

# Aggressive Business Expansion in Rural markets through understanding Indian consumers

Dr.R.Karthi<sup>1</sup>, Ms.S.Valarmathi<sup>2</sup> & Ms.G.Karthiga<sup>3</sup>

<sup>1</sup>Professor, Department of Management Studies

<sup>2&3</sup>Assistant Professor, Department of Management Studies

<sup>1,2&3</sup>E.G.SPillay Egnceering College, Nagapattinam-611002, Tamilnadu, SouthIndia.

rkarthi\_30@yahoo.co.in<sup>1</sup>

valarsunface19@gmail.com<sup>2</sup>

**Abstract:** India's pride is rural and our culture. Reflections of India's resources can be seen in Indian rural environment. Those who understood the potentials of rural market can get succeed in their business than from urban market. Overall Indian market has been growing for the past few decades which bring our nation to new heights. Income proliferation and generation from rural market is the major contribution for the growth of Indian market. Marketers expand their business strategy similar to urban in rural markets with additional efforts to gain profit. In this perspective the researcher has done a research about business expansion through understanding the rural market by Indian marketers.

## Introduction

"Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals" (Iyer, 2010). Major contribution to the development of Indian economy is from the business sector which all of us know. Indian market has been growing for the past few decades and attracts the foreign marketers to invest in India. Competitive strategies adopted by domestic players and the foreign expansion made the customers delight to get offers in products, price, technology and accessibility.

Indian FMCG market and durable market are highly fragmented because of the diversity in custom, language, regional and territorial difference. At the same time the concentration among the marketers in urban market is in diminishing rate due to competition and fulfillments of customers are endless. This leads the marketers to espouse some other strategies to penetrate themselves in rural market.

Adi Godrej, Chairman, Godrej Industries, said this in one of his famous speeches, to put forward the challenge for Indian marketers who plan to enter into the rural markets of India. The challenges of Indian rural market are unique in nature and multifold. Rural market has an enormous prospect to grow. The Indian rural market has vast in its size and consumption.

The idea behind the structure and the strategies in urban and rural is more or less similar, but 70 percent of our India is covered by rural population. Understanding the mindset of the customers and satisfying their taste and preferences made many companies succeed their business. MART, a professional organization, has observed that almost 60 percent of the business especially FMCG lies in the hands of rural market. Our nation is classified as 450 districts in which 63,000 villages are there (Ashfaq Ahmed 2013). It shows that the growth of Indian economy is lies in rural population.

A survey by India's premier economic research entity, National Council for Applied Economic Research (NCAER) indicates that rise in rural income is keeping pace with the rise in urban income. The rural middle class is growing at 12 per cent, close to the urban middle class which is growing at 13 per Cent. Punjab, Kerala, Haryana, Rajasthan, Gujarat, Andhra Pradesh and Maharashtra are considered highly prosperous states. (Anil kalotra 2013). It was a time; many unbranded products covered the rural market to mobilize. But the trend has been changed as a result of entry of branded products and the acceptance of the branded products among the rural customers.

## Objectives of the study

To understand the business practices of rural marketers

To understand the socio economic profile of the rural customers

To ascertain the preference of rural customers in choosing products

## Research Methodology

Descriptive research is adopted in this study. In and around rural localities of Nagapattinam district, Tamilnadu such as Andanapettai, Poravacherry, Sikkal, thevur and Kilvezhur has been considered for collecting data. A structure questionnaire is used to collect samples from 112 respondents. Convenient random sampling is used to collect data from the samples. Suitable statistical tools are adopted to prove the research work scientifically.

## **Development of rural market**

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full development.

In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, their habits, attitudes and behaviour, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions.

### **Understanding the mindset of the consumers**

Consumer research, thus, is indispensable for entering the rural segment of the market. A few years ago, entering into rural market is an unknown territory to the marketers. They always think about the urban consumers taste, preferences and style when they produce products. Communication, transportation and infrastructure were poor in rural area once. But these things are the old stories of rural business. Rural India is different from urban India with respect to its economic and functional characteristics. The characteristics, purchasing and consumption pattern of rural people are also different from that of urban people. Due to the impact of globalization there is drastic change in India's rural environment. The composition of demand has also changed significantly. To understand these developments in the rural areas, awareness on current environment is very essential. Knowing the exact change in size and consumption of consumables and durables is also very important for the marketers to deal with rural consumers.

### **Support of Telecommunication in rural development**

Now, almost all the mobile communication service providers support rural customers to bring profit to their business. Government has taken lot of efforts in five year planning to develop rural India in the field of agriculture, communication, and electricity can be predicted by many of the marketers to focus themselves in rural promotions. Thanks to Tamilnadu

state government which gives laptop to school and college students to encourage their learning capacity on par with urban students. A 2G & 3G service helps the rural students to understand innovative concepts and even more buy products through online sellers such as olx, snapdeal, quiker and amazon .com.

### **Promoting Rural service**

Gujarat Livelihood Promotion Company initiated a concept called Mangalam mission which promotes rural service sector. GLPC is involved in promoting livelihood in the cottage industry sector by assisting technical and financial assistance to the beneficiaries through various Central and State level schemes. During the year 2011-12, GLPC facilitated various projects benefitting more than 14,400 SHG members across the state with major focus on areas like retail, event management and catering, tourism, hospitality, financial services, etc. Districts like Mehsana, Dahod and Narmada have been benefitted with many people getting livelihood opportunities in retail and event management. In 2011, GLPC signed a MoU with Tata Motors for the project 'Enhancing Livelihoods through Rural Transportation' for an estimated project cost of INR 150 crores targeting to create livelihood for 25,000 SHG members in next five years by distributing 5,000 customized vehicles in rural areas. Initially the most potential areas will be targeted where customized vehicles will provide services such as Mobile Retail Shops, Mobile Fast Food Centers, Mandap Decoration Van and Sanitation van. One each of mobile catering, retail shop and sanitation van has already been rolled out with SHG members managing them as a pilot project.

IndiaMart is the leading service provider for the rural promotional activities which includes like spreading the awareness about the products to rural customers. Another method is Van promotional activities. Through the Van advertisement, the product and services related information has been shared with the large group of people and the masses. These promotional events are organized by experts for product launch, product promotion, promotional marketing and sales promotion exercise.

### **Changing behavior of rural customers**

At present the rural customers have awareness about the new arrivals. They ask questions about the new products and try to learn the quantity, prices and quality differences. Influences of impulse buying and compulsion of retailers to buy products will affect much on the purchase behavior of the rural customers. The below model Figure 1 depicts the changing behavior of rural consumer

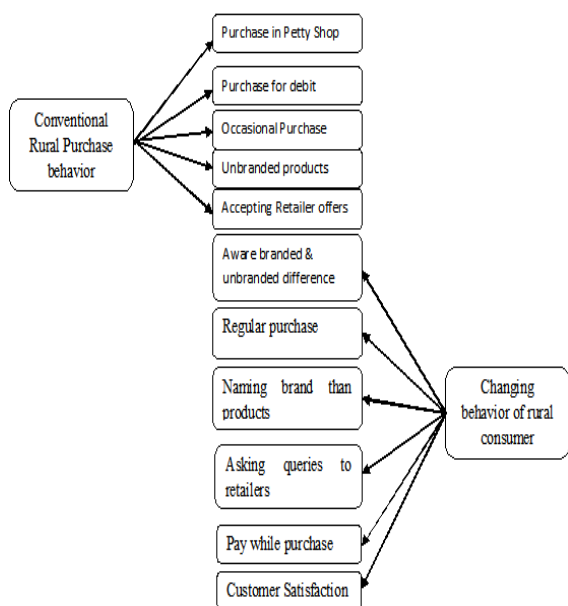


Figure 1: Changing Behavior of rural consumers

Marketers use distinctive strategies to reach the rural customers. The spending pattern of the rural customers are different from urban customers. The increase in rural consumption is reflected in many areas. Especially the purchasing power of the rural consumers in both goods and services has been increasing more than 7 percent over the past few years.

### Product and price strategy

The growth rates of the FMCG market and durable market is higher in rural areas products for many products. The rural market share will be more than 50 per cent for products like toilet soaps, body talcum powder, cooking medium (oil), cooking medium (Vanaspathi), tea, cigarette, and hair oil. Unlike the urban consumers, rural consumers purchase products everyday for their day to day life survival. From their daily wages they buy products to their family members. Rural consumers prefer sachet packs in all FMCG goods. Marketers understood the preference of the rural customers and made available the products such as health drinks (horlicks & boost), coconut oil, biscuits, coffee powders, soaps and shampoos preferred at the rate of Rs. 5/-.

### Influence of the rural youth

Purchase behavior of the rural household has been drastically increased due to the influence of the rural youth. They insist their family members to buy products which are trendy. It was a time; rural consumers consumed sand, ash and neem stick to brush their tooth. Later they started to purchase tooth powders such as Pyorea or Gopal. While in the mean time Colgate and

Dabur almost simultaneously introduced tooth powders to market their brands. But after some time the entire scenario has changed as, in many of the rural households consume tooth paste than tooth powders.

### Requirement of success in rural market

Initial investments may be an expensive one in rural market, but that will produce a long term return. Marketers have to set a strong bond with, distributors and retailers. This will create network between the corporate and the customers. They forward the customers' requirements clearly to the marketers. Educative advertisement, communication and service from marketers will create a good relationship with rural customers. Efforts have to be taken from Research and Development to produce exclusively for the rural consumers. Attractive packaging and pricing of the products are also the requirements of rural markets to get succeed.

### Barriers in of rural marketing

Rural marketing has lot of issues to expand the business. Some of the barriers are communication barrier, fragmented villages, low per capita and seasonal income, low literacy level and seasonal demand and so on. Marketers have to understand these barriers and have to make effective strategy to overcome those barriers.

### Conclusion

Rural market has untapped potential. It offers a great chance to various marketers and their different brands for larger customers. This market is largely uncovered by many of the marketers. If the marketers identified the growth potential of the market as well as early entry to the rural market, they can able to reap more profit from rural market. Increasing income and the current consumption of the rural market is becoming more and more plays major role for making efficient decisions to attract the rural folks. Understanding the taste, preference, purchase pattern and behavior of rural customers helps the marketers to grow better and offer the best to the rural customers.

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