



STUDY ON ISSUES IN RURAL MARKETING

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Abstract

Marketing in developing countries like India have often been borrowed from the western world. Concepts like Brand identity, Customer relationship management, 4 P's of the marketing mix, Consumer behaviour process; Segmentation, targeting and positioning etc. have often been lifted straight from the marketing intelligentsia abroad and adopted in Indian conditions, often with minimal success.

Reason lies not in the fault of such concepts, but their integration with the Indian ethos and culture.

Introduction

The rural India offers a tremendous market potential. Nearly two-thirds of all middle-income households in the country are in rural India and represents half of India's buying potential. Despite, the strong potential the rural markets are by and large less exploited. Consider the market, out of five lakh villages in India only one lakh have been tapped so far. According to us if the rural market has to be adequately tapped, there has to be a change in the way marketing concepts learnt in B-schools with adequate adoption according to scenarios prevalent in rural India. The paper thereby present the modified version of Philip Kotler's famous marketing mix consisting of 4P's. The focus is on its modification and subsequent customization to Indian rural market's perspective. The 4 P's have to be modified to include 1P i.e. Packaging and 1R i.e. Retailer as special focus areas. Further to ensure the sustainability of the marketing mix two E's i.e. Education and Empowerment have to be at the core as they help in generating widespread participation from the rural clientele by enhancing

their standard of living.

The Products in the rural market should essentially operate at the basic and expected level of product classification. They should essentially meet the basic needs of the consumer and should be a no-frill product, as the consumer would not be valuing much any further addition to the product concept. Companies also face a daunting task in communicating about their products to the consumer due to lack of literacy and failure of traditional media to penetrate in the rural households. Hence, the advertising mix has to be more towards non-conventional yet effective medium like Puppetry, Folk Theater & Song, Wall Painting, Demonstration, Posters, Agricultural Games, NGO's network, etc. Thus overall either the product or communication or preferably both need to be customized to target the rural customer.

In terms of physical distribution due to lack of infrastructure the costs are very exorbitant to reach the rural customer. Thus, mediums like rural marketing vehicles and melas and haats provide better opportunities to meet customer needs. Also the existing distribution would need a transformation to achieve the required penetration levels as success of Project Streamline of HLL has shown. Since, the value for money concept is more

MAJOR PROBLEMS IN TAPPING THE RURAL MARKET

1. High distribution costs
2. High initial market development expenditure

3. Inability of the small retailer to carry stock without adequate credit facility
4. Generating effective demand for manufactured foods
5. Wholesale and dealer network problems
6. Mass communication and promotion problems
7. Banking and credit problems
8. Management and sales managing problems
9. Market research problems
10. Inadequate infrastructure facilities (lack of physical distribution, roads warehouses and media availability)
11. Highly dispersed and thinly populated markets
12. Low per capita and poor standards of living, social, economic and cultural backwardness of the rural masses
13. Low level of exposure to different product categories and product brands
14. Cultural gap between urban based marketers and rural consumers.

The development of the rural market will involve additional cost both in terms of promotion and distribution. In rural marketing, often it is not promotion of a brand that is crucial, but creating an awareness concerning a particular product field, for instance, fertilizers and pesticides. This can be seen in the example of Excel Crop Care Ltd. given below, which is been successful in implementing the promotional campaign to launch its product and create awareness about the company and its products.

Urban and semi-urban based salesmen are not able to tap the full potential in the villages. Here, it may be suggested that the marketers may select and employ the educated unemployed from villages.

ADVERTISING IN RURAL INDIA LANGUAGE, MARKETING COMMUNICATION, AND CONSUMERISM

A dramatic change is in progress. Villagers who used to crack open peanut M & M candies, eat the nut and throw away the shell are now demanding chocolate candies that will melt in their mouths, not in their hands. Charcoal-cleaned teeth are a rare sight; so is the case with twigs of *niim* (neem) and *babul* (babool) tree. Today, the ultra bright shine of Colgate or some other international brand of toothpaste holds more appeal than the traditional methods of cleaning teeth. Even the native expressions of cleaning teeth, such as *daatun karnaa* and *musaag lagaanaa*, are endangered to being replaced by new expressions such as *paste*

karnaa, 'to brush teeth with paste'. Even a simple query such as: *Where are you from?* is not free from the overtones of marketization and globalization in rural discourse. Consumerism and globalization is invading parts of India where, as some would venture to say, time seems to have ceased for centuries.

These villages and small towns, which were once inconsequential dots on maps, are now getting the attention of global marketing giants and media planners. Thanks to globalization, economic liberalization, IT revolution, Indian diaspora, female power, and improving infrastructure, middle class rural India today has more disposable income than urban India. Rural marketing is gaining new heights in addition to rural advertising.

Rural India represents the heart of India. Approximately 80% of India lives in over half a million villages (627,000), generating more than half of the national income. Based on the interviews with consumers, media giants, and analysis of case studies, following insights can be derived:

- Various facets of rural media (conventional and non-conventional) and integrated marketing communication. In addition to rural market discourse, media forms such as wall paintings, calendar advertising, outdoor advertising, print, radio and television advertising.
- Art of crafting messages to meet rural tastes and sensibilities. In particular, uniquely Indian media forms such as video van technology, which has changed the face of not only marketing but also political campaigning. Rural markets (haat) which are the mobile McDonald's or Walmarts of India.
- Targeting women and religious groups in addition to rural population.
- Marketing taboo products such as 'bidi', cigarettes, sanitary supplies, and other such products.
- Globalization and its effects on product naming, product monitoring, rural discourse and media forms.
- Creativity and deception, together with guidelines for advertisers and marketers.
- Information structures and logic of rural ads.
- Ads as a social barometer of changing relationships and value systems.

RESEARCH METHODOLOGY

1. RESEARCH METHODOLOGY

The study carried out was exploratory in nature as it tried to explore the rural market conducive to find out the issues in the rural market.

CONSTRUCTION OF RESEARCH PLAN

Date source : Primary data

Research approach : Survey

Research instrument: Questionnaire (structured and Non-disguised)

2. SAMPLING PLAN

Sample Unit : Marketers

Sample size : 50

Sample procedure : Respondents were selected from different areas of NCR

3. CONTACT METHOD PERSONAL SURVEY PROCEDURE

A sample size of 50 dealers and Marketers was taken from NCR. Structured questionnaire was used to collect information/views of the dealers about Rural vis a vis Urban Market.

Many manufacturers were hesitant to enter into rural markets as they believed that rural folks cannot be convinced of the uses of products and hence a need for branded products cannot be created in rural areas. But many manufacturers believed that this was only a myth. Marketing to the rural consumer is quite possible –only that it has to be done that right way.

DATA SOURCE - PRIMARY

All the information collected is absolutely original and primary in nature. No published material was available of. All the dealers and marketers were personally interviewed and all information was dully filled in front of them. The data collected serves a very specific and definite objective.

Consumers

Consumer is the corner stone of any Industry. The objective of business is to earn profit by satisfying the needs and wants of the consumer. Modern business firms try to maximise profit by maximising consumer satisfaction.

MYTH-- A company must offer the highest -quality product.

TRUTH-- This myth has a corollary: The higher the quality, the greater the chances of Marketing success.

Advertising

Majority of the dealers are also not satisfied with the advertising strategies adopted by Indian companies.

The major mistake committed by the Indian advertisement is that the advertisements most of the time don't serve the purpose.

LIMITATIONS

After analysing and compilation of records it was very necessary to state the limitation of the findings. This is being done so that the reader first understand the situation under which the incidents has been captured and implement the findings after looking at both the positive as well as the negative effects.

LIMITATIONS OF STUDY

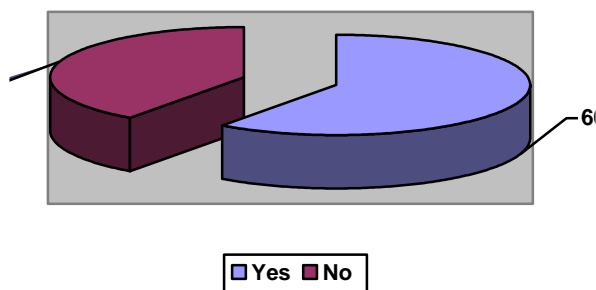
Thought every effort was put in to make this report authentic in every sense, yet there were a few uncontrollable factors which might have had their influence on the final report. Limiting factors can be stated as under:-

1. Some dealers didn't have a serious attitude towards questionnaires and hence their responses may not reflect the real picture.
2. Due to highly competitive nature of the market, some dealers were not candid enough to reveal all the required information. They might have given inflated/wrong data.
3. Some dealers did not participate during the survey. Absence of their details might have had a bearing on the final results.
4. As the area was very vast, due to time limitations all the sectors and parameters couldn't be covered.

Some of the marketers were not frank enough when asked about company's promotional and after sales activity.

RESEARCH ANALYSIS

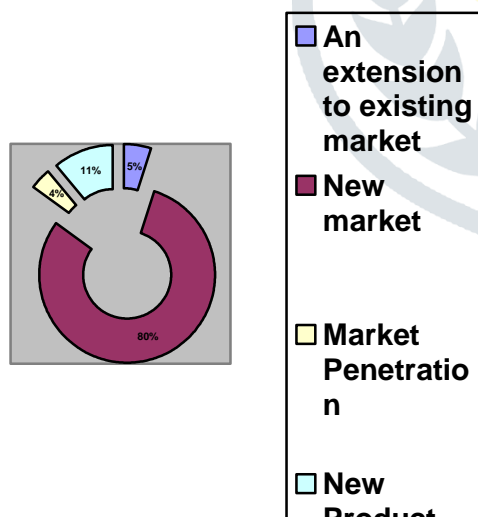
Q1. Do you have your product in rural market?



60 % of the people said they have their products in rural market, while 40% said that their products were only for the urban markets i.e the products had frills attached to them which made the product costly and unfit for the rural customer. An important point noted here was that 92% of the companies that fall in the 40% category said they had plans to enter the rural market and were working on the same. They saw rural market as a very potential market ready to be explored.

Most companies entered into the rural market during the 80's and ever since they are penetrating deeper into the market by improving their physical distribution and communication with the rural mass.

Q2. How did you see rural market as?



FINDINGS AND RECOMMENDATIONS

PLACE

Soft drinks giant Pepsi has signed on thousands of new retailers in a drive into rural India that has

pushed up sales steeply. While refusing to divulge absolute numbers, Pepsi also says it has doubled distributors, cooling capacity and even the number of vehicles in rural areas. Thus, the contribution of rural areas to total sales has climbed from below 10% to 10-15% for Pepsi in the last couple of years.

Pepsi has added more than 200 people to drive rural activation programs and ensure improved coverage and market penetration. In addition, a new **"hub and spoke"** model has been put in place to drive the rural expansion plan.

The model drives revenue as critical glass turns around faster, thereby providing an opportunity to expand rural coverage and allowing penetration into markets that were previously logistically unreachable.

Tapping the rural market involves a lot of activity. It involves the right pricing strategy, and the products have to be chilled so retailers need refrigeration equipment. Besides, if PET bottle consumption has to grow, people need to have refrigerators at their homes. So the big challenge in cracking the rural markets is distribution and logistics.

CONCLUSION

Understanding problems today involves thinking from three levels:

- ❖ Competition for intellectual leadership for new ideas that create new advantages.
- ❖ Competition for translating these ideas into product/service faster than others.
- ❖ Competition for market share.
- ❖ Do not nature any PARADIGMS because today "anything is possible"
- ❖ Search for newer markets than expanding your customer base.
- ❖ Come out with state of the art, feature packed affordable and competitive advantageous products.
- ❖ Set Benchmarks for growth.
- ❖ Improve up on distribution channels for viable coverage of the market.
- ❖ Wear out competition through trend setting, inimitable tactical moves based on our infrastructure strengths.
- ❖ The strategic intent should be clear down the management.
- ❖ Work on your strengths i.e. Infrastructure, financial base, backward integration.

- ❖ POP and MERCHANDISING material should be mad as per international market.
- ❖ CORPORATE TRAINING PROGRAMME for Development of manpower from external faculty.

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