

Detailed note on Rural Marketing

Rural marketing is the practice of applying the various principles and strategies of marketing to the rural markets. Rural marketing is pretty similar to conventional marketing, however what differs here are the buyers i.e. rural customers.

Rural marketing is the process of undertaking marketing activities for the rural segments of the population. The marketers encourage people living in rural areas to effectively convert their purchasing power into demand for goods and services. By making these available to the rural sector, marketers attempt to improve the standard of living of the rural sector.

What is Rural Marketing?

Rural marketing is defined as a marketing process that develops, promotes, distributes, and optimizes the reach and conversions of rural-specific goods and services to rural consumers.

While talking about rural marketing in India, National Commission on Agriculture defined rural marketing as-

“Rural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre and post-harvest operations, assembling, grading, storage, transportation, and distribution.”

In addition to this, some of the experts of the rural and urban market have also shared their specific definitions of rural marketing- such as-

In the words of T.P. Gopaldaswamy- Rural Marketing is a two-way process which encompasses the discharge of business activities that direct the flow of goods from urban to rural area (manufactured goods) and vice versa (agriculture products) as also within the rural areas.

Another expert, Thomsen defines rural marketing as-

The study of rural marketing comprises of all the operations, and the agencies conducting them, involved in the movement of farm-produced food, raw materials, and their derivatives, such as textiles, from the farms to the final consumers, and the effects of such operations on producers, middlemen, and consumers.

What are the ways of Rural Marketing?

Rural marketing is a three-way process:

1. Urban to Rural Market:

Urban to rural marketing is selling goods and services in rural areas by urban marketers. These products mostly include FMCG goods, consumer durables, agricultural pesticides, etc.

2. Rural to Urban Market:

Rural to urban marketing is selling goods and services to urban marketers by rural producers.

3. Rural to Rural Market:

This process involves exchanging agricultural products, carts, cattle, and other tools within the rural community.

4 A's of Rural Marketing

While entering the rural market, businesses are supposed to tweak their marketing strategies as per the 4 as of rural marketing to fulfill the specific needs of the rural customers. The 4 as of rural marketing mix are-

1. Affordability

Rural marketing campaigns must be reaching to rural consumers by understanding and fulfilling their specific needs. The products or services that are marketed should be in the buying capacity of the rural consumers.

2. Availability

Ensuring consistent availability of the products in remote rural areas is another key aspect of rural marketing. Making products available to retailers' shelves resolves this issue by more than ninety per cent. Reaching out with your products and services to a rural marketing environment in time is highly crucial.

3. Acceptability

There should be acceptability for your product or service among rural consumers. Your marketing strategy should ensure that your product or service adds some value to their lives and convinces them that you would fulfill their specific needs.

4. Awareness

While targeting a rural consumer with rural marketing campaigns, brands should understand that their message should reach the customers' mindset. For optimizing awareness, brands may try commercials on media like TV, outdoor, or Radio and Outdoor. Product packaging, colors, taglines, slogans, etc play a key role in awareness programs.

Features of a Rural Market

While marketing in rural areas, the campaigns comprise some inherent characteristics such as-

1. Large, Scattered, and Diverse Market:

The rural population is larger and highly diverse and scattered into various regions. The urban market is usually confined to a few metros or cosmopolitan cities. Thus, the rural markets span over a large and widely scattered geographical market. The population per settlement is low as a result, the inventory and transportation cost.

2. Agriculture is a Major Source of Income:

Agricultural and rural prosperity are closely tied together. The major income of rural consumers is from engaging in agricultural activities. Recently, there is a reduction in the dependence on agriculture. Other sectors are slowly gaining more importance and have become instrumental in the growth of the rural economy. However, a crop failure can still lead the rural people to have incredibly low disposable income.

3. Low Standard of Living:

The rural lifestyle is characterized by needs and necessities rather than luxury commodities. This is because the rural population engages in activities like daily wage labor and agriculture, and allied activities. This is quite an unstable income source, and financial planning is not as easy. The majority of the rural population lives below the poverty line. Apart from low literacy and low per capita income, the rural population is also socially backward in its approach and lifestyle.

4. Infrastructure Facilities:

Rural areas lack the necessary infrastructural facilities to facilitate the smooth functioning of the selling and distribution process. Facilities like roads, communication systems, warehouses, and other financial facilities are inadequate in most rural areas. This highly narrows the scope for marketing to the rural sector.

5. Market Growth:

There has been both quantitative and qualitative growth in the rural markets. The steady growth is accompanied by a healthy rise in demand from this sector for various traditional goods like FMCG products, agricultural inputs, bicycles, etc. This growth can be attributed to the rise in employment opportunities that have revealed various sources of income.

6. Traditional Outlook:

A major obstacle to the growth of the rural population is the attitudes of the people, especially their continuous resistance to change. Growth in its totality involves continuous change and evolution. A traditional outlook, as a result, hinders the growth opportunities that may arise. However, with increasing literacy levels, the rural youth is stepping up and creating the foundations for long-lasting development.

7. Diverse Socio-Economic Background:

A vast socio-economically diverse group of individuals makes up the rural population. This diversity arises due to them being widely scattered geographically over different regions. Each region differs in culture, religion, land fertility, and prosperity. In addition, individuals in these various regions are even differently employed, which adds to this diversity. Finally, the demographic, geographic, and behavioral influences impact the lifestyles of these people.

8. Purchasing Capacity:

The purchasing power of the people in rural areas is closely related to the development of the rural economy. The principal source of the purchasing power for rural consumers is through marketing agricultural and allied products to rural-urban processes. Rural demand for consumer goods can be indirectly linked to rainfall as agriculture is dependent on rainfall, and the rural population is dependent on agriculture. However, through government spending on flood control, irrigation, anti-poverty schemes, subsidies, infrastructural development, etc., the purchasing power of the people is gradually increasing.

9. Literacy in Rural Areas:

Low levels of literacy in rural areas lead to various obstacles in the growth path. Problems of communication reduced relevance of print media, and an overall traditional approach make marketing to the rural sector quite tough. The rural population is more on electronic media which does open various marketing channels, but effective communication is still quite far removed from reality.

The migration of rural populations to urban cities for higher education is slowly battling the challenges of low literacy. Government schemes for education and increased awareness for the same have also helped increase literacy levels to imbue the people with a better lifestyle.

10. Prevalence of Spurious Brands:

Prevalence of illiteracy and frugality has made conning people extremely easy. Due to this; there is a rise in several fake brands with fake merchandise of dire quality that penetrates these markets. These cheap knock-offs are all in a race to conquer the rural markets by prying on their helplessness.

Need for Rural Marketing – Why to target Rural Market

Some of the key reasons why it is the need of the hour to unleash the potential of the rural markets by exploring the rural areas and fulfilling their needs are-

1. Growth of Rural Markets:

There is a growing market for consumer goods in the rural areas due to increasing income and government spending on the rural population. Modern technology and types of equipment in agriculture have improved farming methods that have overall improved people's livelihood. This raises the purchasing power of the people and, as a result, increasing their demand for a better standard of living which paves the way to development.

2. Creation of Employment Opportunities in the Rural Markets:

Through government spending, several employment opportunities have arisen. Training of Rural Youth for Self-employment, The Integrated Rural Development Program (IRDP), Jawahar Rozgar Yojana is a few examples of the various programs to encourage employment in a country like India with over 65% of its population residing in rural areas.

3. Severe Competition in the Urban Markets:

The urban markets are fully penetrated by highly competitive brands that have left the market fully saturated. This has led to increased costs and lower market share and profits for brands. There is already an established brand loyalty in the urban market, so entering into such markets can be very tough. Many marketers may move to rural markets as urban markets have reached saturation, and adding more products into the market is no longer fruitful. The rural market is an uncaptured market that comprises vast scope for the companies to introduce their products or services in rural areas for building up their market.

4. Tourism in the Rural Areas:

Rural tourism is quite popular and includes amenities, services, and activities provided to tourists by rural people. This includes everything from cultural and farm tourism to nature holidays. The village lifestyle and its unique hospitality have often attracted others that have not yet lived such an

experience. On the other hand, rural tourism usually attracts urban tourists who want to either get back to their roots or experience the simple lifestyle once in a while. Whatever is the cause for the holiday, people are attracted to rural areas, and that has created a lot of revenue for rural people.

5. Large Population:

Marketers are primarily attracted to rural markets simply because of the sheer size of the market. A marketer can enjoy an exceptionally large customer base that has immense potential. The rural population is under serviced and creates a highly lucrative opportunity for brands willing to enter this space.

The scope of creation of creative markets is extremely high in rural areas as people are particularly underserved. From banking and insurance to basic healthcare, the rural people lack proper amenities. This creates the opportunity for a marketer to cater to such needs of the people.

6. Low Foreign Competition:

Foreign companies which seek to enter markets of other countries primarily target the urban population that is more accepting of the products that these marketers wish to introduce in such countries. As a result, the rural markets are largely ignored and create the potential for other brands to market their product and create brand loyalty.

7. Life Cycle Advantage:

Due to the saturation of urban markets, the various brands and their products have reached maturity or a decline stage in their life cycle. The rural markets are relatively untapped. This means that opportunity for growth still exists in the rural market, which gives it a life cycle advantage over urban markets.

8. Supports offered by Financial Institutions:

Different financial institutions like co-operative banks and public sector banks provide loan support to the people in rural areas at low-interest rates to increase their purchasing power. In addition, such financial institutions provide help to businesses that want to invest in the rural market.

9. Better Infrastructure facilities:

Nowadays, you may see that villages are well connected with the roads and transportation facilities in rural India. This alleviates the task of accessing the rural market and promoting products and services there for businesses in the same way as they promote their brand in urban areas.

10. Favorable Government Policies:

The government is also running different programs and policies for developing job opportunities and promoting the sale of goods and services via rural marketing practices.

11. Expansion of Digital & Information Technology:

Nowadays, the rural population is also enjoying the penetration of IT and the digital revolution. Hence, they all are using new modes of communication and media like smart phones, TV, etc that creates enormous opportunities for the businesses in the rural market.

Challenges of Rural Marketing

Some of the key challenges that businesses might face while optimizing brand reach in the complex rural markets are-

- **A major portion of the population has a low standard of living**
- **Low literacy levels and low per capita income**
- **Transportation and supply chain management**
- **Unorganized distribution channels that further need several intermediaries**
- **Many languages and a wide range of diversity in culture**
- **Lack of communication system**
- **Changes in seasonal demands**
- **The popularity of fake or dummy brands**

To overcome these challenges, brands need a powerful rural marketing strategy. Below, we have covered different aspects of an effective marketing strategy for rural markets-

Rural Marketing Strategies

While marketing in a rural market, businesses or marketers need to pay heed to specific rural marketing strategies to optimize the reach and conversions of services or products in rural markets. Some of those strategies are-

1. Product Strategies

When making product strategies for a rural market, different factors that should be considered are-

- Product Launch
- New Product Design
- Brand Name
- Small Unit Low Price Packaging

2. Pricing Strategies

Different variety of pricing strategies that marketers should use while promoting products in rural markets-

- Differential Pricing
- Psychological Pricing
- Create Value for Money
- Pricing on Special Events
- Simple Packing
- Low Price Points
- Schemes for Retailers
- Bundle Pricing

3. Distribution Strategies

Some of the distribution strategies that can be tried to optimize presence in the rural market are-

- Target local market
- Open company depots in the rural market or rural areas

- Use public distribution system
- Use power of retailers in the rural market
- Utilize redistribution stockiest and clearing agents
- Use delivery vans, traders, salespeople, NGO

4. Promotion Strategies

Your product strategies for a rural market should be designed in a way that rural consumers understand your product and the values that it might offer to them. Different strategies you can use for this are-

- Use of mass media
- Using personalized media
- Utilizing local media
- Hiring actors, influencers, and models for promotion
- Advertising through painting

5. Additional Strategies

In addition to the aforementioned strategies, some of the other strategies are also quite important in utilizing the full potential of the rural market. Let us have a look upon those here and now-

- Urban and rural markets are different, so customize your strategy accordingly
- Pay heed to the traditions and values of the rural areas
- Hire enthusiastic people who belong to the rural background and like to work with the rural population
- Use innovative business models with a social concern like empowering women
- Utilize the expertise of a rural marketing specialist agency
- Use the power of digital marketing and mobile phones
- Use word of mouth publicity to explore rural market potential
- Run rural marketing with a long-time perspective