



New Developments in Indian Rural Marketing Strategies

dr.bhavna.aggrawal@gmail.com

Abstract:

The urban market in India is becoming saturated. It's difficult to strive for the development goals market. Furthermore, since two thirds of Indians live in rural areas, the country's fierce competition and the need for businessmen to maintain their respective firms in order to increase market share make it impossible for them to move to India's rural markets, which are showing better growth prospects. Due to the general economic expansion, rural residents' expectations and demands are rising, providing business establishments with an untapped opportunity to realize their enormous potential. Numerous distinctions exist between rural and urban locations that impact the demand structure. In order to be successful in This paper intends to assess the marketing potential, the opportunities and driving forces for the marketers in the rural market. Breaking down growth statistics in real terms, the consumer economy grew at a rate of 5.7 percent annually between 2005 and 2015. Based on this, estimates hold that the annual growth of the consumer market could reach 6.7 percent between 2015 and 2020, and 7.1 percent between 2021 and 2025. This creates a consumer market worth about US \$507.46 billion (Rs 34 lakh crore) for the ongoing financial year, which could expand to US \$746 billion (Rs 50 lakh crore) by the financial year 2021.

Introduction:

Rural areas of India are undergoing development in the consumer market. Beginning in the 1990s, the consumer market entered its second phase. Modern marketing has developed on satisfying demand in urban marketplaces, and this phase resulted from the Indian economy's gradual reforms. Rural and urban alike acknowledge that the mindset doesn't seem to be enough to meet India's demands. In order to access the rural market, a distinct set of marketing tactics is required. Improved market penetration is being demanded by FMCG firms operating in rural India, given the higher income levels and fast-moving consumer goods industry. As opposed to 25% growth in urban regions, 40% growth is anticipated in the FMCG sector in rural areas. In rural India . Integration of many economic sectors, including banking, finance, insurance, transportation, industry, and agriculture, is undoubtedly a result of the development of rural marketing. From a strict marketing perspective, India's market structure can be divided into two categories: rural and urban markets. But the reality remains that distinct marketing strategies must be created to cater to the distinct behaviors of the rural and urban markets due to a few unique characteristic features¹. The third annual edition of Accenture Research's "Masters of Rural Markets" report claims. Gaining the Aspiring Rural Consumers of India: From Touch Points to Trust Points, rural consumers in particular aspire to or strive to buy branded, high-quality goods. As a result, companies operating in India feel confident about the rural consumer markets' potential to grow at a quicker rate than those in metropolitan areas. In order to make better informed decisions when making purchases, the report emphasizes how rural consumers in India are more likely to network and have a propensity to actively seek information from a variety of sources. More significantly, however, the increased reach of media and telecommunications services has given rural consumers in India access to information that is influencing their decisions. Rural customers are moving toward a more



comprehensive understanding of the value that goods and services offer, one that goes beyond just low pricing and takes into account factors like price plus functionality, features, and beauty. The consumption patterns in rural and urban areas are rapidly becoming more similar to one another. Roughly one-third of the customers of some of the biggest consumer brands in India are from rural areas. Rural India presents a sizable and alluring investment opportunity for private enterprises because of the favorable shifting consumer trend and the market's potential size. Business firms find the rural markets appealing since the metropolitan markets are increasingly saturated and exceedingly competitive, which limits opportunities for expansion. Indian rural markets will be nearly four times larger than urban markets in India today by 2025, and they will surpass the combined consumer markets of North America, South Korea, and Canada. Marketers are quite excited about joining the rural market. A number of characteristics that affect a consumer's purchasing behavior differ between urban and rural consumers. In rural marketplaces, techniques that have shown to be effective in urban ones might not work at all. In an effort to reap greater benefits from India's rural marketplaces, a growing number of commercial establishments are venturing there by refining their marketing techniques. Indian Tobacco, Hindustan Lever, ITC, HPCL, Coca-Cola, LG Electronics, Britannia, LIC, HDFC Standard Life, ICICI, Philips, and the majority of telecom firms.² Current urban market conditions might also be examined in this context. Firstly, the urban markets are nearly saturated, making it harder to tap them further with a large profit margin. Second, metropolitan marketplaces are growing more competitive, which forces many businesses to spend a lot of money on promotion.

Motives of the Study:

The current investigation primarily looks into the following problems:

1. To assess the state of rural marketing at the moment,
2. To find chances for rural marketing,
3. To assess the difficulties that marketers face, and
4. Making recommendations for marketing tactics that work in rural areas.

Methodology for Research:

The current study evaluates India's rural markets' potential and dynamics. Various sources such as government publications, websites, periodicals, and secondary data from the Census of India have been utilised to bolster arguments. Evaluating the variables that impact India's rural demand and the market's expanding possibilities is the study's goal. Additionally, given the shifting paradigms, it evaluates the potential in the rural market.

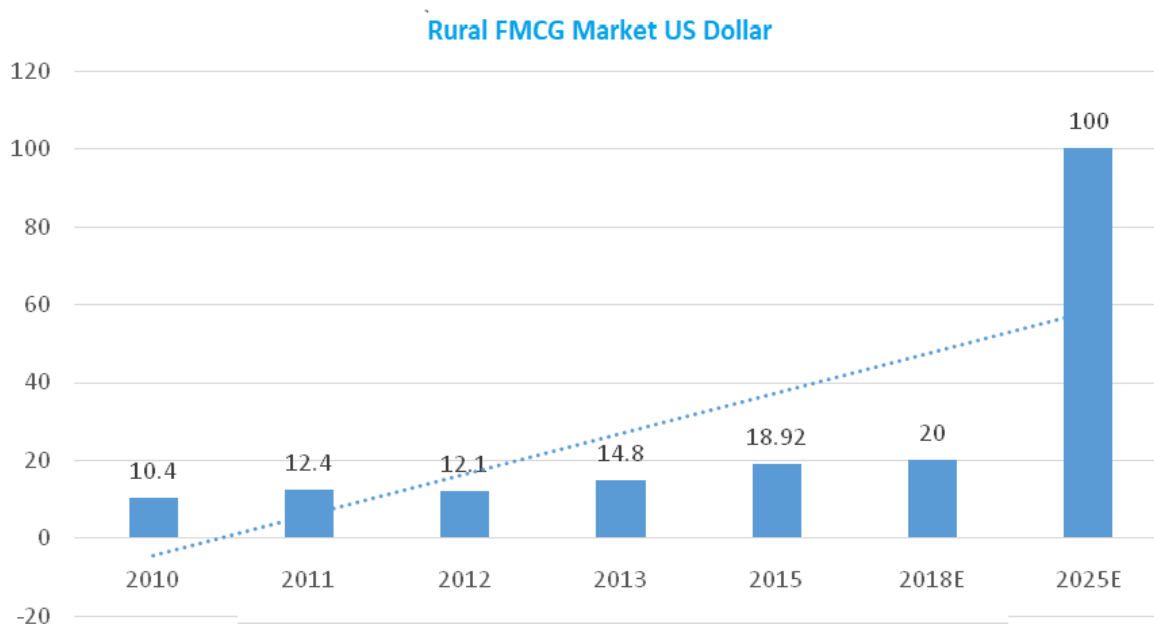
Review Literature:

Rural India's consumer market has expanded quickly in the last few years. The consumption mix has also experienced a notable improvement. The rural consumer's shopping basket now includes a wide variety of new products, and the relative shares of the various categories show a welcome shift. Specifically, the higher socioeconomic groups have been purchasing and utilizing a wide range of contemporary goods (Ramaswamy, 2010). According to Kumar (2011), the urban market is only developing at a rate of 7 to 10 percent, whereas the rural market is growing at a rate of 25 percent. India's rural areas are home to three times as many people as its metropolitan areas. 810 million as opposed to India's urban population of 280 million. Accordingly, in many categories the rural market is larger than the urban market (Bijapurkar, 2007). The marketing industry is seeing a significant change in focus from urban to rural markets. India's rural areas are home to about 70% of the country's population, while rural assets make up over 50% of the nation's physical wealth, giving businesses enough opportunity to access this market (Gupta, 2009).



Size of market:

Since 2000, India's per capita GDP in rural areas has increased at a Compound Annual Growth Rate (CAGR) of 6.2%. In India's rural and semi-urban areas, the Fast Moving Consumer Goods (FMCG) industry is projected to surpass US\$ 20 billion by 2018 and reach US\$ 100 billion by 2025.



Relevance of Rural Marketplaces:

In comparison to urban markets, it is estimated that rural markets are growing quickly. It is believed that rural marketplaces have the potential of a "sleeping giant that has woken up." These findings are supported by a market growth analysis carried out by multiple researchers. The importance of rural markets has grown recently in nations such as China and India, where the general economic expansion has led to a significant rise in the purchasing power of rural populations. India's rural areas are consuming a significant amount of manufactured goods from cities and industries due to the country's green revolution. A unique marketing approach known as rural marketing has emerged in this setting. Rural marketing is sometimes mistaken with agricultural marketing, which refers to selling produce from rural areas to urban or industrial consumers. In contrast, rural marketing deals with providing manufactured or processed inputs or services to consumers or producers in rural areas.³⁻

State-sponsored Projects:

The Indian government has planned a number of projects to build and upgrade the infrastructure in rural areas. These initiatives can increase the flow of goods and services, boost the possibility for rural communities to generate more money, and ultimately increase consumption. Memorandums of Understanding (MoUs) have been signed by e-commerce giants Flipkart, Snapdeal, Infibeam, and mobile wallet leader Paytm with the government to connect with government-established common service centers (CSCs) being set up in villages as part of the ' Digital India' initiative. The Indian government is seeking corporate players and entrepreneurs to assist in training 500 million people by 2022, in response to the growing demand for skilled labour. By combining numerous active irrigation



projects into a single, targeted irrigation program, the initiative seeks to deliver irrigation to every hamlet in India. The Indian government wants to spend Rs 75,600 crore (US\$ 11.34 billion) on separate feeders that will offer energy to rural areas for both home and agricultural use. The objective of this effort is to enhance the efficacy of energy distribution, hence furnishing uninterrupted power supply to India's rural areas. The Government of India launched ' A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) in order to encourage enterprises that are centered around agriculture.

In remote rural and tribal areas, the Indian government aims to foster innovation and technology development. The Nav Kalpana Kosh program seeks to enhance rural communities in a number of sectors, including agriculture, cleanliness, and governance. Banks are attempting to install smaller denomination currency note ATMs in rural areas. According to Mr. R Gandhi, Deputy Governor of the Reserve Bank of India (RBI), "We have encouraged banks to find a solution for bringing in rural ATMs... banks will have to find an appropriate technology solution for a different type of ATM to care for the needs of the rural people." Indian markets are split between urban and rural areas and are driven by consumers. Even though seventy percent of India's population lives in rural areas, just forty percent of the nation's total consumption comes from these areas. Due to inefficient supply chains and inadequate connection in rural areas, the retail industry has not been able to establish a foothold in these local marketplaces thus far. This information is significant because rural India accounts for 53% of household sector spending. According to a survey by AC Nielsen, the FMCG sector in India's rural and semi-urban areas alone might surpass \$20 billion by 2018 and reach \$100 billion by 2025, demonstrating the enormous market potential of this industry. Prominent e-commerce firms including as Flipkart, Snapdeal, Infibeam, and mobile wallet Paytm have already inked memorandums of understanding (MoUs) with government agencies in order to expand their reach into remote and rural areas. To facilitate communication with e-commerce companies, the Ministry of Communications and Information Technology has opened 100,000 common service centers (CSCs) in villages. By the end of March 2016, the number of CSCs will have increased to 90,000. Additionally, the ongoing initiative of rural electrification has been moving quickly, which will only increase and broaden the possibilities of the rural market.⁵

The expenditure patterns of Indian consumers:

Spending in India can be divided into two categories: spending on essentials and spending on discretion. Basic necessities like food and clothing are included in discretionary spending, which covers all other costs. The industries that profit most from maximal consumer spending are often those in food, housing, consumer durables, transportation, and communication. The Fast Moving Consumer Goods (FMCG) sector plays a significant role in the GDP of the nation. Food and drink, personal hygiene, and household goods are all part of this industry. It currently ranks as the fourth-largest economic sector in India. India's smartphone market has grown rapidly, coming in second place globally behind the United States. Prominent companies such as Samsung and Apple are eager to secure a foothold in the Indian market, but Lenovo and Xiaomi have effectively capitalised on this rapidly expanding market by means of cost reduction through local production. Additionally, a progressive change in consumer spending from essentials to luxuries has been seen. , and the Associated Chambers of Commerce of India (ASSOCHAM) estimates that the luxury industry in India might surpass US \$18.6 billion by 2016. Six Lastly, projections from the Confederation of Indian Industry (CII) and the Boston Consulting Group (BCG) place India's consumer share of the world market at 5.8% by 2020, having increased by more than double the current percentage.



Examining Rural Market Niche Marketing:

Marketers are looking for ways to capitalize on the explosion produced by the consumer boom and products and brands that fit into these small but valuable niches. The significance of niche tactics in the Indian environment is exemplified by Colgate Palmolive's Colgate Total[®] and Hindustan Lever's "Dove" soap. Innovative formulation of niche strategies that can appeal to India's rural market could involve mixing several components of the marketing mix. In a nation such as India, where the surge in customers has extended to the rural market, niche marketing may present a completely distinct and unusual challenge. With the diversity of cultures found throughout the nation, niche marketing may present a plethora of opportunities in the rural market. Nearly all goods and services may be redesigned using a marketing mix, where the weights assigned to the components could change based on the psychographic and demographic characteristics of rural customers. Advertising for a branded coffee can need a whole different theme.⁷ It might set itself up by taking advantage of caffeine's stimulating properties. Coca-Cola with movie star Amir Khan and Enfield have both shown how advertising can be used to target a certain market. The former illustrated how a motorcycle can survive rough terrain. High-end goods that have established a following in cities could be altered to place oneself in the rural marketplaces. A "distinctive flavour" may be added to soft drinks, fast food, kitchenware, etc. to carve out a "rural niche."

The Principal Driver of Growing Opportunity One:

Undoubtedly, the primary driver is the increasing opportunities found in rural markets. Recent years have seen a positive shift in the nature of the rural demand, which has been expanding quickly. The demand for various products in rural areas has increased due to the improved income distribution and the rising income/purchasing power of rural consumers. An additional factor contributing to this increase is easier access to an abundance of contemporary brands and products.

India's Developments in Rural Marketing:

P&G has its work cut out for it given that the rural markets have been a battleground for national firms like HUL and Dabur as well as even regional players like Ghari trying to break through. When reached, P&G India's marketing director, Sumeet Vohra, stated that the company's goal has always been to touch as many lives as possible in addition to improving them. "We recognize the significance of the expanding rural market in the context of our consumption-driven economy," Vohra says. She also adds that P&G is continuously assessing growth prospects not only in this market but throughout India and will employ the Considering that 12.2% of people on Earth live in rural India.⁸ By means of this endeavor, P&G is seeking to produce user trials for sachets and SKU pack sizes. Vohra declined to comment on future plans, citing business policy, although it is believed that the corporation intends to expand the campaign to approximately 5,000 villages around the state of Uttar Pradesh after analyzing the initial response to the trial program. Additionally, P&G is simultaneously strengthening its distribution network to guarantee the products' reach and availability in order to capitalize on the demand created by this initiative. However, P&G's rural march faces out against well-established competitors like Hindustan Unilever, which has strengthened its rural distribution capabilities over time with initiatives like Project Shakti.

Similarly, by promoting products like Superia soaps and shampoos in smaller SKU pack-sizes, tobacco giant ITC has been able to build a network to pursue its FMCG ambitions through its echoupal network. P&G entered the Indian market somewhat late, and it has just been attempting to go deeper into it for the past two years, according to Anand Shah, an FMCG analyst with Angel Broking. "The company is playing catch up given that rural markets for categories like shampoos has been a huge growth driver,"



Shah states. P&G is undoubtedly hoping Sangeeta Bhabhi can stave off the competition. Furthermore, maintain a solid head over her shoulders.

Product Marketing Plans for Rural Areas:

Identifying gaps in the rural market and creating the ideal product offering for customers are essential steps for any company hoping to become a dominant force in the sector. Developing a product strategy for the rural market is very different from that of its urban counterpart in numerous ways. When entering the rural market, it's important to strike the correct note because the needs and demands of rural consumers may differ from those of urban consumers. The main goal is to provide items that meet the needs of rural areas. The conventional understanding of rural marketing holds that rural and urban consumers have comparable requirements. Therefore, products designed to meet urban specifications should also meet the needs of rural areas. a customer. This is frequently untrue, though, as there are differences in the markets between rural and urban areas. For example, in urban regions, people cook over an open fire, or "Chulha," whereas in rural areas, they utilize gas burners with controllable flames, such as kerosene or LPG. For use on an open fire or a "chulha," pressure cookers with handles on one side are suitable for urban consumers but not for those in rural areas. Maybe a wide-bodied cooker with handles on both sides might work well in a rural setting. Consequently, the needs of rural consumers must be taken into account when creating and developing new products, and rural-specific items must be created. When shampoo was first offered in sachet packs in the late 1980s, sales of the product skyrocketed because it catered to lower-class consumers. With an eye on the rural market, Hindustan Motors (HM) introduced the RTV (rural transport vehicle), a utility vehicle.⁹ Therefore, it's essential to produce products for rural consumers. While marketers continue to explore and test approaches to effectively penetrate the rural market, the following product strategies have gained widespread adoption and demonstrated their efficacy in this context:

Tiny unit packaging: Vicks cough drops in single tablets, tooth paste, pickles, shampoos, and biscuits have all been used to test this technique. In rural markets, small packaging has a strong possibility of being accepted. The low cost makes it easily affordable for rural consumers, which is an advantage. Another illustration is the Red Label tea pack, which sells for Rs. 3.00 and has more sales than the huge pack. This is because it has the widest market reach and is highly accessible for those with lesser incomes, making it simple to reach and satisfy the end user. There is little doubt that the compact unit packing would draw in a lot of rural customers.

New product designs: might be thought of by the manufacturer and marketing professionals while keeping in mind the rural lifestyle. Due to the unfavorable working conditions, PVC shoes and chappals, for example, can be deemed most suited for rural clients. P.V.C. products are reasonably priced as well.

Robust goods: For rural customers, a product's robustness is a crucial consideration. Because rural consumers chose heavier dry battery cells over lighter ones, the experience of torch light dry battery cell makers supports this. For them, a greater weight indicated greater quality and longevity. For rural consumers, a product's durability or look is crucial.

Products with a focus on utility: Rural consumers are more interested in a product's look and usefulness. India Philips Ltd. created and released BAHADUR, a low-cost medium wave receiver, in the early 1970s. Sales were strong at first but later fell off. According to consumer research, rural consumers purchased radios for fun as well as information and news.

Brand name: Rural consumers use their own brand name to identify themselves while naming an item. Even though fertilizers can only be marketed under generic names, fertilizer businesses typically



include their logos on their bags. For a rural consumer, a brand name or logo is crucial because it is easily recalled.

Kisan Mandi :

The direct agriculture marketing approach must be promoted through urban farmer's cooperative retail locations. In two ways, a direct connection between producers and customers would benefit farmers by allowing them to profit from the high price and by driving down retail prices. Rural consumers are also anticipated to eventually adopt online shopping and drive digital consumption, following the pattern of urban India. Basic telecommunication services are already widely available in rural areas, and the use of laptops and smartphones is growing in these areas. Online portals are becoming considered as crucial avenues for businesses attempting to penetrate and establish themselves in the rural market, capitalizing on these advancements. Using the Internet, become an affordable option for a business trying to expand its reach and get over geographical obstacles. According to market research firm Nielsen, the rural FMCG market in India is expected to grow to a value of US\$100 billion by 2025. According to a different McKinsey Global Institute analysis, rural India's actual yearly income per household will increase to 3.6% in 2025 from 2.8% over the previous 20 years. Like any economy, rural markets have unrealized potential.¹⁰ A number of obstacles stand in the way of thoroughly investigating rural markets. In India and many other nations, such as China, the idea of rural markets is still developing. The industry presents a number of difficulties, such as comprehending the tactics and dynamics of the rural markets.

Conclusion :

Given the above described factors, it is evident that marketers seeking to reach volume are increasingly choosing to target the Indian rural market. There is hope even for those enterprises that struggle to survive in the metropolitan market. However, as the rural market as a whole cannot be viewed as a homogeneous mass, it is imperative to carefully research the rural dynamics, demography, and demand-influencing factors of the area to be focused before entering these markets. In the twenty-first century, rural market paradigms are evolving. In order to take advantage of this dynamic market, corporate houses need to research the demands, culture, behavior, etc. of the rural population and develop a range of creative methods. What works is heavily reliant on long-term vision, inventiveness, creative tactics, and quick thinking because early entry equals more earnings .

References:

1. Kotni, V V Devi Prasad. (2012). “ Prospects And Problems Of Indian Rural Markets” , ZENITH International Journal of Business Economics & Management Research. Vol.2, Issue 3, (March); pp.200-211.
2. Dr. T.P. Gopaldaswamy, Rural Marketing, Wheeler Publishing, First reprint, Delhi, 1999.
3. S. Dhinesh Babu, Marketing Management, University of Madras Press, Chennai, 2006.
4. S. Neelamegham, Marketing in India, Vikas Publishing House Pvt. Ltd., Seventeenth Revised Edition, Delhi, 1999.
5. M. J. Xavier, Marketing in the New Millennium, Vikas Publishing House Pvt. Ltd., New Delhi, 1999.
6. William D. Samuelson, Paul A. Nordhaus. “ Economics” , McGraw-Hill, Boston: Irwin, 1998.
7. Philip Kotler & Gary Armstrong, Principles of Marketing, Eithth Edition, Prentice Hall of India, 1999.



8. V.A. Pai Panandiker & P.K.J. Menon, Rural Industrialisation, Oxford & IBH Publishing Co. (P) Ltd., New Delhi, 1986.
9. Kumar, Arun & Meenakshi, N. (2011). Marketing Management. Second Edition. Delhi: Vikas Publishing House. Kumar, Pawan. (2013).
10. Rural Marketing in India: Challenges and Opportunities” International Journal of Management and Social Sciences Research (IJMSSR) Volume 2, No. 8, (August); pp.93-100.