



## THE INDIAN RURAL MARKET: PROSPECTIVE

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### Abstract

India's growth move is highly driven by the development of the rural people. Players in various industries such as retail, fast moving consumer goods (FMCG), consumer durables, automobiles, are looking towards the untapped potential hinterlands possess. But all of them have not yet tasted success because of the heavy initial investment that are required to break even with other companies and compete with them. In the recent years, rural markets in India have undergone considerable changes as the urban markets have hit saturation and relative growth has slowed down. Marketers have realized that rural India has tremendous potential and with increasing focus of the policy makers on injecting money to pump the rural economy have all contributed towards an increased interest of businesses towards rural India. Similarly this paper focus role of rural market in the India and its scope in the current competitive world.

**Keywords:** Retail Sector, FMCG, Rural People, Rural Marketing, FMCG, Urban Market.

### I. Introduction

The economic dynamics of the hinterlands have tilted significantly in the past two decades and their exposure to education, television and the media have served in boosting ambitions. Several market experts have called rural India the future of Indian business and the corporate world's efforts to reach this big but fragmented market have opened the gates of various opportunities for both the urban and rural masses. Agriculture is no longer a poor man's profession. Factors like globalisation and liberalisation have also stimulated the pace of transformation, often to composite levels. Even in the present context, the agricultural sector hires more than 65 per cent of the national workforce and lends a handsome 23 per cent to the GDP. Hence this paper is going to evaluate about Indian rural marketing and its scope.

### II. Objectives of the Study

- To know about the Indian rural marketing environment.
- To identify the scope of rural marketing in India.

### III. Rural Marketing Environment

The rural market environment need a separate examination as it varies significantly from that of the urban market. We shall deal with the subject under the three headings:

1. The Rural Consumer.
2. The Rural Demand.

**(A) The Rural Consumer:** A Detailed Profile:

#### a) Size of Rural Consumer Group

In numerical terms, India's rural market is indeed a large one ; it consists of more than 740 million consumers. 73% of India's total population is rural . The rural market consists of more than 12 corer households, forming over 70% of the total households in the country.

#### b) Characteristics of Rural Consumer Group

- **Location Pattern:** Rural Market of India is a geographically scattered market. The rural population is scattered across 5,70, 000 villages . And, of them, only 6300 villages , have a population of more than 5,000 each . More than 3 lakhs villages, are in the category of 500 people or less.
- **Socio-Economic Position:** Rural Consumers continue to be marked by low per capita income/ low purchasing power. Similarly, they continue to be a traditional -bound community, with religion, culture and tradition strongly influencing their consumption habits. Nearly 60% of rural income comes from agriculture.
- Rural Prosperity and discretionary income with rural consumers are thus linked to a sizeable extent with agricultural prosperity.
- **Literacy Level:** Rural India has a literacy rate of 28% compared with 55% for the whole country. The adult literacy programmes launched in the rural areas are bound to enhance the rural literacy rates in the years to come. The rate is certainly on the low side.

- **Lifestyle:** The rural consumers are marked by conservative and tradition-bound lifestyles. But this lifestyle of a sizeable segment of rural consumers has already changed significantly in recent year. The changes can be attributed to several factors such as:
  1. Growth in income and change in income distribution.
  2. Growth in education.
  3. Enlarged media reach (particularly television).
  4. Growing interaction with urban communities.
  5. Marketer's effort to reach out the rural market.
- **Buying Behaviour:** Buying behaviour of rural consumers have been effected by the following factors:-
  - a) **Influence of Culture:** Rural consumers perception of products are strongly influenced by cultural Factors . For example-the preference in respect of colour, size and shape is the result of cultural factors.
  - b) **Geographic Location:** Rural consumer behaviour is also influenced by the geographical location of the consumers. For example , nearness to feeder towns and industrial projects influenced the buying behaviour of the consumers in respective cluster of villages.
  - c) **Exposure To Urban Lifestyles:** Extent of exposures of rural consumers to urban lifestyles also influences their buying behaviour.
  - d) **The Way The Consumer Uses The Product:** The situation in which the consumers utilize their the product also their buying behaviour.For example – Lack of electricity automatically increase the purchase of batteries by rural consumers.: since the rural consumers cannot use washing powders /detergents powders that much, as they wash their clothes in streams or ponds , they go is more for washing bars and detergents cakes.
  - e) **Place of Purchase:** Different segments of rural buyers buy their requirements from different places \ outlets. Some buy from the village , shopkeepers; some from village markets/ meals; other buy from the town that serves as the feeder to the rural area.
  - f) **Marketers' Effort To Reach Out The Rural Market:** Many corporate have been trying hard to develop a market their products in rural areas , investing substainlly in these areas. Developmental marketing has created discriminating buyers demand in the rural market. This has brought about some change in the way buyers purchase different product.

**(B) The Rural Demand:** A Detailed Profile:

- **Steady Growth:** Rural demand has grown steadily over the years. Not only has the market grown in quantitative terms , but qualitative terms too it has undergone a significant change.
- **Change in the Composition of Rural Demand:** The composition of rural demand has also been changing significantly in recent years many new products have entered the consumption basket of the rural consumers. and the relative shares of the different categories of products in the consumption basket .The upper segments, in particular , have started buying and using a variety of modern consumer products, which were till recently unknown in the rural market.
- **Several Products already well established in the Rural Market:** Marketers cannot now assume that rural India consumes only certain traditional/ essential products and that its share in other product category is merger. It is perhaps well known that products like packaged tea , bath soaps and washing products, including detergents/detergents cakes , are popular items of consumption in rural market .Products like shampoo ,toothpaste and talcum powder , and durables like electric irons , bicycles , mopeds, scooters and motorcycles have joined this category in recent years. The rural demand for electric irons , mopeds and motorcycles have note between 30 and 50 percent of the all-India demand.
- **In many Products , Rural Consumption Accounts for a Larger Share than Urban:** In many products, rural consumption now accounts for a larger share than urban. In washing soaps (cakes/bars), the rural share is over 60 per cent.

In popular bath soaps, it is more than 50 per cent and in batterie4s ,it is more than 56 per cent . Similar is the case with packed tea and hair oils.

Among durable, the rural market now accounts for a larger share of the total sales in

1. Sewing machines
2. Radio/ transistors
3. Tape Recorders
4. Wrist watches



5. Black and White Television sets
6. Cassette recorders
7. Bicycles
8. Table Fans
9. Pressure Cookers

### **1. In Many Products, the rural markets has overtaken the urban in growth rate**

A survey by NCAER shows that the rural market is growing faster than the urban market several products . These includes packaged tea, detergent powder , washing shop, and detergent cake. Growth of motorcycle too has been more in the rural market than the urban market.

**2. Position of Durables:** According to NCAER survey, Rural India's market for consumer durables is estimated at Rs . 4500 crore, with an annual growth rate 8 per cent.

**3. Factors Behind the growth and Diversification in Rural Demand:** Variety of factors , acting in concert , have brought about the big growth and welcome changes in the rural demand, a few of them such as growth in income , changes in income distribution , changes in lifestyles, and the expectation.

**4. New Income due to Agricultural /Rural Development:** The technological break through ,popularly known as the GREEN REVOLUTION, which took place in Indian agriculture from the mid 1970 onwards, has added to the prosperity of rural India considerably. Moreover, in recent years , as part of the new farm policy , high support prices are offered for farm products. As a result , there is now more money in the hands of the owner farmers in the rural areas.

**5. The Expectation Revolution:** The 'rising expectations' of the rural people have greatly influenced the rural market environment . It has enlarged the desire as well as awareness of the rural people ; it has strengthen their motivation to work, earn and consume. The rise income provide substance to the aspiration.

**6. Rural Demand is More Seasonal:** Rural demand is more seasonal compared to urban demand .The pre-dominance of agriculture in the income pattern is one main reason for this. The relatively greater influence of marriages and festival on the purchase pattern is the another. After all, agriculture in many parts of India is still depends on the vagaries of the monsoon.

**7. Tapping The Rural Markets:** While rural India does constitute an attractive and sizeable market, firm have to strive hard for securing a share of it. Practically in every task of marketing , rural marketing poses some unique problems.

The major tasks that need unique handling in rural marketing are:

- Segmentation and targeting.
- Product management.
- Physical distribution.
- Channel management.
- Marketing communications.

### **IV. Scope for Rural Marketing in India**

Let us take at some of the points with respect to Rural India as per Census

1. Population density of less than 400 per sq.km.
2. At least 75% of the male working population is engaged in agriculture.
3. No municipality or board.

If we go by statistics, roughly around 70% of the Indian population lives in the rural areas. That is almost 12 % of the world population. To expand the market by tapping the countryside, more and more MNCs are foraying into India's rural market. Below are the few points why organizations are looking at rural marketing with a positive attitude,

**1. Population:** According to 2011 Census rural population is 72% of total population and it is scattered over a wide range of geographic area. That is 12% of the world population which is not yet fully utilized.

**2. Rising Rural Prosperity:** Average income level has unproved due to modern farming practices, contract farming industrialization, migration to urban areas etc. There has been an overall increase in economic activities because during the planned rural development heavy outlay of resources on irrigation, fertilizers, agricultural equipment's and agro processing industry has been made. Saving habits in rural people also has increased. This too contributes in higher purchasing power

**3. Growth in Consumption:** There is a growth in purchasing power of rural consumers. But, the average per capita household expenditure is still low compared to urban spending

**4. Change in Life Style and Demands:** Life style of rural consumer changed considerably. There has been increase in demand for durables and non-durables like table fans, radios, mopeds, soaps, etc. by rural consumers. This provides a ready market for the producers. Rural market is expanding day after day.

**5. Market Growth Rate Higher than Urban:** The growth rate of fast moving consumer goods [FMCG] market and durable market is high in rural areas. The rural market share is more than 50% for products like cooking oil, hair oil etc.

**6. Life Cycle Advantage:** The products which have attained the maturity stage in urban market is still in growth stage in rural market.

**7. Decision-Making Units:** Women in rural areas are beginning to make fast decisions for purchases. Studies reveal that 72.3% decisions are taken jointly in a family. With education and mass media, role of children in decision making is also changing.

#### V. Recommendation & Suggestion

- Advertisements on rural media like radio, press media has been increased.
- Physical Distribution channel must be made strong.
- Awareness about the product must be increased among the peoples.
- Profit –margin percentage of the product for the retailers should be increased.
- The rural customers are usually daily wage earners and they don't have monthly incomes like the ones in the urban areas have. So the packaging is in smaller units and lesser-priced packs that they can afford given their kind of income streams. Then a thing like the colour that attracts him is also important.

#### VI. Conclusion

The rural market is where the markets of future are likely to be. In most cases, Urban markets are saturated and highly competitive. Here, Rural market is a market of millennium which provides many opportunities. While rural consumers in emerging market economies offer tremendous potential, yet, capitalizing on this potential necessitates the formulation of a well thought out and creative strategy, which focuses on such essential aspects of marketing, such as product suitability, relationship building, promotion and distribution. More modification and extension of existing urban marketing plans to rural markets would not serve the purpose. Thus, after looking at the scope which rural market offer to marketers and the manufactures. It can be said that the future is very promising for those who can understand the dynamics of rural market and make use of them to their best advantage. It is often said that market are made, not found, this is specially true of the rural markets of 'India'.

#### “Bright Prospects in Rural India”

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