

Study Material

Class - B. Com Hons Sem VI

Subject Code – BCH- 6.2

Subject – Principles of Marketing

Topic – Rural Marketing - Part 2

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Learning outcome from this lecture note

- Scope of Rural Marketing
- Areas to be investigated in Rural Marketing
- Some example of Rural Marketing

Meaning and Scope of Rural Marketing

Due to stiff competition in domestic as well as global markets, companies are now moving from urban areas to rural areas. Companies are establishing themselves in rural areas by developing and upgrading the knowledge of their products and creating a segment of necessity for their products among customers. The rural areas had negligibly been tapped, but increasing globalization, has forced marketers to connect with the rural markets.

Rural marketing is a compilation of the developed product, reasonable price, appropriate placing and right awareness. The marketing rule states that, the right product, at the right price, at the right place, at the right time, through the right medium should reach the right customer. This same rule stands good for rural marketing also.

Over the last few decades, the Indian rural market has become prominent due to growth in the purchasing power of rural population. The rural areas consume a large quantity of products manufactured in urban areas; therefore, the rural market is getting more importance than urban market. Nowadays, the marketers are looking for expansion in the untapped rural market.

The majority of Indian population lives in rural areas; therefore, there is a vast scope for marketing in rural India.

An organization follows rural marketing for the following reasons:

- a. Rural Population – Consists of more than 720 million people and forms a huge market for organizations.
- b. Rural Economy – Contributes significantly in the country's GDP. Rural India has a large number of households who are aware about the branded products and willing to buy them.
- c. Relation between Rural and Urban Economy – Refers to economic connectivity between rural and urban areas.

The marketer in rural area has to investigate:

- 1) Market segmentation by market potentials which would help the assessment of the markets by consumer demand and purchasing ability.
- 2) Consumer behaviour and the rural consumer's priorities and preferences in consumer expenditure, sources of buying, quantum of each purchase, and time and conditions of purchase.
- 3) How best to win over the rural consumer, and make effective use of media.
- 4) Who are the catalytic agents of change and what role can they perform vis-a-vis ones products?

Against this background of the rural consumer, the marketing strategy has to be evolved. Further, there are constraints associated with rural market, the inaccessibility, scattered villages, un-professional retailers.

Some of the examples of companies involved in rural marketing are:

- (a) The two major Cola brands Coca-Cola and Pepsi apart from their usual battle over market share have been trying hard to enter into rural markets. They have come up with many marketing strategies such as pricing, distribution strategies etc., like providing ice boxes, refrigerators, credit facilities etc.

Winning the rural market has been the toughest job for both the brands. Though they are largely popular in urban market, the brand image will not get them loyal customers in rural market. Both Coke and Pepsi have made huge efforts to penetrate deep into the rural markets by substantially increasing their retailer and distribution network and with innovative marketing strategies.

(b) Dabur has scaled up quickly and exceeded its original goal of serving 30,000 villages within 18 months. Sales growth is now 42% higher in its rural markets than its urban ones, even as overall gross margins have improved.
