

# Evolution of Rural Market and Marketing Dynamics

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## ABSTRACT:

This paper critically examines the intricacies of rural market dynamics and delineates effective marketing strategies tailored to engage rural consumers. It comprehensively explores the unique characteristics of rural markets, challenges faced by marketers, pragmatic approaches to tapping into this burgeoning segment, and real-world case studies illustrating successful implementations. The purpose of this paper is to examine the impact of marketing strategies on rural India and shift of multi national corporations concentration towards the Indian rural market. But often, rural marketing is confused with agricultural marketing Particular emphasis is placed on the impact of the four A's principles on the rural economy and its pats, namely farmers, landless laborers and marketing intermediaries. The marketing had a positive effect on all these participants through the creation of vast marketing opportunities. The driving force of this success was "market forces," generating virtuous cycles in the transition marketing. At the same time, the "absence of bad marketing policy" is emphasized as a key for the success in the context of India, where excessive intervention of private companies like H.U.L, CALVIN CARE PORTER AND GAMBLE, often resulted in success of rural

marketing in India. The Indian rural market is observed as a high potential market across the world.

**Key words:**Rural market, Rural marketing, Rural consumers, Market strategy.

## INTRODUCTION:

Rural markets, characterized by their vast geographical spread and diverse socio-economic landscape, offer immense potential for businesses seeking growth opportunities. However, penetrating these markets necessitates a nuanced understanding of their distinct attributes, including cultural idiosyncrasies, infrastructural constraints, and consumption patterns. This section sets the stage for the subsequent discussion by highlighting the significance of rural markets in the broader context of economic development and business expansion.

Rural marketing facilitate flow of goods and service from rural producers to urban consumers at possible time with reasonable prices, and agriculture inputs/ consumer goods from urban to rural. Marketing is an exchange function; it was started much earlier when civilization started but not recognized as marketing. All economy goods are marketed in terms of goods and services (Barter system). Now money is being practiced as a good exchanging medium. The surplus produce has been

brought to sophisticated places where both buyers and sellers meet together and exchange goods, services and ideas in terms of money. The market may be a street, or a small town/ metropolitan city. Developments in infrastructure, transport, and communication facilities increased the scope of the rural market.

The broad emerging profile of rural marketing indicates the future of marketing in rural markets is full of opportunities, potential and challenges. In the coming future, the rural markets and rural consumers will play a vital role in the success of business firms. In order to understand the expectations and aspirations of rural consumers, the business practitioners, marketers, marketing scientists and scholars, all are putting great efforts.

#### **OBJECTIVES IN RURAL MARKETING:**

- Investigate the socio-economic factors shaping rural consumer behavior and purchasing decisions.
- Evaluate successful marketing interventions employed by companies to gain traction in rural markets.
- Synthesize key insights and propose actionable recommendations for marketers to effectively target rural consumers.

#### **LITERATURE REVIEW:**

Existing literature underscores the pivotal role of rural markets in driving economic development, particularly in emerging economies. Scholars have elucidated various determinants influencing rural consumer behavior, encompassing income levels, social structures, access to information, and affordability. Moreover, research underscores the imperative for marketers to devise

customized strategies that resonate with the aspirations and preferences of rural consumers. This section provides a comprehensive overview of key findings and theoretical frameworks relevant to understanding rural market dynamics.

#### **IMPORTANCE OF RURAL MARKETS:**

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG sector. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth, at present 53 per cent of all FMCGs and 59 per cent of all consumer durables are being sold in rural India. The biggest FMCG Company in India HLL derives more than half of its Rs. 12,000 crores revenues from the rural markets. The rural market is an enigma for the companies. Due to the lack of deeper insights into the psyche of the rural consumers, companies are hesitant to explore this territory. But local brands, like “Ghadi” detergent in Kanpur, have been able to successfully tap the opportunities presented by rural market. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2010, boosting purchasing power in the countryside. At present, urban India

accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

#### **OPPORTUNITY AND CHALLENGES: RURAL MARKETING**

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector creates a variety of opportunities and challenges. Rural market has following arrived and the following facts substantiate this.

- 742 million people
- Estimated annual size of the rural market
- ❖ FMCG Rs 65,000 Crore
- ❖ Durables Rs 5,000 Crore
- ❖ Agri-inputs (incl. tractors) Rs 45,000 Crore
- ❖ 2 / 4 wheelers Rs 8,000 Crore

#### **EVOLUTION OF RURAL MARKETING:**

Rural markets are as old as India itself. However the traditional rural market gave way to modern market with the onset of liberalisation, privatisation and globalisation of Indian economy in the last decade of 20<sup>th</sup> century. Rural marketing evolved in four

phases: Self-sufficient village economy (<1960), Green revolution era (1960-1990), Liberalised era (1990-2000) and ICT era (>2000).

After independence and till 1960, rural India behaved like a self-sufficient village economy. The producers and consumers were in close proximity. Barring few products from faraway places with the onset of green revolution in 1960, the rural market saw the predominance of Agri inputs and output service. It continued till 1990, the beginning of liberalisation, privatisation and globalisation. It opened rural market to goods and services from faraway places. The needs and wants of rural consumers got influenced with global consumers. However with ICT diffusion in 2000, the process of integration into global economy got accelerated.

With the birth of “Green revolution and White revolution”, agri inputs were given to the rural consumers in subsidised rate. Govt supported exhibitions, rallies, etc. were conducted as a promotional effort for diffusion of these products. Products were sold in melas, public distribution system (PDS) stores, etc.

During liberalisation era, more importance was given to industrial sector. Industrial products were manufactured, focusing on households consumables and durables. Local governance and reforms got a boost. Promotion of products were taken up through print media and others. Products were sold through wholesalers, retailers, small kirana stores etc.

From the onset of 21<sup>st</sup> century, ICT played a major role. With the introduction of world wide web, it opened up the market. Infrastructure availability in the form of electricity and motorable road enabled

marketing of high end products through e-commerce platforms. Attractive financial schemes, bank subsidy and welfare schemes of government added steam to the existing momentum. In the second decade of 21<sup>st</sup> century many companies increased investment in rural areas.

However, the problem of affordability, information asymmetry and distribution of products and services, remain a challenge for many rural markets.

### **FEATURES OF INDIAN RURAL MARKETS:**

- Large and Scattered market:

The rural market of India is large and scattered in the sense that it consists of over 63 crore consumers from 5,70,000 villages spread throughout the country.

- Major income from agriculture:

Nearly 60 % of the rural income is from agriculture. Hence rural prosperity is tied with agricultural prosperity.

- Traditional Outlook:

The rural consumer values old customs and tradition. They do not prefer changes.

- Diverse socio-economic backwardness:

Rural consumers have diverse socio-economic backwardness. This is different in different parts of the country.

- Infrastructure Facilities:

The Infrastructure Facilities like roads, warehouses, communication system, financial facilities are inadequate in rural areas. Hence physical distribution becomes costly due to inadequate Infrastructure facilities.

The rural bazaar is booming beyond everyone's expectation. An estimated induction of Rs 140 billion in the rural sector through the government's rural

development schemes in the Seventh Plan and about Rs 300 billion in the Eighth Plan is also believed to have significantly contributed to the rapid growth in demand.

- Problems in the Booming Rural Marketing

Although the rural market does offer a vast untapped potential, it should also be recognized that it is not that easy to operate in rural market because of several problems. Rural marketing is thus a time consuming affair and requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems.

### **THE 4A APPROACH:**

The rural market may be alluring but it is not without its problems: Low per capita disposable incomes that is half the urban disposable income; large number of daily wage earners, acute dependence on the vagaries of the monsoon; seasonal consumption linked to harvests and festivals and special occasions; poor roads; power problems; and inaccessibility to conventional advertising media.

However, the rural consumer is not unlike his urban counterpart in many ways. The more daring MNCs are meeting the consequent challenges of AVAILABILITY, AFFORDABILITY, ACCEPTABILITY, AWARENESS. (the so-called 4 A's).

### **MARKET RESEARCH IN RURAL CONTEXT:**

Conducting thorough market research is essential for formulating successful marketing strategies in rural areas. This section discusses the methodologies and approaches tailored to gather insights from rural consumers, including on-ground

surveys, ethnographic studies, and data analytics. It emphasizes the importance of understanding local culture, traditions, and socio-economic dynamics in shaping consumer behavior. By investing in robust market research, marketers can uncover latent needs and preferences, enabling the development of targeted and impactful marketing campaigns.

### **MARKETING STRATEGIES FOR RURAL MARKETS:**

Successful engagement with rural consumers necessitates innovative marketing strategies that transcend traditional approaches. Leveraging local influencers, adopting vernacular communication channels, and offering affordable yet quality products are integral components of effective rural marketing strategies. This section provides a detailed exploration of various strategies and tactics employed by companies to capture market share in rural areas, drawing upon both theoretical frameworks and practical examples. Furthermore, it underscores the importance of flexibility and adaptability in adjusting marketing strategies to evolving rural market dynamics.

### **EMERGING TRENDS IN RURAL MARKETING:**

Rural markets are dynamic and constantly evolving, influenced by technological advancements, changing consumer preferences, and socio-economic developments. This section explores emerging trends such as e-commerce adoption, digital marketing innovations, and sustainability initiatives in rural marketing. By staying abreast of these trends and proactively incorporating them into their strategies, marketers can maintain a

competitive edge and effectively reach rural consumers.

### **CONCLUSION:**

Rural markets present a fertile ground for businesses to expand their footprint and drive inclusive growth. By crafting culturally sensitive marketing strategies, leveraging technology for outreach, and fostering local partnerships, companies can unlock the latent potential of rural consumers. Nonetheless, sustained research endeavors and a proactive approach to adaptation are imperative to navigate the evolving dynamics of rural marketing.

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