

# RECENT TRENDS AND INNOVATION IN RURAL MARKETING

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## ABSTRACT

Nation's essential part is constituted through villages. A majority proportion of global population resides in rural pockets of the world. Innovation in marketing is about introducing notable changes in designing of product or packaging, placement of product, pricing or promotion of product. Planning and implementation of marketing functions in rural areas is known as rural marketing. Success of marketers in rural areas depends on how well they understand the needs and mindset of rural consumers. Since this segment constitutes significant proportion of global population, it offers abundance of opportunities in comparison to urban sector. The paper will focus on the rural market scenario in India, trends, potentiality and early innovations made in rural market. In Indian context, innovations in rural markets should be based on 4 As namely: Awareness, Acceptability, Affordability and most importantly Availability. Exploiting new ideas should always lead to creation of new product or service which lowers the cost and at the same time has the potential to meet the demand.

## KEYWORDS

Indian Rural Market, Innovation, Rural Marketing, Rural Consumers & Challenges.

## INTRODUCTION

Innovation in marketing is an activity that involves new ideas that have a positive impact to a new product and service. Marketing is a process through which product and services information is communicated to the consumers. Innovative marketing concept is all about conducting market research into customer needs, behaviors and trends, develop changes within product designing, launching a new product in a unique place, pricing the product in a unique way, promoting products in an unconventional way, etc. For example, Grand Shoes is a Sweden based shoes store that deals in Size 12 to Size 17 branded footwear. Here Grand Shoes not targeted mass buyers but innovatively targeted the market with unique plus Size that customer don't get everywhere.

Rural Marketing can be defined as "the process of developing, pricing, promoting and distributing rural specific products and services leading to consumer satisfaction and achievement of organizational objectives". It involves the process of delivering better standard of living and quality of life to rural environment. It encompasses social interactions between the rural and urban as well as within the rural areas, which may be spontaneous or planned.

### Characteristics of Indian rural market:

1. **Vast and scattered:** It offers numerous opportunities to marketers and producers in comparison to urban sector. It constitutes the maximum number of consumers since it covers greater part of global population.
2. **Customary/traditional prospective:** People are traditional in their thinking level and also are superstitious in their beliefs. Due to increasing literacy level in rural belt, this trend is changing amongst rural youth.
3. **Major source of income:** AGRICULTURE is the major source of income for people living in rural areas. Their income is affected and purchasing power gets reduced due to crop failure.
4. **Rigidity:** Illiteracy, backward and orthodox are most persistent features amongst rural people. Due to which, it gets difficult to convince them to buy the products.

### Need of marketing in rural India:

#### 1. Large population of India

India 2019 population is estimated at 136.64 crores people at mid year according to UN data. India population is equivalent to 17.71% of the total world population. 68.86% Indian lives in rural areas and 31.14% lives in urban areas. This statistics clearly indicates the need for rural marketing.

#### 2. Employment generation

Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities

#### 3. Improved Rural Infrastructures

Rural marketing and basic infrastructures go hand to hand. Growth of rural marketing leads to improved transportation, insurance, banking, communication, entertainment, and other facilities. Due to availability of basic infrastructural facilities, business units can easily reach the target rural buyers

#### 4. Improved Living Standard

Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

#### 5. Development of Agro-based Industries

Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

### Trends in Rural Marketing

The companies must maintain their focus on the concept of quality with proper communication in order to bring a change in the outlook of Indian customer. Some of the recent trends in rural marketing are explained as:

1. Mass population: 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 villages. Indian rural market is huge in size because rural population accounts for almost 70% of Indian population as the recent Census 2011, 833 million live in rural India, 33% of rural population includes youth, number of households increased from 25 to 33 crore. The rural market is currently worth approximately USD\$ 10 billion in consumer spending in the FMCG market annually. Food categories are currently driving the bulk of the additional USD\$ 90 billion into the marketplace by 2025.

2. Green revolution: The vision of Dr. Swami Nathan, the father of the green revolution to achieve self-sufficiency in food grain production in 1995, gave a major breakthrough in food grain production by the use of scientific methods in agriculture. At present, Rural India generates 299 million tons annually. The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selected mechanisation, multiple cropping, inclusion of cash crops and development of allied activities like dairy, fisheries and other commercial activities have helped in increasing disposable income of rural consumers. By observing this scenario, India's one of the biggest giant Hindustan Lever Ltd. has entered into rural market for more penetration through the operation „Bharat“.

3. Smart phones are making their way into rural India: 320 million are rural mobile phone users i.e. roughly 38 per cent of the rural population, which includes children and senior citizens. The actual benefit of technology positively impacting rural economy will be seen when data communication is used effectively.

4. Increased education level and employability of rural youth: Villagers realized their children education is the first priority. Most of the rural youth especially teenagers are anveshanaindia@gmail.com, www.anveshanaindia.com 105 well aware of products due to their school education and media exposure. Significant progress on literacy levels – 90% of the villages have a primary school within a 1 km walk. Private school enrolment in rural India has enhanced by 5.5% points over past six years. The literacy rate has also gone up by 68.91% in rural India. This enhanced the employability of rural youth they are not sitting idle in villages they are motivated to go to nearby towns to find the jobs.

5. Increased purchasing power: Rural purchasing power has grown faster than urban in the recent years. Rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favourable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10% per annum. Government spending in rural India has tripled over the last four years and is now translating into higher consumer spending. Therefore, rural consumers are consuming more premium and convenience oriented categories that are typical of their urban counterparts. “Policy measures like the waiver of agricultural loans around US\$ 13.9 billion and the National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc helped the rural economy.

6. Government Incentives and polices: The government's stress on self-sufficiency resulted in various schemes like Operation Flood (White Revolution), Blue Revolution, Yellow Revolution, etc. resulted in the

production of 15 million tons of milk per annum. The Indian Government launched a number of schemes like IRDP (Integrated Rural Development Programme) and REP (Rural Electrification Programme) in the 1970's, which gave a boost to the agrarian economy. This resulted in changes in people's habits and social life. REP gave impetus to the development of consumer durable industry.

7. Media: Mass Media has created increased demand for goods and services in rural areas. Smart marketers are employing the right mix of conventional and non-conventional

Recent Trends in Rural Marketing 477 media to create increased demand for products. The role cable television has been noteworthy in bringing about the change in rural people's mind set and influencing their lifestyles.

8. IT penetration in rural India: Today's rural children and youth will grow up in an environment where they have 'information access' to education opportunities, exam results, career counseling, job opportunities, government schemes and services, health and legal advice and services, worldwide news and information, land records, mandi prices, weather forecasts, bank loans, livelihood options. If television could change the language of brand communication in rural India, affordable Web connectivity through various types of communication hubs will surely impact the currency of information exchange. As the electronic ethos and IT culture moves into rural India, the possibilities anveshanaindia@gmail.com, www.anveshanaindia.com 106 of change are becoming visible. Products developed for rural marketing are Philips develop a tv "vardaan" and free power radio for rural markets, ICICI rural ATMS, Bhumiheen credit cards by bank of India, E-choupal by ITC.

9. Better credit facilities through banks: With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on instalments.

10. Brand conscious: The rural market in India is not separate entity in itself and it is highly influenced by the sociological and behavioural factors operating in the country. Spending on FMCG products especially in the rural areas is showing an increasing tendency.

## CHALLENGES AND STRATEGIES IN INDIAN RURAL MARKETING

### CHALLENGES:

Today almost all of corporate India is falling head over heels to reach out to rural India, as it can help in adding substantially to their bottom lines. However the overall successful rate in rural markets is not so appealing. The problem in reaching out to the rural masses equals the prospects in the rural land. Very few corporate like Hindustan Unilever is on top list triumphant through their rural marketing projects like 'Shakti' 'Operation Bharat', Amul with their aggressive marketing strategy and ITC with their e-choupal. Many others like Coca-Cola, Colgate, Britannia, BSNL, LIC, Hero Honda, LG Electronics e.t.c are striving successfully to climb the rural ladder. The major challenges they face includes

- Deprived people and deprived markets
- Lack of communication facilities
- Transport
- Many languages and dialects
- Dispersed markets
- Low per capita Income
- Low levels of literacy
- Prevalence of spurious brands and seasonal demand

All of the above factors have been categorized into 4 A's of rural marketing which is also known as rural marketing mix which are as follows:

**Awareness:** Mass media is able to reach only to 57% of the rural population. Creating awareness then, means utilizing targeted, unconventional media including ambient media. For generating awareness, events like fairs and festivals, Haats, etc., are used as occasions for brand communication. Cinema vans, shop-fronts, walls and wells are other media vehicles that have been utilized to increase brand and pack visibility. Innovative media used by personal wash like Lux and Lifebuoy and fabric wash items like Rin and Wheel. Idea was to advertise not only at the point of purchase but also at the time of consumption.

Hindustan Lever relies heavily on its own company organized media. These are promotional events organized by stockiest. Godrej Consumer Products, which is trying to push its soap brands into the interior areas, uses radio to reach the local people in their language. Creating brand awareness through appropriate media is very important for the companies to gain acceptability among rural folks.

**Affordability:** Since rural consumers have low disposable incomes, products must be such that can be afforded by rural consumers. The problem of affordability has been addressed by few companies through introduction of small unit packs. Godrej recently introduced three sizes of Cinthol, Fair Glow and Godrej in 50-gm packs, Hindustan Lever, among the first MNCs to realize the potential of India's rural market, has launched a variant of its largest selling soap brand, Lifebuoy at Rs 2 for 50 gm. The move is mainly targeted at the rural market. Coca Cola has addressed the affordability issue by introducing the returnable 200-ml glass bottle priced at Rs 5.

HUL's initiated 'operation Bharat' to tap rural markets by bringing out low priced sample packets of its toothpaste, Fairness cream, shampoo, other products.

**Availability:** For making the products available to consumers, companies adopt a variety of means such as direct selling, using company delivery vans, syndicated distribution between non-competitive marketers, setting up of temporary stalls in rural melas or haths etc. In the rural areas with places far flung and well connected with proper roads, delivering the product to the rural consumers can be a challenge. Companies have realized this and are trying to be creative in this situation.

The company, BPCL initiated specially designed 'Rural Marketing Vehicle' which moved from villages to villages for filling cylinders on spot.

HUL started Project “SHAKTI” in partnership with Self Help groups of rural women. The project ‘Shakti’ with a social aim of upliftment of rural women by providing income-generating opportunities was intended to amplify the company’s rural distribution network. HUL’s Shakti project connects Self Help Groups (SHGs) with business opportunities. The company promotes and uses the SHGs network present in the villages for increasing its sales in the rural areas. The SHGs are presented chance to become company’s local small-scale distributor in the rural areas. These groups typically comprise of 15 to 20 people. They buy a small stock of items like soap, detergents or shampoos and sell directly to consumers in their homes. This innovative distribution model is a win-win for the company and the village SHGs.

**Acceptability:** Another challenge is to gain acceptability for the product or service. Therefore, there is a need to offer products that suit the rural market. One company, which has reaped rich dividends by doing so, is LG Electronics. In 1998, it developed a customized TV for the rural market and christened it Sampoorna. Because of the lack of electricity and refrigerators in the rural areas, Coca-Cola provides low-cost ice-boxes - a tin box for new outlets and thermocol box for seasonal outlets.

The insurance companies that have tailor-made products for the rural market have performed well. HDFC Standard LIFE topped private insurers by selling policies worth Rs 3.5 crore in total premia. The company tied up with nongovernmental organisations and offered reasonably priced policies in the nature of group insurance covers.

Mobile device companies are also tailoring their products to the rural marketers. For instance, Nokia had earlier launched a basic handset with a torch and an alarm clock. In December 2008, the company launched Nokia Life Tools, which is a range of agriculture, education and entertainment services designed especially for consumers in small towns and rural areas of emerging markets. The product is meant to provide timely and relevant information customized to the user’s location and personal preference directly on their mobile services.

## **STRATEGIES:**

The past practices of treating rural markets as appendages of the urban market is not correct, since rural markets have their own independent existence, and if cultivated well could turn into a generator of profit for the marketers. But the rural markets can be exploited by realizing them, rather than treating them as convenient extensions of the urban market.

**a) Marketing Strategy:** Marketers need to understand the psychology of the rural consumers and then act consequently. Rural marketing involves more exhaustive personal selling efforts compared to urban marketing. Firms should abstain from designing goods for the 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 numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

**b) Distribution Strategy:** One of the ways could be using company delivery van which can serve two purposes - it can take the products to the customers 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. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town termed as "Mandis" where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

**c) Promotional Strategy:** Marketers must be very careful while choosing the mediums to be used for communication. Only 16% of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc., with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns. Radio is also very popular source of information and Entertainment, Adds on radio can also be a helpful tool for marketers.

Major brands that rule rural India includes:

- Amul
- Britannia
- Lifebuoy
- Colgate
- Eveready
- BSNL

## CONCLUSIONS

India's rural market could have been stronger than the present position, if Indian policymakers have made adequate infrastructure for rural India. Rural markets, as part of any economy, have untapped potential. Thus looking at the challenges and the strategies which rural markets offer to the marketers it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

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