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### Emerging trends in Indian rural market

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#### ABSTRACT

Rural markets have become integral part of global market. The negative impact of all the recent economic crisis on urban India has been more than offset by encouraging performance in rural areas. To explore and understand rural market is crucial for any marketers today. Rural market is like goldmine with lot of difficulties. This needs to formulate a well designed strategy to feel the pulse of the rural consumers and to tackle the mystic rural market. Many companies go to rural markets, still to make money, not to guide or help or develop rural consumers. The rural marketers must think rural for long-term success instead of short-term profit. In this context this paper highlights the emerging trends and challenges in Indian rural Market.

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#### Introduction

Business organizations have been embarrassing number of new trends in modern marketing such as E-marketing, Mobile marketing, Digital marketing, Green marketing, Corporate Retailing and so on. However, the very important trend happened in India is the tremendous growth in rural marketing. Indian Rural economy emerging as biggest contributor to economic growth of India it is estimated that it will be around 45% of GDP by 2020. The rural economy has provided a cushion to the Indian economy. Indian economy is able to sustain inspite of all the crisis happened in other parts of the world is because of the backup of rural market. Rural consumers, who were on the receiving end so far, are now slowly getting into position to dictate the terms for the first time. Rural market is like goldmine with lot of difficulties. This needs to formulate a well designed strategy to feel the pulse of the rural consumers and to tackle the mystic rural market.

Many experts defined rural market too narrowly confined only to geographic and demographic characteristics and ignored the socio-cultural and behavioral part of rural market. The marketers must understand, rural market means rural consumers' mindset, whether they buy from rural outlets or urban shops, whether they buy low end products or high end products, whether they live in village or in town, rural consumers have unique characteristics as their urban counterparts.

The word rural cannot be confined to the village, rural is not geography, not population, it is a mindset. Those who possess it are rural consumers and those who do not are urban. It calls for separate marketing strategies to be distinctively developed to suit the rural mindset. Most of the villagers highly depend on urban markets for their goods and services they have to go to nearby cities to buy the products. But, marketers not considered rural consumers as their target market even considerable amount of goods are consumed by rural consumers.

Some other experts opined that rural marketing is agri marketing, which involves marketing of agri inputs and outputs. However, rural marketing involves movement of goods and services from urban to rural and rural to urban markets. Rural marketing covers not only agri marketing but also marketing of

all goods and services which satisfy the rural consumers and improve their standard of living. Many companies go to rural markets, still to make money, not to guide or help or develop rural consumers. The rural marketers must think rural for long-term success instead of short-term profit.

#### Why this shift in marketing focus to rural India?

1. Market conditions: Today marketers look at rural market by compulsion and by choice. It is compulsory because urban markets almost reached saturation point and there is no other go. It is also a choice because they are attractive and potential. Marketers start moving into the rural markets and find that there is a big fortune at the Bottom of the Pyramid.

2. Competition: Competition is becoming tough in urban markets compelling many firms to incur heavy costs in promotional expenditure. Most of the companies spending heavily on promotion which will become burden on existing consumers. Marketers find rural markets are more attractive where there is less competition.

3. Awareness Level: The awareness level of urban consumers is high hence they always look for new product or new features in existing product. This process needs a huge investment which will have a negative impact on profitability. Thus, perhaps for easy reach the urban markets have become extremely difficult. Since the awareness level of rural consumers is low they easily accept existing products.

4. Interdependency between urban and rural market: Urban markets invariably depend on rural markets for agri produces such as food grains, fruits and vegetables, milk and meat, agri based raw materials for sugar, cotton industries and so on. Similarly rural markets depend on urban products such as agri inputs and other goods and services. Today this dependency has been increasing due to change in life style of rural consumers.

#### Some Facts about Rural Market

Rural India consumes 45% of all soft drinks, 50% of sales of motorcycles, TVs, cigarettes, detergents, fans, blades, and a lot others. 70% of new subscribers for telecommunication, 55% of new policies for LIC, 60% of India's annual consumption of gold and jewelry is from rural and semi-urban areas. One of the key trends in the rural markets is people changing very quickly

from cable to satellite TV. 50% of DTH connections are from rural market. Around 75% of the rural people are aware of insurance but less than 20% rural house holds owned a policy. Less than 10% of rural households own a two-wheeler. Telecommunication services covered only 20% of rural market. Be it automobile, telecom, insurance, retail, real estate or banking, the future drivers of growth are rural. No marketer can afford to ignore the possibilities of rural India.

### Emerging Trends

1. The change in consumption pattern: The consumption pattern and life style among rural consumers is changing due to exposure to media. Media particularly TV has been a great leveler. Even in small villages, people who have seen the urban lifestyle on television seem to want similar goods and services. On the consumption front, 33% of rural consumers are eating biscuits and bread for breakfast. Instant noodle sales are double in rural India compared to urban. Seemingly 'urbane' brands in categories like deodorant and fabric softener are growing much faster in rural India than urban and 17% of rural buyers of hair dye now use colors other than black to indulge in the trend of externalized beauty that is picking up fast in rural areas. Companies have realized this and are going all out to tap this latent demand.

2. Increased level of education and employability of rural youth: Villagers realized their children education is the first priority. Most of the rural youth especially teenagers are well aware of products due to their school education and media exposure. Significant progress on literacy levels – 90% of the villages have a primary school within a 1 km walk. Private school enrolment in rural India has enhanced by 5.5% points over past six years. The literacy rate has also gone up by 68.91% in rural India. This enhanced the employability of rural youth they are not sitting idle in villages they are motivated to go to nearby towns to find the jobs.

3. Huge in Size: Indian rural market is huge in size because rural population accounts for almost 70% of Indian population as the recent Census 2011, 833 million live in rural India, 33% of rural population includes youth, number of households increased from 25 to 33 crore. The rural market is currently worth approximately USD\$ 10 billion in consumer spending in the FMCG market annually. Food categories are currently driving the bulk of the additional USD\$ 90 billion into the marketplace by 2025.

4. Increased purchasing power: Rural purchasing power has grown faster than urban in the recent years. Rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favorable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10% per annum. Government spending in rural India has tripled over the last four years and is now translating into higher consumer spending. Therefore, rural consumers are consuming more premium and convenience oriented categories that are typical of their urban counterparts. "Policy measures like the waiver of agricultural loans around US\$ 13.9 billion and the National Rural Employment Guarantee Scheme, which guarantees 100 days of employment to one member of every rural household (NREGS), the Bharat Nirman program with an outlay of US\$ 34.84 billion for improving rural infrastructure etc helped the rural economy.

5. The Rural youth will look for a piece of "premium" at an affordable price but the products must not appear "cheap". The classic example is TATA Nano Car; one reason Tata-Nano hasn't taken-off is because it was seen as a cheap car. It indicates that rural consumers seeking a premium, in the sense that they are seeking an upgrade and not value for money. Value has to fall into place but it is one of the drivers, not the only driver. Brands, in the rural space, need to add a bit of imagery to themselves. Those consumers are reaching out to brands that are giving them that sense of premium. Rural India is seeking a sense of moving up in life, a sense of pride. If brand managers believe that rural consumers will buy everything / anything cheap it is absolutely wrong.

6. Migration of Rural youth: Rural youth come to cities in search of better jobs. When they travel back home, they carry with them stories of urban lifestyles. Awareness is thus created in the potential markets. Increased contact of rural people with their urban counterparts due to development of transport and wide communication network has influence on rural consumers' life style. Transportation and telecommunication tools are seen as status symbol for the rural youth.

### Challenges And Strategies In Rural Market

Delivering to the rural markets is a real challenge to many marketers. In fact, the whole dynamics of rural markets are so unique that one has to look at beyond traditional marketing mix with advanced mix containing the 4A's instead of the traditional 4P's of marketing: *Acceptability* – develop what the consumer wants, *Affordability* – Make an affordable product, *Availability* – product made available at villages and *Awareness* - Don't promote the brand, demonstrate the product. Most of the marketers look at rural market as an extension of existing urban market hence they simply dump their existing product which is outdated in urban market into rural market. Hence marketers fail to penetrate into rural market in big way. Though rural consumers attracted towards urban life styles their dynamics are differ from urban consumers. Similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban consumer.

1. Communicating with heterogeneous rural market: Every 20 kms of distance India is different. Different in terms of Language, lifestyle, culture, food habits, dressing and needs and wants and so on. Therefore, communication strategies must be more specific to the language and local culture. Mass media may serve the purpose of achieving awareness and interest but for creating conviction the consumer must have face-to-face communication medium. Client and Location specific promotion strategy based on the location and the client and co-operative promotion strategy, participation between the marketing agencies and the client are more relevant in rural market.

2. Lack of Infrastructure facilities: Infrastructure continues to be a challenge in rural India. There are many villages without access to continuous electricity, water, health and education and so on. Due to this problem reaching the remote village consumers is much difficult. Nearly 50% the villages in the country do not have proper roads. Physical communication to these villages is highly expensive. But instead of using traditional supply chains, many companies are distributing through rural self-help groups and micro lenders that are already plugged into villages.

3. Selection of sales force: The salesman in rural markets should be selected from the educated unemployed villagers, trained well

and appointed as salesmen. The town-to-villages shuttling salesmen are to be replaced by stationary salesman in villages.

4. 'Foot in the door' strategy is the most popular marketing approach used for selling products like cell phone and motorcycle to rural segment.

5. 'Bundling of inputs' denote a marketing strategy, in which several related items are sold to the target client, including arrangements of credit, after-sale service, and extension Services such as providing the required know-how and so on.

6. Developmental marketing refer to taking up marketing programmes keeping the development objective in mind and using various managerial and other inputs of marketing to achieve these objectives.

7. Unique Selling Propositions (USP) involves presenting a theme with the product to attract the client to buy that particular product, the classic example, "Thanda matlab Coco cola". In urban India, it is a question of reach. But in rural India, it is about reach and preach". "You have to tell them what a cold drink is, how it is opened, how [to drink it] in a macho manner by holding your head up – you cannot take it for granted."

### Conclusion

India's rural market could have been stronger than the present position, if Indian policymakers have made adequate infrastructure for rural India. Unless the proper infrastructure developed in rural market with sufficient power, water, communication etc at a nominal cost, this demand may not be sustainable for long. The corporate people should think beyond

their products and initiate innovative corporate efforts to replace government intervention for providing basic facilities, for example ITC's e-Choupals, to capture the rural market and stay long over there. Corporate sector needs to realize that to be successful in the rural market, they must go in with clear long-term strategy. Marketer must have willingness to invest in rural market with equal importance as they give urban market. Short-term promotional efforts may not deliver the desired results in the rural market.

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