



A PRAGMATIC PROPOSAL ON DYNAMICS OF DIVERSE RURAL MARKETING STRATEGIES ON CONSUMER BEHAVIOR

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ABSTRACT

Marketing may aptly be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behavior, therefore, is vital for a firm to achieve its marketing goals. 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 programme in a more efficient manner. This manuscript enlightens and proposes an empirical investigation and analysis on diverse rural marketing strategies on consumer behavior.

Keywords – Consumer Behavior, Marketing Strategies, Dynamics of Marketing

INTRODUCTION

Marketing is the pivot of economic development in rural areas. It is an essential component in income and employment generation in farm and non-farm sectors. Since marketing is one of the pre-requisites for income generation, this booklet attempts to throw some light both on marketing of rural produce to other areas and improving marketing environment within the rural areas.

Broadly rural marketing incorporates the marketing of agricultural products, rural industries products and services of many kinds. The trade channels for different types of commodities available in rural areas are private, cooperatives, processors, regulated markets and state agencies. In no sense, a social cluster or village economy as at whole can, be developed without effective and efficient rural marketing. Very little attention has been paid in the planning era towards the development of rural marketing. In fact marketing is a dynamic state of affairs and is part and parcel of the whole economy. Thus production and marketing are the two facets of a coin. Rural marketing constitutes the nerve centre of rural development activities. Rural marketing is a two way marketing process. The content now encompasses not only marketing of products which flow to rural areas, but also products which flow to urban areas from rural areas. So a broad definition of rural marketing is concerned with the flow of goods and services from urban to rural and vice-versa. In addition, it also includes the marketing in the rural areas. As the rural marketing is a two-way process, this booklet attempts to highlight both the aspects. It examines the marketing aspects of rural produce with special reference to agriculture while on the other hand it covers and suggests strategies for promoting marketing within the rural areas.

The rapid economic growth of any developing country is mainly governed by three factors: increasing food production and other major inputs of industry; increasing the income levels of middle and lower strata of the population and most importantly provision of basic infrastructure and planning a national marketing system and thereby increasing the size of the national market is also essential to integrate the marketing systems with the needs and wants of the consumer with available resources. This is the hallmark of economic development. As India's major population lives in rural areas and agriculture being their main livelihood, major emphasis has been given to agriculture sector. In most of the developing countries development strategies are mostly in and around urban areas while technical advancement and improvement in the agricultural sector is receiving less attention. In order to promote the marketing, increase of the productivity of the farm is imperative. Apart from that, innovation in marketing of agricultural products is essential. On the other hand,

promoting strategies for marketing of the manufactured goods in the rural areas requires equal attention.

With more than 700 million people living in rural areas, in some 5,80,000 villages, about two—third of its workforce was engaged in agriculture and allied activities with a contribution of 29 percent of India's Gross Domestic Product (GDP), India's economy is predominantly rural in character. Till recently, the focus of marketers in India was the urban consumer and by large number specific efforts were made to reach the rural markets. But now it is felt that with the tempo of development accelerating in rural India, coupled with increase in purchasing power, because of scientific agriculture, the changing life style and consumption pattern of villagers with increase in education, social mobility, improved means of transportations and communication and other penetrations of mass media such as television and its various satellite channels have exposed rural India to the outside world and hence their outlook to life has also changed. Because of all these factors, rural India is now attracting more and more marketers. Increase in competition, saturated urban markets, more and more new products demanding urban customers, made the companies to think about new potential markets. Thus, Indian rural markets have caught the attention of many companies, advertisers and multinational companies. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the purchasing power of the rural people has increased due to increase in productivity and better price commanded by the agricultural products. By and large this rise in purchasing power remains unexploited and with the growing reach of the television, it is now quite easy for the marketers to capture these markets. Rural marketing has become the latest mantra of most corporate. Companies like Hindustan Lever, Colgate Palmolive, Britannia and even Multinational Companies (MNCs) like Pepsi, Coca Cola, L.G., Philips, Cavin Kare are all eyeing rural markets to capture the large Indian market. Coming to the frame work of Rural Marketing, Rural Marketing broadly involves reaching the rural customer, understanding their needs and wants, supply of goods and services to meet their requirements, carrying out after sales service that leads to customer satisfaction and repeat purchase/sales.

FEATURES OF INDIAN RURAL MARKETS

- Large, Diverse and Scattered Market: Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market products.
- Major Income of Rural consumers is from Agriculture: Rural Prosperity is tied with agriculture prosperity. In the event of a crop failure, the income of the rural masses is directly affected.

- Standard of Living and rising disposable income of the rural customers: It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.
- Traditional Outlook: Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.
- Rising literacy levels: It is documented that approximately 45% of rural Indians are literate. Hence awareness has increases and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.
- Diverse Socioeconomic background: Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic background, which ultimately affects the rural market.
- Infrastructure Facilities: The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence physical distribution is a challenge to marketers who have found innovative ways to market their products.

As part of planned economic development, the government is making continuous efforts towards rural development. In this age of liberalization, privatization and globalization, rural market offers a big attraction to the marketers to explore markets that are untapped. 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. Dynamics of rural markets differ from other market types, and similarly, rural marketing strategies are also significantly different from the marketing strategies aimed at an urban or industrial consumer.

MARKETING STRATEGY

Marketers need to understand the psyche of the rural consumers and then act accordingly. Rural marketing involves more intensive personal selling efforts compared to urban marketing. Firms should refrain from designing goods for the urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market, a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

DISTRIBUTION STRATEGY

One of the ways could be using company delivery van which can serve two purposes - it can take the products to the customers in every nook and corner of the market, and it also enables the firm to establish direct contact with them, and thereby facilitate sales promotion. However, only the bigwigs can adopt this channel. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural markets have the practice of fixing specific days in a week as Market Days (often called "Haats") when exchange of goods and services are carried out. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town (termed as "Mandis" or Agri-markets) where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

PROMOTIONAL STRATEGY

Firms must be very careful in choosing the vehicle to be used for communication. Only 16% of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc., with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns.

EXISTING THEORY AND LITERATURE

Consumption of various kinds of goods and services is the part and parcel of human life. Almost every activity in which a human being may be engaged involves the consumption of goods and services. Adam Smith stated that consumption is the sole end and purpose of all production. As purchasing is a complicated activity involving many decisions at every step and each family differs widely in this. It was felt necessary to study the purchasing habits, problems faced, awareness of consumer protection and welfare programmes in rural areas. The review of related literature on these subjects is presented in this as under

A socio-economic influence of rural consumer behavior was studied by Sayulu and Reddy (1998) who concluded that the frequency of purchase of commodities by rural consumers was highly influenced by the type and nature of the products. Products like groceries (40.35%) and others which included vegetables, milk etc (48.25%) were purchased on a daily basis and 33.33 per cent and 42.98 per cent of them purchased these products on a weekly basis. Cash purchase was highest in the case of products like groceries (44.74%) and others (54.82%) followed by credit purchase with 38.60 per cent and 21.06 per cent respectively. Price of the goods was considered to be the most important factor by more than 88.00 per cent of the respondents followed by easy availability (66.66%) and neighbours (54.00%).

Hugar et al. (2001) carried out a study on the dynamics of consumer behavior in vegetable marketing in Dharwad city. Low income consumers purchased lesser quantities (3.25 kg/week) of vegetables as compared to medium (5.40 kg/week) and high income (4.66 kg/week). The majority of the low income group preferred to purchase vegetables from producers because of reasonable prices. High and medium income families preferred stall vendors for the purchase of vegetables because of better quality and correct weighing.

Gaur and Waheed (2002) conducted a study on buying behavior for branded fine rice in Chennai and Coimbatore cities. The study indicated that retailers were ranked as the prime source of information and the family members as the next important source of information about the branded fine rice. Rice mandis formed the major source of purchase for Chennai (73.00%) and Coimbatore (70.00%) households. Quality and image of the brand were ranked as the first and second factors influencing brand preference in both Chennai and Coimbatore cities.

Ratna and Sarkar (2007) reported that rural populations treat health as an important aspect and are interested in a health insurance scheme. They reported that high costs of hospitalization and surgery are not posing financial risks for poor households. They also reported that poor rural people are able to take judicious decisions regarding the composition of a health insurance benefit package.

Nancy J. Miller , Rita C. Kean(2010). “Factors contributing to in-shopping behavior in rural trade areas: implications for local retailers” In their study analyzed the competition with giant discount and chain stores represents a key challenge facing independent retailers anywhere. In smaller communities, the competitive nature of the rural market has dramatically altered in recent years. Better traveling conditions along with attractive regional shopping centers entice consumers to travel beyond their local market and spend their dollars outside their community. This phenomenon, called out shopping, results in lost sales for the local small-sized retailer and lost sales tax to the government. **Zameer, Asif, Mukherjee, Deepankar (1999).**” In their study entitles “ Food and Grocery Retail: Patronage Behavior of Indian Urban Consumers” In a KSA Technopak, study presented by Business Today (1999), the reasons why housewives prefer to purchase grocery from the neighborhood supermarket (modern retail store) are listed as location convenience (easily approachable on foot) , stock of everything from scrubs and mops to fresh fruits (product variety and assortment), enough parking facility (in case the customer drives down to the store) and convenient operating hours. Other variables which affect the retail outlet choice are value –for money, quality of products, polite and courteous salespeople, exchange/returns policy, noninterfering salespeople, product choice, product width, and product information.

Sanal Kumar Velayudhan & Guda Sridhar M.S. Ramanujam (2010),In their study entitles “Marketing to Rural Consumers: Understanding and Tapping the Rural Market Potential” To analyzed the retailing patterns in urban areas with reference to customer orientation strategies, product search behavior, and enhancing value for customers. Interrelationship among urban retailing, marketplace ambiance, conventional shopping wisdom of customers, long-term customer services, and technology-led selling processes. Broadly, this study makes contributions to the existing research in urban retailing about shopping attractions.

Manoj Kumar Pochat. (2009) “Why Companies See Bright Prospects in Rural India” In his tudy entitles to understand the rural consumer. When rural consumers buy any new category of product, their decision is strongly influenced by opinion leaders, who are seen as credible people in an entire region. Well educated users of new products act as opinion leaders. Rural consumers are also brand-loyal. When rural consumers purchase a product or service they perceive the functional, physical and financial risk in it.

Krishan Kumar,(2010) “Study of rural consumer behavior towards rural retail stores” has pointed in his study the importance of the Indian rural market ,to analyze the features of rural retail stores and perception of the rural people and difference in the retail among rural and urban retailing. A careful analysis of the town strata-wise population, population growth,

migration trends and consumer spend analysis reveals a very different picture for India. Marketers are trying to grab this untapped market but still the reach of those players is mere they should more be focused and rural oriented.

The review of literature reveals after analysing the challenges and the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. A radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is called for, so they can successfully impress on the 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

The present study on the rural marketing strategies has been undertaken with a view to examine the diverse rural marketing strategies in rural India; accordingly following objectives have been formulated:

1. To understand the nature of rural markets in India.
2. To evaluate the existing rural marketing strategies.
3. To assess the differences of perception of male and female consumers on buying decisions.
4. To critically analyse the diverse rural marketing strategies.
5. To suggest timely measures for improvement in rural marketing strategies so as to have more and more business from the rural markets.

RESEARCH METHODOLOGY AND CONCLUSION

The present study is mainly confined to rural India, so the data will be collected from rural households. The study will use both primary as well as secondary data. The secondary data will be collected from the various published as well as non-published sources and the primary data will be collected with the help of questionnaires. The data collected through the questionnaires will be analysed by using the Statistical Package for Social Sciences (SPSS). For analysing the socio-economic and demographic profile of scavengers various descriptive and inferential statistical tools will be used.

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