economy wise categorization which necessarily reflects the purchasing power of farmers which includes Small farmers, artisans, tenant farmers, large level farmers, medium level farmers and very large farmers (Zamindars).

3. **Artisans:** These category of workers comprise of blacksmiths, carpenters, handicrafts and other people who are unemployed.

4. **Small farmers:** Comprises of farmers who own small farms and jointly owned farms for getting food.

5. **Medium level farmers:** Comprises of small farmers who are jointly owning farms for getting food.

6. **Large scale farmers:** Comprise of farmers who have large lands and are also local leaders who spend their time in urban areas doing other occupation besides agriculture.

7. **Very Large farmers, Land Lords (Zamindars):** Zamindars, businessmen and rich money lenders own big size lands and also maintain large size farms. Zamindars spend time in nearby urban areas doing some part time occupation.

### **Rural Branding:**

Branding is a process which is involved in creating a unique name and image for a product in consumer's mind mainly through advertising campaigns which are consistent with theme. Branding necessarily aims to establish significant and differentiated presence in the market that which attracts and retains loyal customers. Hence the term brand is generally applied to trade names, trade symbols, trademarks etc. Some of the major brand names which have created long lasting impact on rural consumers are Everyday batteries, Asian Paints, Lifebuoy, Parle, Dabur Chawan Prash, Parachute hair oil , Tata Salt, Amul, Nirma, Zandu balm etc.

### **Rural Market Research:**

By 2025 it is predicted that FMCG sector in rural and semi urban India is estimated to cross US\$100 billion. In terms of revenue rural FMCG market accounts for 40 percent of overall FMCG market in India. Amongst leading retailers, Dabur generates over 40-45 percent of its domestic revenues from rural sales. HUL rural revenue necessarily accounts for 45% of its overall sales while other companies earn around 30-35 percent of their overall revenues from rural areas. Also since 2000 India's per capita GDP in rural regions has grown at Compounded Annual growth rate (CAGR) of 6.2 percent. As a result of government's increased focus towards rural jobs and MGNREGA Scheme India's unemployment rate has declined to 4.8 percent in February 2017 compared to 9.5 percent in August 2016. Rural communication campaigns for rural markets call for different kind of outlook. For products to be easily accepted and made easier to reach the customers company's operating in rural areas should develop regional languages and also set in local culture. Besides mass media and outdoor media rural extravaganzas like melas, festivals and other events should also be taken as an opportunity by companies to promote their goods and services where villagers come together.

### **Rural Market Opportunities:**

The growth story of India is now spreading itself to India's hinterland, not just increasing only in its income but also in its production and consumption. Economy is growing vibrant and habits,

tastes, attitudes, preferences as well as income of consumers is rising rapidly. These changes are also evident in rural areas. As such companies are trying to trigger growth in rural areas. As banks are lending finance at low rate of interest there has been a substantial increase in affordability of purchasing costly products by rural people. Today Rural India offers a plethora of opportunities with the substantial up gradation in purchasing power; increased brand consciousness pattern and rapid spread of communication network all waiting to be harnessed. By large India's rural market offers huge potential for marketers and also seems to be the replacement of urban market. With its vast demand base rural market is extremely attractive and also offers various opportunities. As is the trend with urban India, consumers in rural region are expected to embrace online purchases overtime and also drive consumption digitally. Rural regions are very well covered by basic telecommunication services and also slowly witnessing increasing pattern of smartphones and computers. However taking advantage of this online web portals are being used as key channels to enter and establish themselves in rural market.

### **Conclusion:**

Indian rural market as such plays a pivotal role as it provides greater opportunity to the companies to stretch their reach to nearly seventy percent of the population. By uplifting the standard of the people, providing infrastructure facilities, quality of life of people residing in rural areas, rural market benefits the rural economy. Though the rural market has become a favorite destination for every marketers but it's important to realize that it has lot of challenges and risk, therefore corporations should assess the obstructions as vigilantly as possible. A thorough understanding of rural markets and systematic move towards are necessary to penetrate rural market. In order to develop marketing strategies and action plans, the corporations need to take into account the complex factors that influence the rural consumers buying behavior. The rural market is developed by rising purchasing power, changing consumption pattern, increased access to information and communication technology, improving infrastructure and increased government initiatives to boost the rural economy. The marketers tune to their strategies in accordance to the rural consumer in the coming years. In spite of all complexities involved in the rural marketing, the rural scene of rural environment is changing steadily in India. The biggest challenge today is to develop a scalable model of influencing the rural customer mind over a large period of time and keep it going. Traditional urban marketing strategies will have to be localized as per the demands of the rural markets. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioral change. Government support is necessary for the development of rural market in India to face the emerging issues and challenges in the core areas like; transportation, communication, roads, and credit institutions, crop insurance for better

utilization of land and water management. The rural markets are enticing and marketing to rural consumers is exciting. However, a clear understanding of the rural consumers and their current and future expectations are the major part of strategies to tap the rural market nowadays.