3. INTRODUCTION OF RURAL MARKETING

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer’s need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer’s behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner.

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behaviour, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer’s hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions.
Consumer research, thus, is indispensable for entering the rural segment of the market.

MEANING AND DEFINITION OF RURAL MARKETING

The term ‘rural marketing’ used to be an umbrella term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revaluation in Indian after 1990. So, before venturing into the other aspects of rural marketing let us discuss the development of this area in different parts which is briefly explained here.

Part I (Before 1960): Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. It was treated as synonymous to ‘agricultural marketing’. Agricultural produces like food grains and industrial inputs like cotton, oil seeds, sugarcane etc. occupied the central place of discussion during this period. The supply-chain activities of firms supplying agricultural inputs and of artisans in rural areas received secondary attention. The local marketing of products like bamboo baskets, ropes, window and door frames, and small agricultural tools like ploughs by sellers like blacksmiths, carpenters, cobblers, and pot makers were emphasized in general. This was totally an unorganized market where all banias and mahajans (local business people) dominated this market.

Part II (1960 to 1990): In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheat and paddies. Better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machinery like powder tillers, harvesters, threshers etc. changed the rural scenario. In this context, marketing of agricultural inputs took the importance. Two separate areas of activities had emerged during this period ‘marketing of agricultural inputs’ and the conventional “Agricultural Marketing”. During this period, the marketing of rural products received considerable attention in the general marketing frame work. The formation of agencies like Khadi and Village Industries Commission, Girijan Cooperative Societies APCO Fabrics, IFFCO, KRIBHCO, etc., and also the special attention government had paid to
promote these products were responsible for this upsurge. Village industries flourished and products like handicrafts, handloom textiles, soaps, safety matches, crackers etc. hit the urban market on a large scale from rural areas.

**Part III (After Mid 1990s):** The products which were not given attention so far during the two earlier phases were that of marketing of household consumables and durables to the rural markets due to obvious reasons. The economic conditions of the country were as such that the rural people were not in a position to buy these kinds of products. Secondly, our market was in a close shape and we never allowed companies (foreign) to operate in Indian market. But we lifted the ban and opened up economy, consequently companies started flourishing in India. The small villages/hamlets were widely scattered making reach difficult and expensive consequently. Rural markets were seen an adjunct to urban market and conveniently ignored. However, since 1990s, India’s industrial sector had gained in strength and maturity. Its contribution to GNP increased substantially. A new service sector had emergedsignifying the transformation of agricultural society into industrial society. Meanwhile, due to the development programmes of the central and state governments, service organizations and socially responsible business groups like Mafatlal, Tatas, Birlas, Goenkas and others, the rural area witnessed an all round socio-economic progress. The economic reforms further accelerated the process by introducing competition in the markets. Steadily, the rural market has grown for household consumables and durables. Rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfill the needs and wants of persons, households and occupations of rural people. As a result of the above analysis, we are in a position to define rural marketing

“Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization”.
NATURE AND CHARACTERISTICS OF RURAL MARKET

There goes a saying that the proof of the pudding lies in the eating. So also the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India. Rural India is the real India. The bulk of India’s population lives in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of the USA or that of the USSR.

• Agriculture is main source of income.

• The income is seasonal in nature. It is fluctuating also as it depends on crop production.

• Though large, the rural market is geographically scattered.

• It shows linguistic, religious and cultural diversities and economic disparities.

• The market is undeveloped, as the people who constitute it still lack adequate purchasing power.

• It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.

• It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics.

• Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary.
STRUCTURE OF THE RURAL MARKET

The structure of the rural market can be described by interlinking the Product-Consumer flow processes as mentioned in the diagram below. We have taken the Seller and Buyer to define different systems in rural markets.

![Rural Buyers – Seller Matrix](image)

**Figure 3.1 Rural Buyers – Seller Matrix**

Quadrant I: explains a situation in which both the buyer and seller are rural. This is a subsistent economy system in which all rural produce is consumed within the system.

Quadrant II: Majority of people concentrate on Quadrant II situation, which unsustainably tries to sell urban products in rural markets.
For QII and III; it is necessary to develop urban-rural marketing linkage, so that both urban and rural products can freely move across the markets. Marketing should work as a process of motivation to deliver and improve standards of living of rural people.

**SIGNIFICANCE OF THE RURAL MARKETS**

If you meet a sales executive today and ask which market he would prefer to serve, the immediate answer would be, “Rural Markets” as they are still unexploited. A number of factors have been recognized as responsible for the rural market boom. Some of them are:

1. Increase in population, and hence increase in demand. The rural population in 1971 was 43.80 crores, which increased to 50.20 crores in 1981, 60.21 crores in 1991 and 66.0 crores in 2001.

2. A marked increase in the rural income due to agrarian prosperity.

3. Large inflow of investment for rural development programmes from government and other sources.

4. Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.

5. Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

6. Inflow of foreign remittances and foreign made goods in rural areas.

7. Changes in the land tenure system causing a structural change in the ownership pattern and consequent changes in the buying behaviour. The general rise in the level of prosperity appears to have resulted in two dominant shifts in the rural consuming system. One is conspicuous consumption of consumer durables by almost all segments of rural consumers, and the obvious preference for branded goods as compared to non-branded goods of rural.
FACTORS CONTRIBUTING TO THE CHANGE IN THE RURAL MARKET

Rural communication

Internet and Mobile have played the most important role for the growth of Rural Markets. The companies like BSNL, Airtel, and Reliance etc have given maximum attention on villages for expansion of network. Broad-band and 3G mobile and internet services are easily available in rural area. These facilities have opened the doors for companies to use latest technologies for brand promotion. Gone are the days when pamphlets distributions, exhibition, door to door selling techniques were used to bring awareness among rural consumers. Now it’s the time of online marketing where customer can place order on net. Social networking sites have also provided a right platform for sales promotion.

Around 50 percent of the villages are today connected by all weather roads and can be accessed throughout the year. But there are states, which are almost 100 percent connected with the metal roads. Road networking besides enhancing the mobility of rural consumers has increased their exposure to products and services. By watching such a scenario in these areas Korean consumer durable companies have decided to look beyond their noses. They are now placing their bets on rural markets. Two giants namely LG and Samsung have already made their strategies for entering into rural India. As per survey conducted by Indian Market Research Bureau (IMRB) 77 percent of the villages are covered by TV network. Now even villages are going for DTH like Dish TV, TATA Sky and they have already been enjoying exposure to various products through advertisements.

Emerging Role of Bio-Tech. in Indian Agriculture Sector

It is evident from the facts that Indian agriculture is trailing in terms of yield when compared with leading countries of the world. Countries like USA, Canada, Israel and Germany have achieved high yield in agriculture production but countries like India, Brazil and Nigeria are having agriculture yield much lower than international average. The major difference created in this respect is the use of the applications of bio-technology. Bio-technology has vital role to play in so far as enhancement of agriculture yield is concerned. For instance the yield of wheat in USA per hectare is
almost three times more than that of India and the yield of sugar cane is two and half times more if compared with the Indian yield of sugar cane per hectare. These advance countries have been making an extensive use of bio-technology whereas in developing countries the concept is not yet very popular. When we are living in the era of globalization everything is becoming globally competitive and therefore, we cannot live in isolation in terms of agriculture yield also. We have to make use of the applications of the bio-technology in an agriculture sector both in terms of generating quality seeds and cropping the same in compliance with the theories of biotechnology. Our farmers, who are normally not aware of this fact, have to be educated and the responsibility lies on the shoulders of researchers, scientists, administrators and the policy makers of the country. It will provide more discretionary income in the hands of the rural farmers.

**Green Revolution**

The substantial attention accorded to agriculture during the successive five-year plans has helped in improving agricultural productivity. Adoption of new agronomic practices, selective mechanization, 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. Over 75 percent villages in India have been electrified. There is also a shift from rain dependence to irrigation. Farmers are getting high return for their cash and food crops. In the whole process, the dependence on seasonality has reduced, and in return there has been increasing disposable income. 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’. Since December 1999, HLL has reached out to 35,000 villages, 22 million households and spent Rs. 20 crore. This has been one of the largest sampling exercises in recent times conducted by a big business house.

**Development programmes**

The five-year plans have witnessed massive investments in rural areas in terms of number of development programmes implemented by the central and state
Introduction of Rural Marketing

Government. These programmes have generated incomes to ruralites and helped them to change their life-styles. Some of these programmes are:

- Intensive Agricultural District Programme (IADP- Package Programme)
- Intensive Agricultural Area Programme (IAAP)
- High Yielding Varieties Programme (HYVP- Green Revolution)
- Drought Prone Areas Programme (DPAP)
- Small Farmers Development Agency (SFDA)
- Hill Area Development Programme
- Operation Flood I, II and III (White Revolution)
- Fisheries Development (Blue Revolution)
- Integrated Rural Development Programme (IRDP)
- Jawahar Rojgar Yojna (JRY).

These programmes are related with agriculture and allied activities but there are certain other policies which are specifically meant to raise the standard of the rural people in the field of health, education, sanitation etc. After the beginning of economic reforms in 1991, the Government has been giving special attention to the rural India by providing certain developmental schemes for these areas. Some announcements were made by the finance minister in the Union Budget 2000 to enrich the existing programmes and to initiate some new schemes for the rural areas like Kisan Credit Cards, Micro Finance and

Hence, we can see that today changes are taking place rapidly in all walks of life and rural areas are no exception to this. Improved infrastructure facilities, economic liberalization, renewed emphasis on agribusiness and small industries, fast changing agricultural technology, scope for commercialization of agriculture, greater budgetary provision for rural people are few reasons to mention. Moreover, various socio-cultural, psychological and political aspects of rural life are also changing. Rural
people today are less fatalistic, less attached to religious beliefs, getting more individualistic, achievement-oriented and aspiring than before. All this has opened up new vistas for the marketers of millennium at least in the states, which are leading in per capita income with a sustained growth, like Punjab, Haryana, Maharashtra, Tamilnadu, Karnataka, Gujrat, Delhi and Western UP etc.

**PROBLEMS IN RURAL MARKETING**

There are many problems to be tackled in rural marketing, despite rapid strides in the development of the rural sector. Some of the common problems are discussed below:

**Transportation:** Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man. In our country, there are six lakhs villages. Nearly 50 per cent of them are not connected by road at all. Many parts in rural India have only kachcha roads. During the monsoons, even these roads become unserviceable. Regarding rail transport, though India has the second largest railway system in the world, many parts of rural India however, remain outside the rail network.

**Communication:** Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context. Apart from low levels of literacy, the tradition-bound nature of rural people, their cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Post, telegraph, and telephones are the main components of the communication infrastructure. These facilities are extremely inadequate in the rural parts of our country. In rural areas, the literacy percentage is still low, compared to urban areas. In India, there are 18 recognized languages. All these languages and many dialects are spoken in rural areas. English and Hindi are not understood by many people. Due to these problems, rural consumers, unlike urban consumers do not have exposure to new products.
Availability of appropriate media: It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with the rural masses. But, it is not available in all interior parts of the country. It is estimated that TV covers 20 per cent of the rural population. But, the actual viewership is meager. The cinema, however, is a good medium for rural communication. But, these opportunities are very low in rural areas.

Warehousing: A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. In warehousing too, there are special problems in the rural context. The central warehousing corporation and state warehousing, which constitute the top tier in public warehousing in our country, have not extended their network of warehouses to the rural parts. It is almost impossible to distribute effectively in the interior outlets in the absence of adequate storage facilities. Due to lack of adequate and scientific storage facilities in rural areas, stocks are being maintained in towns only.

Village structure in India: In our country, the village structure itself causes many problems. Most of the villages are small and scattered. It is estimated that 60 per cent of the villages are in the population group of below 1,000. The scattered nature of the villages increases distribution costs, and their small size affects economic viability of establishing distribution points.

Rural markets and sales management: Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional. He may have to spend a lot of time on consumer visits to gain a favourable response from him. Channel management is also a difficult task in rural marketing. The distribution channels in villages are lengthy involving more intermediaries and consequently
higher consumer prices. In many cases, dealers with required qualities are not available.

**Inadequate banking and credit facilities:** In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank. Retailers are unable to carry optimum stocks in the absence of adequate credit facilities. Because of this problem, they are not able to offer credit to the consumers. All these problems lead to low marketing activities in rural areas. It is estimated that there is one bank for every 50 villages, showing the poor banking facilities in rural areas.

Market segmentation in rural markets: Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units. Market segmentation is as important in rural marketing as it is in urban marketing. Most firms assume that rural markets are homogeneous. It is unwise on the part of these firms to assume that the rural market can be served with the same product, price and promotion combination.

**Branding:** The brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers. It has been observed that there is greater dissatisfaction among the rural consumers with regard to selling of low quality duplicate brands, particularly soaps, creams, clothes, etc. whose prices are often half of those of national brands, but sold at prices on par or slightly less than the prices of national brands. Local brands are becoming popular in rural markets in spite of their lower quality.

**Packaging:** As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods. It is also found that the labeling on
the package is not in the local language. This is a major constraint to rural consumers understanding the product characteristics.

**RURAL MARKETING MODEL**

Companies work marketing models before entering in any market. They approach different models to reach the target market. They work in a planned way which gives the step by step process to implement. Depending upon the market the model may get slight change but the steps may remain same. The step by step process is Research, Segmentation, Lifestyle analysis, Profile study, Defining needs, developing specific profile, and Target market, Marketing Mix, Implementation and Control. So, if these steps are followed like a model then the company can attain the success in the market.

1. **Research:** A research should be conducted before launching the business. The research may be Primary or Secondary one. If it is primary then it sounds good, as there will be more clarity about the Business and Opportunities. The research based on secondary data can give an overview of market. This is about studying the market before entering.

2. **Segmentation:** The most important factor is the segmentation, as the rural market consists of different groups and socio economic class. They have different lifestyles, Cultures, Economy, and Demography backgrounds. So the company should think of this and make the segmentation in a perfect manner. Depending upon the product and business the company should keep some parameters to make the segmentation. The parameters should be selected in such a way that it affects the demand of the product.

3. **Lifestyle Analysis:** The people will be from different cultures and demographic background. So they will be having different lifestyles and needs. Depending upon their way of thinking and Lifestyle the company needs to understand to think of their product. The lifestyle of the consumer makes an impact on the demand of the product. So by this analysis the company can draw their strategies to market the product.

4. **Profile Study:** The Company should develop a profile for the rural consumers. The
profile helps the company while designing the marketing mix. The profile should be in a proper manner which impacts the designing and marketing of the product. For developing the proper profiles help from local players/organizations can be taken.

5. Defining Needs: The main theme of the company should look for the needs of the consumer. As from the above factors the marketer can be able to identify the needs which are suitable to their lifestyles. After that they should define the exact need of the customer. In general terms they should define the needs so as to work out on the target market.

6. Target Market: After so many steps of workflow process the company can easily identify that their product is going to match or not that is the way of matching in their marketing Mix / Business Strategy with the rural market. So by doing all this the company can target a market from the segmented market. So by selecting a segment they can target the group properly and efficiently with their strategies and Marketing Mix.

7. Marketing Mix: Marketing mix of the company is the main component to reach the customers. As there is a heterogeneous lifestyles and geographically diverted market so the company should design or modify the mix depending upon the customer needs. There should be a proper work out of 4A's of Marketing Mix. From the above steps company can easily identify and can design their marketing mix to reach the market.

8. Implementation: Most of the companies feel that implementation is the major problem in rural market, due the factors influences the market. So for implementation the channel players are important. They reach the last mile of rural market. So for the Implementation there should be a full focus from the organization point of view. The planning and working should be in parallel, by which the implementation cannot be a failure.

9. Control: Last but not least, the important factor to think for the model. As there is a huge competition in the market, it will grow in a speedy manner. So there will be a
lot of things that companies should always get to update. The R&D should be strong for those areas. There should be a systematic process for the up to date communications, so that they cannot miss the feedback from the customers and work on those things. The timing for the analysis and action is very important here. The regional and local players can easily move in the market and modify their strategies, so that is why companies need to be with their channel partners to work their strategies. If they can implement it and control the things then the company can reach the customers easily and can attain the success rate.

**Figure 3.2 Rural Marketing Model**

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Research

Segmentation

Lifestyle Analysis

Profile Study

Defining Needs

Target Market

Marketing Mix

Implementation

Control
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COMPARATIVE INSIGHT TO RURAL MARKETING V/S URBAN MARKETING

The market is a place where buyers and sellers exchange things. In layman terms "It is a place where buyers and sellers exchange goods/Service for some value in return such as Money". So the Market is same everywhere. But the difference is in the consumer behaviour. There will be different buyers in each market. This is because of different factors which influence them. So the same way there is a difference between Rural and Urban Market. The factors are so many to define. There is a difference in all the marketing Variables. That is where most of the companies approach with different Marketing Mix and Strategies to Rural Market. The strategies differ from the urban to rural market. The companies which have understood the phenomena of rural market have succeeded in the market, e.g. HUL, ITC, Colgate, Rajdoot Motorcycle. These companies have done a perfect home work and implemented in terms of effort and Operations. These companies approach shows that there is a difference between Rural and Urban Market.

I. Market Differences

A. Environmental Differences

The urban environment is characterized by:

- Large contiguous settlement units of town or urban agglomerations mostly concentrated.
- High infrastructural level (such as road, electricity).
- High density of population per square kilometer of space.
- Good physical connectivity, high mobility.

The rural environment presents a different picture.

- Small contiguous settlement units of villages widely dispersed.
- Low infrastructural level (such as road, electricity).
- Low density of population per square kilometer of space.
B. Social Relations Peculiarity

In the urban society, social dynamic represent a more liberated system.

- Large number of interactions with persons, less frequent between the same people.
- Individuals are less known and identified between members in the social and settlement system.
- Social norms are less visible.
- Status is achieved.
- Caste influence indirect and of less strength, generally subjected to economic influence.

On the contrary, the outlook of rural society is a mixture of both of traditional and modern ‘isms’. The traditional picture is:

- Less number interpersonal interactions, more frequent interactions between the same people.
- Individual better known, and identified.
- Social norms influencing individuals are more visible.
- Status is ascribed, determined by birth in a family.
- Caste influence direct and strong.

C. Low Exposure to Marketing Stimuli:

Urban markets are in a vantage position. They have better exposure to marketing stimuli.

- High product exposure: high exposure to branded products.
- High ad exposure, high brand awareness.
- High exposure to marketing researchers, multiple sources of information and learning.
More convenient buying, high rate of retail outlets per 1000 population and high market reach, availability of wide range of products.

A different and apathetic situation we find in rural markets

- Low product exposure, low exposure to branded products.
- Low exposure, low comprehension of ads, low brand awareness.
- Low exposure to marketing researchers, limited sources of information and learning.
- Less convenient buying, low rate of retail outlets per 1000 population and low market reach, availability of limited range of branded products along with imitation products.

D. Dependence on Nature:

In the urban areas, dependence on natural resources is less

- Access is a function of purchasing power
- Most resources to be purchased
- Low dependence on employment and incomes on natural factors

On the other hand, the rural life is dependent on

- Abundance of natural resources and high dependence on them for a large number of house-hold needs.
- Differential access to resources based on caste, political and money power etc.
- High dependence on livelihoods/employment and income on natural factors.

E. Employment and Incomes Variations:

The urban occupations and incomes are more stable and permanent:
Introduction of Rural Marketing

- Occupations mostly include employment in government, business, industry and service organizations; contract or daily labour in organized and unorganized sector.
- White collar employees and workers a majority.
- Frequency of income receipts predictable and at regular intervals.

On the other hand, rural people work in a less certain environment

- Agrarian base, mostly small land holdings per household (two hectares or less) and more than 70 per cent people in small scale agricultural occupations.
- Acute seasonality in income receipts; high chance element in income receipts (because of the dependence on agriculture and natural factors)

II. Marketing Differences

A. Marketers

Till recently, marketers have exposure mostly to urban markets. They have to change themselves to be successful in rural markets. A rural marketer requires the following attributes:

- **Understanding:** A deeper understanding of the rural environment is needed, for which people with proper exposure should be appointed.

- **Respectful and Humble:** Rural folk look up to the urbanites and hence the behavior of marketers, while conducting business in villages, should be respectful and humble.

- **Patience:** Rural buyers take a long time to make up their mind to buy. Therefore, marketers need to learn to exercise more patience in dealing with the less educated rural traders and consumers.
Courteous and Concerned: Rural India is a network of relationships. Marketers have to show courtesy and concern in dealing with rural consumer. The focus should be on ‘relationship’ building and not mere product selling. Mobile traders selling a variety of products by visiting the same home for years have been practicing relationship marketing for centuries in India.

Social skills: Rural marketers have to go beyond relationship marketing. Rather they should include humor and recreation in their plan of action. Using interactive approach, they may organize games and events which would attract the attention of villagers of all professions uniformly. This would require local-level goodwill creation and social negotiation skills.

B. Philosophy

Conventional marketing focuses on satisfaction of customer needs and wants taking into account society and environment’s well being. It is based on the marketing concept chastised by social concept. A natural extension to it is Green marketing. It calls for the production and distribution of only those products which have no deterioration impact on environment.

Whereas the urban markets need customer relationship management with emphasis on eco-friendly products, the rural markets require a slightly different approach. The rural areas are eco-nominally less developed and less exposed to marketing efforts of the corporate enterprises. A prudent approach will be adoption of relationship marketing. While development marketing economically uplifts the rural people relationship marketing strengthens the company-consumer bondage for mutual benefit.

C. Marketing Research

New insights into market research are required to explore rural consumers. Conventional forecasting of demand for durables relies heavily on income factor.
Industry observers are increasingly realizing that at times durable purchase has nothing to do with income, but has more to do with the size of the family. And that’s where rural India with its joint family structures, differs from urban India. Most of the research techniques in use today have come from the more educated, Western World, some of which may not be relevant to rural consumers. Complexities such as recalibrating the scales and usage of the right language dialect in research instruments must be taken care of for proper rural market research. The individual interview technique may suffer from some limitations as rural people believe in participatory approaches.

D. Consumer Behaviour

The purchase decision is evolved overtime and is purely based on rational thinking. There is great stress on value for money. Rural buyers are quality-conscious as their urban counterparts but the emphasis is on the functionality was that rural consumption is characterized by collective decision making and it is highly influenced and opinion driven.

While an urban consumer may return for his preferred brand, if it is not available when he goes to buy it, a rural consumer may not. Rural buyers go in for outright purchase rather than any other option. In general, it has been a recognized fact that rural consumers are relatively more brand loyal than their urban counterparts. And here too, the collective principle works. That is why there are Nirma villages, Wheel villages, Escorts villages and M&M villages. Against this, there are reports that rural people are also exhibiting tendencies of disloyalty.

E. Segmentation

Marketers have to start looking for appropriate variables to segment the rural market. Rural markets are deceptively simple, segmentation is by no means an easy task.

- Family size, not income determines purchase of durables like TV.
Land holding and incomes are not strongly correlated. Factors like crop pattern, the rainfall and method of farming make a difference.

Income of a family cannot be easily ascertained. There are multiple employments. Differential wage structures and irregular receipts. Expenditures as such are seasonally varied.

F. Product Strategy

Product with functional value not frills. It is what the rural consumer prefers to buy. Moderate quality, small unit packing succeed in penetrating the rural markets.

G. Price Strategy

Rural consumer, like the low and middle income urban counter parts are price sensitive. They prefer to buy low priced large packs of popular products of low prices small unit packs of premium products.

H. Distribution

The urban markets have many selling points like retail chains, malls, supermarkets, departmental stores, authorized showrooms, specialty stores, wholesalers, stockiest, semi-wholesalers and retailers. Also, pavement vendors, hawkers and the like are found is urban markets.

I. Promotion

There seems to be a vast gap between the way the rural market has been shaping and the efforts of marketers and media to understand and service it. All advertising addresses consumers assuming that they will react as individuals. It is true in urban areas. But the rural audience is more often a close knit group rather than a conglomerate of individuals. This therefore, requires basic changes in the
knit group rather than a conglomerate of individuals. This therefore, requires basic changes in the perspective of marketer. The use of colours—yellow and red for wall graphics—though very vibrant in the rural context needs to be reexamined on the face of the virtual overuse by marketers. The need now is to get now understood in quite the way we would like them to be. To an urban consumer, a model shaking her head in a shampoo commercial is showing off the bounce in her hair. The rural consumer may see her as a bad girl because of her unrestrained behavior.

The media mix, which is effective in urban markets, fails to produce the desired results in rural markets. TV followed by print and radio is appropriate to inform and induce urbanites. TV is effective but continuous availability of electricity is the problem in most rural homes. Radio listening is popular but not that effective compared to TV. Print media is the least effective because of law literacy levels. The emphasis should be on outdoor, vans, interactive folk media melas and haats. Outdoor media like wall paintings with high visual content are very effective. Non-conventional media like vans with an audio-visual content are very effective, though more expensive and difficult to organize. Rural India is essentially oral culture and hence, interactive folk media such as puppetry. Jataras and street theatre are very relevant. Corporate marketers need to consider these traditional media more seriously.
Table 3.1 Rural Vs Urban Marketing – A Summary

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Aspect</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Philosophy</td>
<td>Marketing and societal concepts, Green marketing and relationship marketing</td>
<td>Marketing and societal concepts, development marketing, and relationship marketing</td>
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<tr>
<td>2.</td>
<td>Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Demand</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>(b) Competition</td>
<td>Among units in Organized sector</td>
<td>Mostly from unorganized Units</td>
</tr>
<tr>
<td></td>
<td>(c) Consumers</td>
<td>Concentrated</td>
<td>Widely spread</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Literacy</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>- Income</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>- Expenditure</td>
<td>Planned, Even</td>
<td>Seasonal variations</td>
</tr>
<tr>
<td></td>
<td>- Needs</td>
<td>High level</td>
<td>Low level</td>
</tr>
<tr>
<td></td>
<td>- Innovation adoption</td>
<td>Faster</td>
<td>slow</td>
</tr>
<tr>
<td>3.</td>
<td>Product</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Awareness</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>- Concept</td>
<td>Known</td>
<td>Less known</td>
</tr>
<tr>
<td></td>
<td>- Positioning</td>
<td>Easy</td>
<td>Difficult</td>
</tr>
<tr>
<td></td>
<td>- Usage method</td>
<td>Easily grasped</td>
<td>Difficult to grasp</td>
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<tr>
<td></td>
<td>- Quality preference</td>
<td>Good</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>- Features</td>
<td>Important</td>
<td>Less important</td>
</tr>
</tbody>
</table>
VALUE ADDITION TO RURAL MARKETING

After understanding the differences between rural and urban market, it is essential to understand the needs of rural people and redesign marketing plan to make it more rural specific. The following points must be strongly considered:

1. Know the importance of women.
2. Offer small unit packing. JK Dairy Top sachets revolutionized the market.
3. Reinforce product quality through service initiatives. Hero Honda has established mobile service centers to take care of rural customers.
4. Establish one-to-one communication channels. Reckit & Colman uses NGOs in rural area to educate customers about product benefits.
5. Use local idioms to convey your message in a meaningful context.
6. Core values of brand must strike the consumer.
7. Go rural and be rural.
8. Groom a separate set of professionals more conversant with the rural markets.

Figure 3.3 Value Additions to Rural Marketing