

Rural Marketing Strategies in India: Recent Trends

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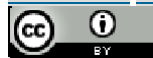
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ABSTRACT

In today's competitive market environment all the companies are trying to maximise their growth and profits. Each and every company has its own marketing strategies. Marketing strategies are different for different markets. Rural Marketing Strategies are totally different from Urban Marketing Strategies. In order to survive in the market one has to tap both urban market as well as rural market. In this paper researcher discussed about various opportunities, threats, different market strategies in rural markets in India. Researcher also throw the light on recent trends in Rural Marketing.

INTRODUCTION

The government initiative to strengthen the rural India resulted in the rapid growth of rural income which increased the purchasing power of the rural population in return it expands the rural economy and markets. The vast size of the rural markets offers huge market opportunities to the business houses. When there is an opportunity and there will be a scope for threats. Hence, it is necessary for us to understand the concept of rural marketing, importance, opportunities, challenges and the emerging trends of rural marketing in India.

Rural marketing is a process of assessing the region specific demands of goods and services for the rural markets and making the availability of the demanded goods and services to the rural consumers that can satisfy their demand, enhance their standard of living and achieve organizational objectives. Rural Marketing is a two-way process of marketing where in inflow and outflow takes place between Urban and Rural Markets. It also includes movement of goods and services within the rural areas for consumption.

Features of Rural Markets

Following are the important features of Rural Marketing :

1. Large Size and Scattered Population
2. Rising purchasing power.
3. Steady market growth.
4. Development of infrastructure facilities.
5. Low standard of living.
6. Traditional outlook.
7. Separate marketing mix is required.

Factors affecting Growth of Rural Market

Following are the various factors which affects the growth of Rural Markets

- a) Increased demand due to increase in population;
- b) Agriculture sector is prospering which has risen the rural income;
- c) Increased Standard of living;
- d) Government and non-government organizations are taking keen interest in rural development;
- e) Increased literacy rate and educational level;
- f) Inflow of foreign remittances and foreign made goods into rural areas;
- g) Improved Rural Infrastructure;
- h) Increasing awareness of rural consumers about new products; and
- i) Growing urban-rural interaction.

4A's of Rural Marketing

Following are the important 4A's of Rural Marketing

- 1). Affordability – Rural population income is less. Hence majority of the people cannot afford too luxury and costly goods and services. Hence marketers must plan for small packaging of the products at an economical price to capture the attention of [price-sensitive](#) consumers.

2). Availability- The regular supply of the products in the remote areas is another challenging task. If the product is not readily available in the rural markets, due to which consumers may shift to another substitute product.

3). Acceptability- The product should be designed in a user-friendly manner such that it satisfies all the needs of a consumer by deriving them some value.

4). Awareness- A rural consumer has low accessibility to the media, such as television and smartphones. Therefore, marketers need to focus on that medium of communication and entertainment which are commonly available in rural areas. This will increase the awareness and boost the sales in rural markets.

Rural Marketing Strategy

A [rural marketing](#) strategy refers to the planning of adequate supply of consumer goods and agricultural input to the villages at an affordable price to fulfil the needs of the rural consumers.

1). Product Strategies

Following are some of the important product strategies in rural markets:

- **Product Launch:** The rural consumers earn a lump sum amount two times a year according to the crop cycle i.e rabi & Kariff. Hence marketers must launch their products in these seasons.
- **New Product Design:** The company must plan for a robust model of the product (especially of durable goods) while launching it for rural consumers and it must appeal the rural consumers.
- **Brand Name:** Brands are recognized by the simplicity of their name, visual logos, taste and colour of the products.
- **Small Unit Low Price Packaging:** Considering the daily wage earners who have less disposable income; the product should be packed in small units with a minimal price to serve the requirements of the rural consumers.

2). Pricing Strategies

Following are the important pricing strategies in rural markets

- **Differential Pricing:** The product should be priced slightly cheaper to grab the attention of rural consumers.
- **Psychological Pricing:** A product is priced at odd amounts like ₹9, ₹59, ₹99, etc. which seems less than ₹10, ₹60 and ₹100 respectively.
- **Create Value for Money:** The rural consumers are more concerned about the durability of the products, i.e., the value it generates to the customer.
- **Pricing on Special Events:** In the rural areas, occasions and festival are highly valued and celebrated. Therefore, companies should give various offers and discounts during these occasions.
- **Simple Packing:** Rural consumers look for the utility of the product. So it would be a waste of time and money if the brand spends on sophisticated

product packaging. Hence marketers must use simple and less costly for packaging of the product.

- **Low Price Points:** A product must be priced quite low to make it affordable for rural consumers.
- **Schemes for Retailers:** Rural retailers are the most significant medium of sales in the village. The companies must come up with cash discounts, gift schemes, offers and quantity discounts to build the loyalty of such retailers towards the brand and increase product sales.
- **Bundle Pricing:** A bundle is a mix of different products in a single pack available to the consumer for a reasonable price. The marketers must plan for a product bundle pricing to make the offer appealing to the rural consumers.

3). Distribution Strategies

Following are the important distribution strategies in rural markets

- **Local Markets:** In rural areas, local markets exist in the form of fares, farmers' market, Sunday market and feeder market.
- **Company Depots:** The company owns warehouses and depots in some major rural areas to make the goods readily available to the native consumers and that of nearby cities.
- **Public Distribution System:** The government runs fair price shops in the villages to sell the daily utility and durable products at a nominal price.
- **Retailers:** The most straightforward way a rural consumer can acquire a product is through a retail shop located in the village. Therefore, companies must plan their supply chain management through retailers.
- **Redistribution Stockists and Clearing Agents:** The redistribution stockists and the clearing agents are the intermediaries between the companies and rural consumers.
- **Delivery Vans, Traders, Sales Person, NGO:** The company must run its van for delivering goods in the remote areas where there is lack of proper transportation facility in rural markets.

4). Promotion Strategies

Following are the important promotion strategies in rural markets:

- **Mass Media:** The villages have limited means of entertainment which include tv, radio, press and cinema. The companies advertise their products through these popular mass media.
- **Personalised Media:** It can be seen as hiring a salesperson for performing door to door sales and collecting information and queries related to the product and the brand.
- **Local Media:** local media includes audio-visual vans, animal parades, fares, folk programmes, etc. Displaying advertisements, video clippings, short films, posters and paintings at these places is also useful promotional activity.
- **Hiring Models and Actors for Promotion:** Rural people are fascinated by the television actors and models and consider them as their role models.

Therefore, the marketers must engage famous faces in their tv commercials to promote the brand.

- **Advertise Through Paintings:** The rural consumers are attracted towards the bright colours and the pictorial representation of the products; hence, wall paintings are a good idea in the rural markets.

Other Marketing Strategies to Conquer Rural Markets

- 1) Customization of Products
- 2) traditions and values - promotion campaign targeting a festival is another suitable option.
- 3) enthusiastic person belonging to the rural background having the willingness to work in villages must be appointed.
- 4) To understand the market in a better way, the company can hire a rural marketing specialist agency which has prior knowledge and experience in the field and is well-versed with the regional language.
- 5) To estimate the feasibility of expenditure in rural marketing, the organization should determine its per capita sales in advance. The company must time the marketing cycle of products by the sowing, growing and harvesting seasons of the crops.
- 6) As a means of digital marketing in the villages, marketers can opt for mobile messaging, internet ads, applications and interactive voice response to promote their products.
- 7) The companies must invest in rural marketing with a long-term perspective and should have the patience to achieve the desired results.
- 8) To develop a sharp brand image and loyalty in a rural market, the best way is the word of mouth publicity by the locals.

Innovations in Rural Marketing and the Strategies of Rural Marketing in India

1). HUL Shakti

In 2001 Hindustan Unilever started the project Shakti along with the Rural Self-Help Groups and make their brand reach each and every corner of the village. Shakti Model of HUL operates in the following way the company representatives meet the village head and see the woman suitable for the roles of shakti amma, they then are trained by the rural sales promoters, and then an investment is put up by these woman, who then sell these products door to door and make ideally a profit margin of 10 percent.

2). Philips

Philips as a corporation of Europe has successfully implemented and understood that accepting the culture of a country and then catering to the demand of them rather than bringing in their European style and then implementing it, one such successful have been its attempts to launch products such as Smokeless Chullah in the domestic product category, in the consumer electronics they developed the color television segment with 'Vardaan' which

was low priced for the rural consumers and operates on less voltage. They have also developed rechargeable lanterns and LED flashlights.

3). Coca Cola

Popularly known as Pepsi Cola in rural villages and towns of India, Coca Cola wanted to change this image, what came next after coca cola surveyed the rural consumers is that Rupee 10 was not popular in rural areas being price sensitive, they launched the chota-cola for Rupee 5 of this market making it affordable for the consumers. Also Coca Cola launched the Sunfill which powdered concentration mix of beverages for its rural consumers.

4). LG Electronics

The Sampoorna TV launched by LG Electronics was aimed at providing its customers a good quality product at a price which was economic and reasonable. The hit example of Sampoorna TV is an example with 1 lac sets being sold in the first year itself. LG Electronics also uses road shows and vans to show their products to create awareness.

5). ICICI Bank

The initiative by ICICI Bank to make its ATMs in rural areas battery operated since power cut is an issue in rural areas, besides it they also made a bio authentication feature for its rural consumers and for their ease of use in banking, this marketing strategy reflects how the major banking sector also wants to come into the rural sector.

6). Godrej Aadhar and ChotuKool

To provide a service based solution its farmers, Godrej launched Godrej Aadhar which is a retail outlet of Godrej Agrolet and aims to provide solutions and assistance to farmers regarding agricultural inputs like weather information, testing of soil and water. Chotukool is one of the most brilliant examples of innovation in rural marketing, wherein it is a low priced product which provides the rural consumer to preserve their food in a cost effective way, rural consumers are unable to buy refrigerators because of high prices and less utilization as compared to a urban consumer. Chotu Kool runs on a low voltage battery, it is small compact and easy to carry around.

7). ITC E-Choupal

ITC E-Choupal is the initiative by the Indian Tobacco Company started in 2000 connect its farmers via technology to the latest updates related to agricultural farming information. It strengthens the weak infrastructure and involvement of weak intermediaries by connecting the farmers through internet, it gives them the knowledge of profit margin on their crops and other relevant information which helps them increase their productivity, today it is one of the largest internet innovative initiatives which caters to rural India. ITC E-Choupal has empowered the local farmer, and this knowledge helps him in agriculture so that he can take the right decision ahead. The venture has network coverage of more than 100,000 villages.

8). Asian Paints

The marketing strategy implemented by Asian Paints was to introduce their brand among the consumers of a village by painting the houses of the village leaders to show that the paint doesn't come off and also using the influential people among these villagers has an impact towards the rural people as they look up to them. Also, this demonstration makes the rural consumer experience more impactful,

Other rural marketing initiatives by different companies:

1. Tata Motors partners with CSCs to strengthen rural outreach
2. HDFC Bank to expand into 2 lakh villages in 2 years
3. Mahindra ropes in Manoj Bajpayee as brand ambassador for Krish-e Suite
4. Nouriture ropes in Pankaj Tripathi as brand ambassador for cattle feed
5. Beginnen Media comes up with rural entertainment channel - Azaad
6. Maruti Suzuki crosses 50 lakh cumulative sales in rural markets
7. Renault joins hands with CSC Grameen eStore to expand into rural markets
8. IPPB partners HDFC Bank for offering banking services in rural areas
9. Liberty partners with CSC e-Governance Services to expand rural reach
10. Renault launches 'Workshop on Wheels-Lite' to strengthen rural presence
11. TAFE launches Massey Service Utsav service campaign to reach 10 lakh farmers
12. Mahindra Rural Housing Finance partners with Vymo for digitising distribution operations
13. Flipkart Wholesale: Taking regional brands to national markets
14. Nitin Gadkari becomes brand ambassador of 'Khadi Prakritk Paint'
15. Mahindra launches new range of rice transplanters
16. PayNearby aims to bring in 100 mn retailers under online retail
17. HDFC Bank partners with CSC to roll out micro-credit facility for street vendors
18. TRIFED partners with Big Basket and Purty Agrotech to promote tribal products
19. Swaraj Tractors launches multi-purpose machine for horticulture cultivation

CONCLUSION

The marketers need to develop a connection with the rural consumers and then according to their needs and demands develop and sell products. The development of rural markets is a way towards development of the nation. The concept of Rural Marketing in India Economy has always played a crucial role in the minds of business houses. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Hence companies must focus on the rural markets and adopt new innovative strategies in order tap the untapped rural markets for

their long run survival and to grow rapidly in the market. In spite of various challenges, Rural Markets is always promising for the companies to grow further. Companies must adopt different strategies for rural India for the better outcomes.

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