

Rural Marketing

Course Code : MGMT4038

UNIT – 4 & 5

Part – I

Researching Rural Market & Rural Marketing Strategies

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Content

Unit - 4

Researching Rural Market : Research approach, Rural marketing Information System, Diffusion of innovation.

Unit – 5

Rural Marketing Strategies : Rural Market Segmentation – Basis and strategies, Positioning Strategies for Rural Market. Product Strategy-Product Planning & Strategies for Rural markets.

❑ Brief Introduction of Rural Marketing

According to Thompson: The study of rural marketing comprises all the operations & the agencies conducting them, involved in the movement of farm produced food, raw materials

& their derivatives, such as textiles, from the farm to the final consumers & the effects of such operations on producers, middlemen and consumers.

According to Ramkishen.Y : Rural marketing is the process of developing, pricing, promoting, distributing rural-specific goods and services, leading to exchange between urban and rural markets which satisfies consumer demand and also achieves organizational objectives.

Thus, rural marketing is a two way marketing process that includes the flow of goods and services from rural to urban areas & the flow of goods & services from urban to rural areas, as well as the flow of goods & services within rural areas.

❑ Brief Introduction of Rural Marketing Cont...

Jha (1988) has proposed a domain of rural marketing, which has found wider acceptance in the current literature. He visualized the domain of rural marketing as the flow of goods between rural and urban areas. As per Jha's framework, rural marketing broadly represent the domain of rural marketing—the flow of goods from rural to rural, rural to urban, and urban to rural areas.

Therefore, it is a two-way marketing process wherein the transactions can be:

1. Urban to rural: - it involve the selling of products and services by urban markets in rural areas. These include: pesticides, FMCG products, consumer durables, etc.
2. Rural to urban: - here, a rural product (involves in agriculture) sells his product in urban market. This may not be direct. There generally are middlemen, agencies, govt. co-operatives, etc. who sell fruits, vegetables, grains, pulses and others.
3. Rural to rural: - these include selling of agricultural tools, cattle, carts and others to another village in its proximity.

❑ Facts About Indian Rural Markets



❑ Rural Market Research

American marketing association, explain rural marketing research as: “the systematic planning, gathering, recording and analyzing data about problems related to marketing of goods and services.

As per Definition of market research, similarly rural market research apply such as systematic, scientific process and approach for conducting any research. It implies with:-

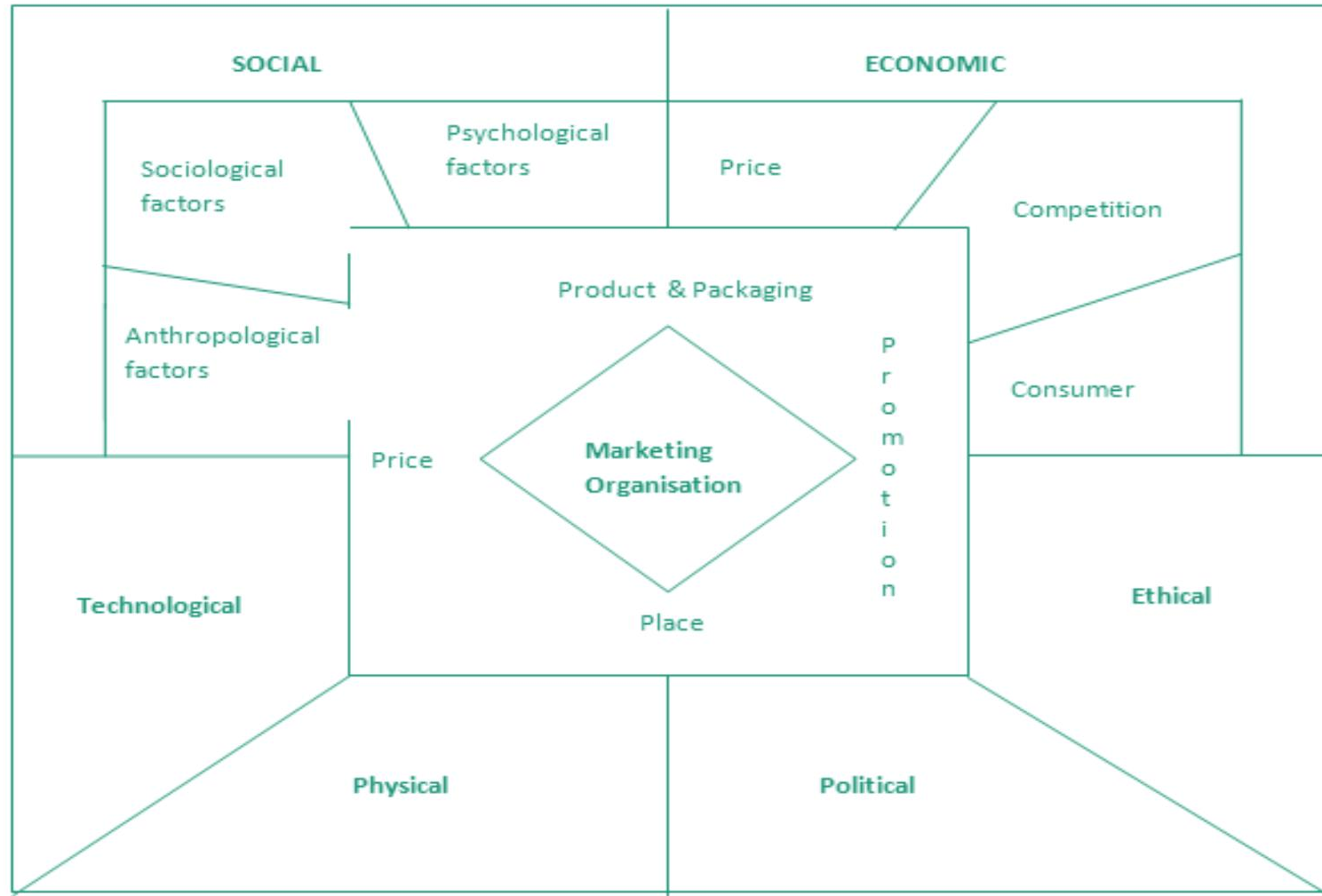
- The systematic design, collection, analysis and reporting of data and finding relevant to a specific marketing situation facing by the company in rural market.
- Rural market research has traditionally existed much longer and has had a structure even before the urban markets developed fully. This is quite ironical but it is true, as most research which have pertained to health, literacy, family planning or infrastructure related projects have their base always in the suburban or rural areas to start with. However, research related to marketing and its problems have started to take shape more recently when companies like HLL, Dabur, Colgate Palmolive, Richardson Hindustan Ltd. (now P&G) started to make headway into the rural markets and found that they had very little or no information regarding the markets.

❑ Rural Market Research Cont...

In context to explore rural market research, required to understand about all rural market i.e. reflect to :

- Rural Market Environment
- Rural Marketing Challenges,
- Opportunities in Rural Marketing and,
- Fact of rural market as well activities involved in rural marketing also.

➤ **Rural Marketing Environment Follow As Similar To Marketing Environment As :**



➤ **Comparative Insight To Rural Marketing V/S Urban Marketing**

- The market is a place where buyers and Sellers Exchange Things. In lay man 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 behavior.
- There will be different buyers in each market. This is because of different factors which Influence them.

1. Market Differences

- Environmental Differences**
- Social Relations Peculiarity**
- Low Exposure to Marketing Stimuli**
- Dependence on Nature**
- Employment and Incomes Variations**

2. Marketing Differences

- Marketers**
- Philosophy**
- Marketing Research**
- Consumer Behaviour**
- Segmentation**
- Product Strategy**
- Price Strategy**
- Distribution**
- Promotion**

➤ Challenges of Indian Rural Markets

There are several challenges that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. The major problems are listed below :

1. Standard of living
2. Low literacy levels
3. Low per capita income
4. Transportation and warehousing
5. Ineffective distribution channels
6. Many languages and diversity in culture
7. Lack of communication system
8. Spurious brands
9. Seasonal demand
10. Dispersed markets

The entire points discussed above offer challenges to the marketer. He tries to uncover newer ways to market his product as he cannot afford to miss this huge opportunity existing in rural markets. He tries to identify solutions to these marketing problems.

➤ Opportunities In Rural Markets

There are many challenges in rural marketing, but certainly there also exists infinite opportunities :

1. Huge untapped Potential
2. Impact of globalization
3. Effectiveness of communication
4. Rising rural prosperity and purchasing power
5. Change in rural consumer behavior
6. Improvement in infrastructure and rural connectivity
7. I.T. penetration in rural India
8. Favorable government policies
9. Credit facilities through banks
10. Intense Competition in urban markets
11. Remittances from family members working in urban areas

Leading to increase in costs and thereby reducing market share. The rural markets are therefore becoming increasingly attractive in comparison to urban markets. The automobile and FMCG market brings this out clearly.

❑ Solutions to Problems of Rural Markets

To solve the problems of rural markets in India, the following suggestions can be used by marketers :

1. Regarding the problems of physical distribution, the marketer may have a joint network of stockiest/ clearing-cum-forwarding (C&F) agents at strategic location for facilitation of physical distribution for its products in the rural market. The main advantage of this scheme is that the costs of physical distribution can be shared by the companies and stockiest. The combination of different modes of transport based on availability of tracks will be beneficial to the companies.
2. The rural market is composed of a number of retail sales outlets along with fair price shops under the public distribution system. It is suggested that the government should encourage private shopkeepers and cooperative stores to come forward and establish their business in rural areas instead of the weekly market known as weekly bazaar. Fertilizer companies have opened their outlets for proper distribution of fertilizer among the farmers.

❑ Solutions to Problems of Rural Markets Cont...

3. To solve the problems of sales force management, it is suggested that the company takes due care in the recruitment and selection of sales people because the traits they require are different from urban and suburban sales persons. For the rural markets, only those sales people should be preferred for selection who is willing to work in rural areas.
4. With reference to marketing communication in rural areas, the company should use organized media-mix like TV, Radio, and cinema and POP (point of purchase) advertising. Television is gaining popularity in the rural areas but due to poor supply of electricity, radio is performing significantly better. Since, the rural people need demonstration, short-feature films with disguised advertisement messages, direct advertisement films and documentaries that combine knowledge and advertisements will perform better rural marketing communication.

❑ Differences in Urban-Rural Market Research :

Aspect	Urban	Rural
Respondents	Literate, brand aware, individuals respond individually	Semiliterate or illiterate, brand knowledge low. Difficult to get individual responses. Generally group response.
Time	Willing to respond. Have time pressures. Spare little or virtually no time to field staff	Hesitant initially, but once opens up, devotes time.
Accessibility	Easy to access, though many suffer, from research fatigue	Tough to access; geographical distances and psychological apprehensions are barriers. Do not speak easily to outsiders.
Secondary data source	Internal data, syndicated research, published media. Many sources and large data	Very few sources and less data

Source: Rural Marketing by C.S. Krishnamacharyulu and Lalitha Rarnakrishna, Pearson Education (Singapore) Pte. Ltd. 2002.

❑ Differences in Urban-Rural Market Research Cont...

Aspect	Urban	Rural
Primary data	Large number of middleman, experts, sales force and consumers and opinion leders.	Less number of all categories
Sampling	Respondents from relatively homogeneous Group. Income can be a criterion.	Heterogeneous groups. Income and land holding to Be carefully applied.
Data collection	Use of sophisticated instrument, style and administration. Respondents , comfortable with numbers , ratings and timelines.	Requires simplified instruments .Respondents comfortable with colors, picture and stories.

Source: Rural Marketing by C.S. Krishnamacharyulu and Lalitha Rarnakrishna, Pearson Education (Singapore) Pte. Ltd. 2002.

❑ Significance of Rural Marketing Research

Rural market research is neither easy nor it is a series of steps, because customers are spread over large distances and are sometimes not exposed to brands and products. Secondary data on village consumption habits is patchy.

Consumer research helps in all aspects of marketing strategy. It is needed to answer questions and help in marketing strategy.

Research helps companies to:



❑ Research approach

It is a plan and procedure that consists of the steps of broad assumptions to detailed methods of data collection, analysis and interpretation.

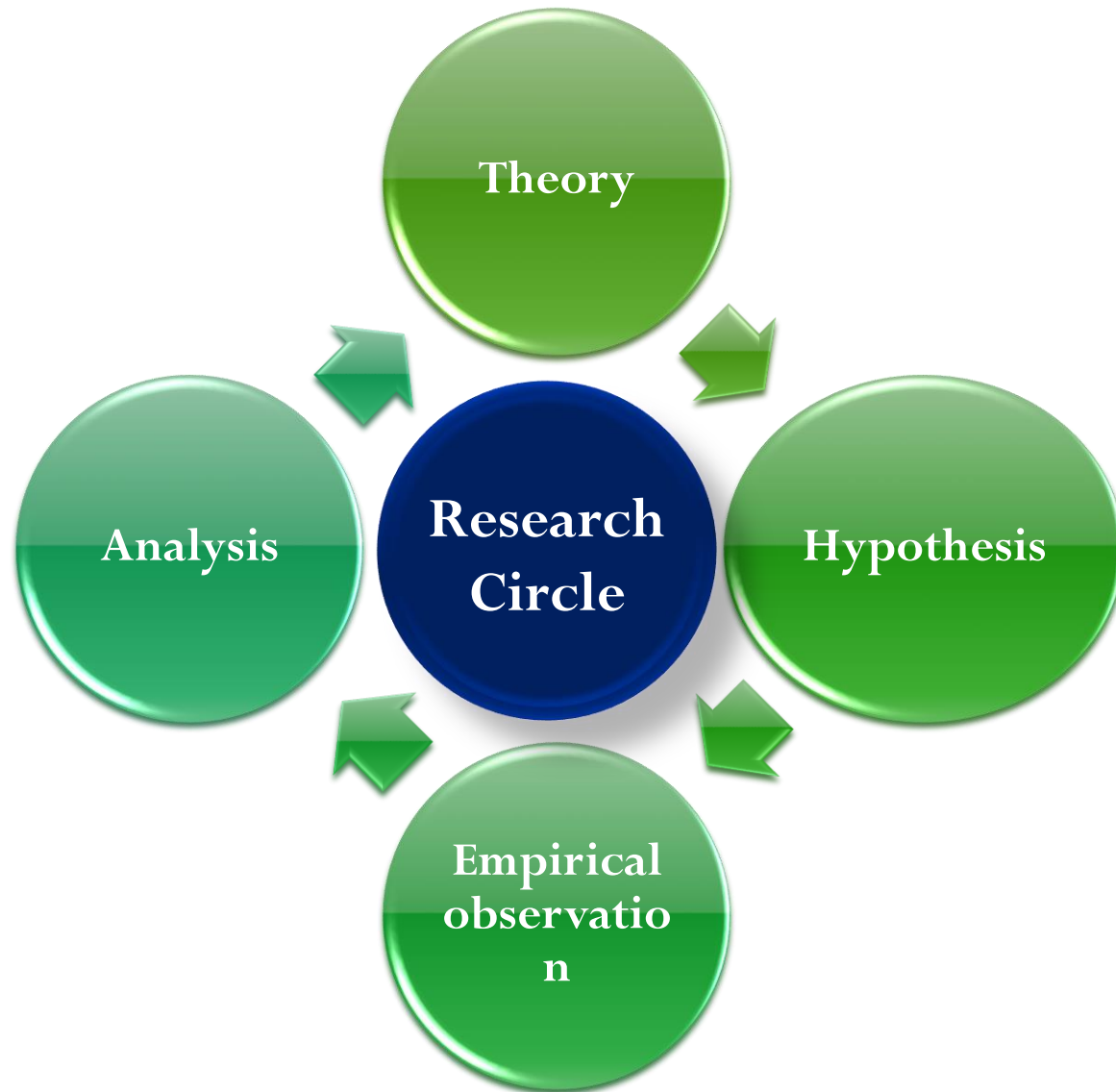
It is therefore, based on the nature of the research problem being addressed.

Research approach is essentially divided into two categories,

1. Approach of data collection (i.e. qualitative and quantitative)
2. Approach of data analysis or reasoning (i.e. inductive and deductive)
 - Inductive reasoning is a method of reasoning in which the premises are viewed as supplying some evidence for the truth of the conclusion While deductive research approaches usually begin with a theory- driven hypothesis, which guide data collection and analysis.

Therefore inductive research begin with a research question and the collection of empirical data, which are used to generate hypothesis and theory.

❑ Research approach Cont...



❑ Rural Marketing Information System

- ❖ The villages are the backbone or the soul of India. With more than two thirds of the Indian population living in rural areas, rural India reflects the very essence of Indian culture and tradition. A holistic development of India as a nation rests on a sustained and holistic development of rural India.
- ❖ Farmers could use the connected computers to get commodity prices faster, or get information on new agricultural techniques. The youth would get details on job opportunities across the state. The district administration could get details of problems in near real-time.
- ❖ Computers were used in the process of governance in India, way back in the 1980's with some of the early and popular initiatives such as the Computerized Rural Information Systems Project (CRISP, <http://crisp.nic.in>) by the Department of Rural Development (Government of India), the District Information Systems of the National Informatics Centre (DISNIC) Project, the National Resource Data Management System (NRDMS) by Department of Science and Technology (Govt. of India) and Surendra Nagar Experiments, among others.

❑ Rural Marketing Information System Cont...

- ❖ At the district level, computers were primarily used to process data (spatial, non-spatial or both) related to various developmental schemes to strengthen the monitoring and planning done by the district administration.
- ❖ ICT has emerged as a new way of reaching out to the people at grass root level. ICT applications into the domain of Indian Rural Development (RD) dates back to 1986 when the Computerized Rural Information Systems Project (CRISP- <http://crisp.nic.in>) was launched in 1986 by the Ministry of Rural Development (MoRD).

Some of the major grass root level ICT initiatives by NIC include:

- | | |
|--------------------------------------------------------|-----------------------------------------|
| 1. Land Records Computerization | 9. e-Governance for Rural Masses |
| 2. eNRICH Community Software Solution Framework | – Rural Digital Services |
| 3. AGMARKNET | – Lokvani |
| 4. Community Information Centres | – LokMitra |
| 5. ASHA | – Gyandoot |
| 6. RuralBazar | |
| 7. Property Registration | |
| 8. Panchayat Informatics | |

❑ Rural Marketing Information System Cont...

ITC – eChoupals :

ITC is setting up eChoupals across the agricultural belt in India to offer the farmers of India all the information, products and services they need to enhance farm productivity, improve farm-gate price realization and cut transaction costs. Farmers can access latest local and global information on weather, scientific farming practices as well as market prices at the village itself through this web portal - all in Hindi.

Choupal also facilitates supply of high quality farm inputs as well as purchase of commodities at their doorstep.

This has been done in a phased approach:

- In Phase I, the business goal was to create a physical infrastructure of eChoupals at the village level and create local level ownerships through the identified Sanchalaks.
 - At this stage the business goal was supported by creating a local language portal, which provided the required information to farmers such as local weather, market prices and best practices.

ITC – eChoupals Cont...

- In Phase II, the business goal was to get the farmer registered and transacting by selling directly to ITC Ltd. through the virtual market.
 - This goal was supported by creating a B2B site, which integrated the transactions directly to the back-end ERP and ensured that there was no latency in processing any of the procurement by the processing units.
- In Phase III, the business goal was to create a full-fledged meta-market.
 - In this phase, the market would facilitate other operators like inputs providers and rural distributors to work effectively through the eChoupals to deliver and procure goods from every participating village.
 - The technology road map to support this phase was to have a secure, consolidated Farmers database with all information pertaining to their holdings and credit worthiness to be available online. This database, along with identification provided by smart cards would enable support for online transactions through the eChoupals leading to integration with participating financial institutions such as banks, insurance and credit agencies.

A more detailed description of the ecosystem being created by the eChoupals comes from a note on the World Resources Institute Digital Dividend.

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*Thank
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