

Study Material

Class - B. Com Hons Sem VI

Subject Code – BCH- 6.2

Subject – Principles of Marketing

Topic – Rural Marketing - Part 3

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Learning outcome from this lecture note:

- Features of Rural Marketing

In order to focus the rural market and to develop effective strategies for tapping the market potential of the Rural Market, it is necessary for the companies to know the features of Rural Market, which are described as follows:

1) Large, Diverse and Scattered Market:

Rural market in India is large and scattered into a number of regions. It consists of approximately 75 crores rural consumers who live in 6,38,365 villages spread over 32 lakh square kilometer area. It is scattered and widespread over 6.30 lakh villages, unlike the urban market confined to a handful of metros, cosmopolitan cities and towns. Covering, such a large and widely scattered geographical market, characterized by less population per settlement, raises the inventory and transportation cost and thus affects the viability of the route schedule operations of the distribution system in rural areas.

2) Major Income of Rural Consumers is from Agriculture:

Rural prosperity is tied with agriculture prosperity. Major part of income of rural people comes from agriculture. In the event of crop failure, the income of rural masses is directly affected. However, the recent past has seen a gradual reduction in the sole dependence on agriculture, as other sectors have started playing significant role in the rural economy.

3) Low Standard of Living:

Rural population is employed in small-scale agricultural and related occupations. This unreliability factor in case of rural income makes the rural consumers extremely conscious in their purchase behaviour as they are not confident about their future earnings. Majority of the rural population lives below poverty line and have low literacy rate, low per capita income, social backwardness etc.

Added to this the traditions, religious pressures, cultural values and deep-rooted superstitions are the hindering factors for an upward social mobility. The propensity to save for future exigencies makes rural people spend less to improve their standard of living even when they have good income.

4) Traditional Outlook:

Villages develop slowly and have a traditional outlook. Change is continuous process but most rural people accept changes gradually. They mostly resist to change. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.

5) Infrastructure Facilities:

Inadequate infrastructure is the single most important factor that distinguishes urban and rural markets. The infrastructure facilities like cemented road, warehouses, communication system and financial facilities are inadequate in rural areas. Promotion and physical distribution thus becomes very difficult in the rural areas because of inadequate infrastructural facilities, which has increased the scope of rural marketing.

6) Market Growth:

The rural market is growing steadily over the years. Demand for traditional products, such as bicycles, agricultural inputs, FMCG Products etc. has also grown over the years. The growth has not been only quantitative but also qualitative.

This was the result of new employment opportunities and new sources of income made available through rural development programmes which

have resulted in green and white revolutions and a revolution in rising expectations of rural masses. Demand for products such as bicycles, agricultural inputs, farm products etc., has also grown over the years. This result into the increasing the potential of rural areas.

7) Diverse Socio-Economic Background:

Due to dispersion of geographical areas and uneven land fertility, rural people have separate socioeconomic background, which ultimately affects the rural market. Villagers belong to different religions, culture, and social groups. Socio-cultural background influence consumer willingness to accept innovations and new products in different areas.

The variations in behavior due to consumer environment geographical, occupation, demographical and behavioral, influences the lifestyle and create altogether different sets of needs in different areas. This creates the need to segment the rural market to cater it effectively and profitability.

8) Literacy in Rural Area:

The literacy rate is low in rural areas as compared to urban areas and leads to the problem of communication for promotion purposes. With low literacy rates, print medium become inefficient and to an extent irrelevant in rural areas since its reach is poor.

The dependence is more on electronic media – cinema, radio and television but the rural literacy level has improved in the rural past. Rural people have started to go to urban areas for higher education. Even government has introduced various schemes for rural education. Awareness has increased and the farmers are well informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.

9) Purchasing Capacity:

The purchasing power of the people in rural areas in dependent on several direct and indirect factors related to the rural economy. Marketing agricultural surplus and rural – urban terms of trade are the main sources of purchasing power for rural consumers. To a large extent, Indian agriculture is dependent on rainfall.

Therefore, the rural demand for consumer goods is indirectly influenced by the rainfall. This result into inadequate purchasing power of the rural consumers. But now a day's purchasing power of the rural people is increasing because government spends huge amounts of money on irrigation, flood control, infrastructure development, antipoverty schemes, subsidies etc.

Therefore, marketers are interested in developing the market in rural area. Media has reached to rural area, so it becomes easy for marketer to sell product in rural area. Marketers have realized the potential of rural markets and thus are expanding their operations in Rural India.
