

Rural Marketing Scenario in India – The Online Village Ahead

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Abstract

The article 'Rural Marketing Scenario in India – The Online Village Ahead' speaks widely about the growth of e-commerce in rural areas. It explains the need for change in strategies to adapt to the new, diverse market, and provides a list of prerequisites for rural marketing. This article also concentrates on how the study on 'analysis of customer' can be completed to better understand the market. The four major characteristics of rural customers are highlighted, on the basis of which rural marketing may be performed. Government initiatives in agriculture, Digital India, AgTech, and so on are relevant subjects which are accustomed to the future of rural markets as an online village. Rural marketing is highly important for businesses in India because of the wide customer base in those areas; businesses, therefore, need to penetrate the markets there. No business can succeed if it is based primarily only in the cities. Hence, this article covers the need for rural marketing in India.

Keywords: Rural India, AgTech, Online Village, Agriculture, Marketing, E-commerce

Introduction

Marketing is a concept where the buyers and sellers of a commodity interact with each other. The process begins well ahead of production and continues even after the sale of the product. Marketing is a wide concept and it differs from selling in a number of ways. Marketing involves the maintenance of customer relationships, whereas selling is a give-and-take relationship. In selling, there is contact with the customer for making the sale of the product; it is profit-oriented. Marketing can be done from anywhere. It doesn't require physical customer contact, but it does require mental customer contact, that is, an understanding of the customers to garner their attention toward the product or service. In marketing, the goal is to achieve

customer satisfaction and positive profits. To elaborate, market research is conducted before the production of the product or service to understand the needs, wants, and desires of the consumers. A thorough analysis through the 'New Product Development process' pushes the product or service to commercialization. The NPD begins with idea generation, screening of ideas, development and testing of the concept, market strategy development, business analysis, development of the product, testing in the market, and finally, commercialization. The NPD process, also known as 'The Stage-Gate innovation process', was developed by Dr Robert G. Cooper¹ (Bands, 2013).

Marketing studies the exchange of relationships between parties. It is a set of processes which involves creativity, development, analysis, reformation, delivery, and execution over a period of time for the best results and response from the market. Philip Kotler had rightly said that marketing is a process of satisfying needs and wants through the process of exchange. In the present scenario, consumers, before making a purchase, look for value. Value-based marketing is the primary concentration of marketers, where the untapped wants, needs, and desires of consumers are addressed. The recurring wants of the market is the need for something 'new', 'fresh', 'unique', 'tech-oriented', 'easy', 'eco-friendly', and 'cheap', and the adjectives for wants in the consumers' minds continue to be outnumbered every time. The main segments of marketing include business-to-business marketing, in short, B2B. Business-to-consumers, B2C, forms the other segment. There are several other segments but these are the major areas of functioning. With respect to rural marketing, business-to-Government, B2G, also becomes an important segment.

¹ 8 step process perfects New Product Development by Robert Bands on innovationcoach.com May 21, 2013.

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A phrase to describe India's motto is 'Unity in Diversity'. India is diverse in culture, traditions, languages, textiles, food, and more. One such diversity is the urban and rural population. About 22% of the Indian population resides below the poverty line. Only 1% falls under the wealthy category. A large percentage of the population, considered the middle-class, dominates the market. As of 2018, the rural population of India was 65.97%. In numbers, the same population at that time was 892,321,700 citizens.² This vast rural population in the world's second-largest populated country hosts many demands for a variety of goods and services. To cater to their needs, and the needs of a diverse urban population, is a challenge faced by the marketers.

It is important to establish a strategic intent before venturing into the rural markets for marketing. The strategic intent comprises vision, mission, objectives, goals, and plans. All of the strategic intent components have to be different compared to what is generally set for urban areas. This is because of the huge deviation in interests and consumer behavior between the urban and rural areas. Rural India, which can be treated as a separate market by itself, is highly diverse. Vision is future-oriented, whereas the mission is a longer goal statement, which mentions contribution toward society. The objectives are the specified aims which the corporation wants to achieve. Goals are the benchmarks that the corporation has set for itself and which it wants to achieve. Plans are the procedures, processes, schemes, and programs to be undertaken by the corporation to reach a higher level of success. This strategic intent is to be separately prepared with the view of the Indian rural market only. When eBay first entered India it failed. The reason for this is that it did not change and adapt to the 'new' Indian market. The country was not accustomed to online purchasing and so eBay had to bid goodbye to the Indian market. The gap between urban and rural areas is so wide that it is important to adapt and change according to the 'new' market, which is 'Rural India'.

The emergence of a large rural market in India has defined the process of establishing a marketing mix – product, price, place, and promotion – to satisfy the needs of the rural market. With exposure to social media and other media platforms, such as the 'Digital India' initiative

by the Government of India, the rural market has been exposed to a variety of lifestyles, tastes, preferences, interests, and other purchase behaviors. Consumer goods consist of durable and non-durable items. India is an agrarian economy. Rural India is a market for agricultural inputs such as seeds, fertilizers, pesticides, and more.

The majority of rural India is a market for manufactured goods and services. Selling of agricultural products and services to the urban areas is also an important part of the rural population.

The ever-changing and recurring needs of rural customers have pushed the demand for Fast Moving Consumer Goods (FMCGs) by USD 100 billion. In terms of revenue, the rural market has accounted for 40% of the total; FMCG manufacturers such as Hindustan Unilever Ltd. and Dabur generate major revenues from the rural market – 45% and 40%, respectively. Other companies derive a considerable revenue share of 30%.

Retail stores or brick-and-mortar stores are still the source of purchase in rural India. But, there is a substantial potential for embracing online markets for purchases. With the Internet available in many homes in rural areas through mobile phones and modems, rural India and e-business portals have found new avenues. The Digital India initiative pioneered by the Bharatiya Janata Party under the leadership of Prime Minister Narendra Modi has also pushed away barriers in rural India. It is studied and noticed that there is an increased penetration of smartphones and computers in rural India, which was reported as the secondary research on Indian Brand Equity Foundation, November 2019. This penetration is, therefore, a proof of growing potential for e-businesses.

A question arises, however, regarding the available distribution channels for e-commerce in the rural market.

With the Digital India initiative, the growth opportunities for companies involved in FMCG products and other durable products has increased through e-commerce. The number of unskilled and semi-skilled labor force in rural areas can also be chosen as delivery executives, thus creating employment opportunities. Though a few online platforms reach the selected tier-2 cities, there are many tier-3 cities which remain untapped. Tier-1 cities, on the other hand, are only eight in number, and they are as follows.

² India-Rural Population on indexmundi.com

- Ahmedabad
- Bengaluru
- Chennai
- Delhi
- Hyderabad
- Kolkata
- Mumbai
- Pune

The Government of India's classification of cities is represented as Tier 1, 2, and 3, otherwise known as, X, Y, and Z, respectively. Some tier-2 cities are Agra, Chandigarh, Guntur, Indore, Jaipur, Kochi, Goa, Lucknow, Nagpur, Patna, Thiruvananthapuram, Varanasi, Visakhapatnam, and Warangal. There are many more tier-3 cities.

The annual report drafted in 2016-2017 by the Ministry of Agriculture and Farmers' Welfare, Department of Agriculture, Cooperation, and Farmers' Welfare documented state-wise reports for projects as stated by National Institute of Rural Development and Panchayati Raj, NIRD.

A few projects in select tier-2 and -3 regions of India include establishing a market for organic agriculture produce in Assam, rice mill processing facilities in Goa, and the cultivation of flowers and vegetables protectively in Jammu & Kashmir.

But the question persists, what about e-commerce in rural markets, and tier-2 and -3 cities?

Amazon and Flipkart had reported that during the festive season in 2019, they generated a revenue of 190 billion only from the tier-2 and -3 cities.³ (Rao, Vellanki, Saha, 2020a) Accenture has classified the rural market as:⁴ (Rao, Vellanki, Saha, 2020b)

- Value-Oriented
- Aspirational
- Connected
- Selective

³ E-commerce in rural India: Tapping the untapped market on businessworld. in January, 2020 – Shravya Rao, Abhishek Vellanki, Ankita Saha (Data: Red-Seer)

⁴ E-commerce in rural India: Tapping the untapped market on businessworld. in January, 2020 – Shravya Rao, Abhishek Vellanki, Ankita Saha (Data: Accenture)

Here, we may coin the abbreviation 'VACS' for rural India's growing needs for durable and non-durable products and services, and how e-commerce can offer the rural markets more variety.

The limitations of e-commerce ventures in rural India are:⁵ (Rao, Vellanki, Saha, 2020c)

- Trust issues
- Logistics

To tackle the limitations mentioned for price-sensitive customers, it is important to make people more accustomed to e-commerce. To improve trust issues cluster marketing can be adopted where a few trusted individuals in the rural areas are gathered and asked to make a purchase from an online portal. An analogy to 'sample' advertising, the 'sample' being the online portal, the prerequisite here is to:

- Sell and market the website.
- Sell and market the products or services on the website.

First, the people have to be made aware of the online portal. In rural areas, word-of-mouth through trusted villagers and village officials is the best way to promote trust. Other marketing mediums such as social media 'influencer' advertisements on the much-used Facebook, and less-popular Instagram may be used. Apart from this, television commercials on local channels would also help.

To summarize:

- Sample advertising of 'how to use the online portal' and then 'finding the requirements on it'.
- Use of the promotional measure that works well in tier-3 cities with limited population: word-of-mouth.
- Lastly, use of media platforms, such as popular apps in rural areas: Facebook and Tik Tok, among others. Television commercials, radio, and more.

The 4Ps of the marketing mix are product, price, place, and promotion. The 'place' emphasizes the distribution channels chosen for the purpose of transporting the goods. Logistics, warehousing, transportation, order processing, and physical distribution are the major subsidiaries that fall

⁵ E-commerce in rural India: Tapping the untapped market on businessworld. in January, 2020 – Shravya Rao, Abhishek Vellanki, Ankita Saha (Data: Accenture)

under the ‘place’ category. Many dealerships in the Union Territory of Andaman and Nicobar Islands have their warehouses underground or on the ground floor of houses. Many homes opt for the floor-wise building construction, offering the ground floor for rent to companies, which would use the place as a logistics room, warehouse, and more. The households, therefore, gain a source of income, while the logistics limitation of companies is solved. A similar view of e-commerce may also be developed, if not on a large scale, then on a considerable scale, and be offered until the opportunities grow from house to house and village to village.

The four entities in an economy are:

- Land
- Labor
- Capital
- Entrepreneurship

Rural markets boast of vast agricultural land which can be put to various uses for the purpose of thriving on businesses. The kind of marketing that can be done in rural markets in the untapped businesses of Rural India is as follows:

Agricultural Technology (AgTech) and New Food is an industry which holds a global share of 0.6%. The growth of AgTech startups is 14.3%, as per the 2018 statistics.⁶ (Anand, Raj, 2019) Organic farming is another sub-sector which is gaining attention and profits, by entrepreneurs investing in it. Livestock and fish farming are other notable modes to make a way in rural markets, which also cater to the needs of the urban areas for quality, rich, fresh, and chemical-free food. Dairy farms and poultry farming are also core agro-businesses in rural areas.

Rural consumers are quite knowledgeable about the diverse choices available to them, their needs and wants. According to a study on standard living index, agricultural laborers were found to be better than their peers⁷ (Mrinal Kanti Deb, 2019).

⁶ AgriTech Startups: The ray of hope in Indian agriculture on National Institute of Agricultural Extension Management (MANAGE) – An organization of Ministry of Agriculture and Farmers’ Welfare, Govt. of India. (CAEIRA-Centre for Agricultural Extension Innovations, Reforms, and Agripreneurship) By Mr Anupam Anand and Dr Saravanan Raj, 2019.

⁷ Impact of MNREGA on Living Standard of Agricultural labourers in Tripura: An Empirical Study on Unakoti District in Journal of Rural and Industrial Development by Mrinal Kanti Deb, 2019.

The rural marketing scenario in India is growing as ‘VACS’ among rural customers is also on the rise. Also, with the advent of an agritech culture, the rural markets are yet to thrive. Rural businesses in agriculture can make their way in urban areas through:

- Manufacturing or harvesting partnerships with related companies.
- Source of input to companies.
- Business to customer setup.

To market in the above scenario, where rural areas are ‘selling’ their products and services, rural marketing comes into play.

Here, rural businesses are in a B2B setup, and in order to pitch to urban businesses they have to highlight:

- Features
- Advantages
- Benefits

Most of the people in rural areas know their business well and are no longer gullible to fraudulent practices.

Millennials are heading back to the old norms and practicing the old ways of earning a living. The profits vested in agriculture are yet to be harvested. Many years ago, farmers were struggling as there was loss of cultivation due to natural and man-made hazards, and tenancy and pressure from the landlords also pushed them to suicide. To this day, farmers continue to face trouble. Employment in the lower layers of the economy is provided by microenterprises⁸ (Dipu Varghese, Chinnu P.B., 2019). The culprits in this case are:

- Lack of irrigation facilities
- Lack of education
- Lack of technology
- No protection for farmers: financially, physically, mentally, and emotionally.

People in rural areas ‘selling’ their products and services make their marketing through the simple means of FAB. Government initiatives to offer a ceiling price to protect the interests of the farmers are also beneficial. On the other hand, people in rural areas ‘buying’ products and services from companies or marketers become the customers.

⁸ HR Practices in Rural Micro Enterprises – An Empirical Investigation on Journal of Rural & Industrial Development by Dipu Varghese & Chinnu P.B., 2019.

Prerequisites for rural marketing by companies:

- STP: Segmenting, Targeting, Positioning
- 4Ps: Product, Price, Place, Promotion
- USP: Unique Selling Proposition
- Analysis of Consumer
- Porter's 5 forces

The first three points are well known. To summarize, segmenting can be done on the basis of psychographic, behavioral, geographic, and demographic data. Targeting is in relation to the target market, and positioning is how the company wants the product or service to be perceived by the customer.

Product is the item or commodity, both durable and non-durable, which offers value and helps to satisfy the needs of the customer. Price, on the other hand, is the monetary quote for obtaining the product or service. Promotion is the mode through which the product is highlighted and customers are made aware of the uses of the product to satisfy their needs.

4Ps	Urban Areas	Rural Areas
Product	Quality-oriented. Consumers aim at core, augmented and expected benefit.	Use-oriented. Consumers aim at core benefit.
Price	Quality and Price are directly proportional.	Price-sensitive consumers
Place	Direct and Indirect distribution.	Highly Indirect distribution
Promotion	Mass Media used.	Influencers, opinion leaders, word-of-mouth, experiential marketing, and relationship marketing is used.

A study revealed that advertising agencies have been moderately successful in perfectly delivering the designed marketing communications to the audience of the brands. For instance, brands like Amul, KitKat, Cadbury Dairy Milk Silk, Fevicol, Mango Frooti, and others had previously managed to attract the audience.

Hence, in this article we suggest that the marketing communications have to be prepared after carefully analyzing the future prospects of rural markets as an online village⁹ (Mridusmita Das, 2019).

⁹ *Rural Viewers Perceptions and their Changing Dimensions Towards Media Advertisements of FMCG Brands – An Empirical Study with Reference to Sivasagar District, Assam* in Journal of Rural and Industrial Development by Mridusmita Das, 2019.

The USP, Unique Selling Proposition, is the value proposition which is offered by the designer of the product or service. It is what makes the product unique compared to that of the competitors or substitutes.

Analysis of the consumer entails the consumer behavior toward the product. This can be used to know the characteristics of the customers, the psychographic factors affecting the customers' purchase decisions, brand equity, brand awareness, and more. Analysis of Consumer is a market study technique which helps to find answers to the questions relating to the market, in this case, the rural market.

1. *Psychographic Factors* — Perception of the product, motivation, needs, learning, attitude toward it.
2. *Characteristics of the customers*—Gatekeeper, decision-maker, influencers, and blockers.
3. *Brand Equity*
 - How do they associate with the product?
 - Level of awareness.
 - What meaning do they hold for the brand?
 - Emotional and Mental stimulus toward the brand.
 - Kevin Lane Keller's Customer-Based Brand Equity Model can also be followed to fetch results.

Conclusion

To manage the brand in rural areas, new strategies for brand reinforcement, capitalizing on brand elements such as color, logo, slogans, symbols, and other brand elements should be highlighted in rural markets. Vodafone had introduced the 'red' mini-stores in rural areas, highlighting the brand element-color red of Vodafone.

'Diffusion of Innovation' by Everett Rogers can also be used for Analysis of Consumer to know when they decide on purchasing the product.

Hence, the prerequisites of rural marketing by companies would be fulfilled through:

- STP: Segmenting, Targeting, Positioning
- 4Ps: Product, Price, Place, Promotion
- USP: Unique Selling Proposition
- Analysis of Consumer
- Porter's 5 forces

The rural marketing scenario in India is growing with many companies concentrating on rural areas. Rural marketing is being enhanced by e-commerce, agritech, and organic farming companies as well. Rural India has become a rich source of revenue for durable and non-durable goods, and also the manufacturer for many agricultural and small-scale industry units. The rural markets in the future would be an online village where a lot of untapped resources are going to pave the way for the future of business in unexpected ways.

Rural marketing is a concept which transfers 'tomorrow's market' to the market of the present day. The agriculture sector provides a source of livelihood to half the workforce of the country, which is an achievement. There is an increase in production capabilities in rural areas, and it is offering more development opportunities at the same time. These opportunities are helping in increasing the purchasing power of the people, which fosters their recurring needs, wants, and desires (NWD). Economically, when man can spend and the money income shows a considerable increase, there is an 'income effect' where man can purchase more of a commodity or purchase the same amount and save the excess income. This theory holds well with the increasing purchasing power in the rural areas.

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