“MARKETING TO RURAL CONSUMERS – UNDERSTANDING AND TAPPING THE RURAL MARKET POTENTIAL”

A

SYNOPSIS

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INTRODUCTION

Consumption is the soul and the purpose of all production. Peter Drucker was apt in saying, ‘it is the consumer who determines what the business is.’

A consumer is one who does some physical activities and deliberates to take decisions concerning purchase and to dispose off on to evaluate products and services. Consumer Behavior reflects the totality of consumers decisions with respect to acquisition, consumption and disposition of goods, services, time and idea by (human) decision making units (overtime).

Hence the markets are customer driven these days and the target of all marketing activities is the consumer. But to understand the consumers is not an easy job as his behavior is most unique and unpredictable.

This has mandated the firms to step into the shoes of the customers and understand their point of view for selection and purchase of products and services.

Marketers need first to identify the end users of products and services and frame marketing plans, and then consider the wholesalers and retailers who actually are the intermediaries in the process of purchase.

Marketers therefore should study the consumers and develop their strategies accordingly. Here lies the essence of marketing. The consumer is the king and all the actions should start with this notion in mind.

Study of Indian Market reveals some unique features. Market structure in India is dichotomous having rural and urban markets. Each one is having its unique characteristics.

Indian rural market consists of more than 740 million consumers and has wide potential for expansion. According to Census 2011, 69 percent of Indian population is living in rural areas. Though over the last three decades there has been a marginal reduction in rural population expressed as a percentage of total population, there has been a steady growth in rural population in terms of absolute number and it has reached 89 crores.

After the economic reforms of 1991, there have been many changes in the social, economic, political & cultural outlook of India. Rural India has also witnessed this reform. Thus rural India is providing a large consumer base to the marketers to market their products.

But marketers have to device different and unique strategies for rural and urban consumers. This is especially because rural consumers differ in terms of its consumption pattern, purchase decisions, purchase behavior, attitudes and perception towards products.
The dominant economic peculiarities of rural India may be recognized in terms of the source of income (Agriculture), the frequency of receipts of income (unstable because of the dependence on monsoon) and the seasonal nature of income and consumption (mainly farmers). These characteristics also affect the consumption pattern of rural consumers.

The Indian Inc has reached the plateau of their business curve in urban India. Thus the companies are looking for new opportunities and avenues as they are witnessing a decline in their growth rates in urban markets due to market saturation and they do have a huge, untouched and untapped rural Indian market.

Rashmi Chawla stresses that in the phase of global Recession (2008-09) companies took ‘Rural Marketing’ as a strategy to escape the negative impact of recession. Rural Marketing is the major reason that contributed to India successful survival of economic slowdown. Although the substantial improvement in purchasing power, increasing brand consciousness, changing consumption pattern and rapid spread of communication network in rural India offers a plethora of opportunities, but still they are all waiting to be harnessed.

In the 21st century the rural markets have attracted a number of companies towards them which also plays a pivotal role in the growth of the companies, especially Fast Moving Consumer Goods (FMCG) companies.

As per Jagmohan Singh Raju (2010), a company like Hero Honda has more than 50% share of the motorcycle market in India. Nearly 40% of their sales come from the rural market. And then you have Godrej which has historically been very strong in rural markets. And, of course, we don't think of ITC as a multinational today. But at one point of time it was a multinational. It's now an Indian company. But it has a very strong presence in rural markets and has done wonders there.

Till now tastes, preferences & needs of urban customers only were analysed, on the basis of which product was launched in the market. But now tastes, preferences & needs of rural customers are also taken into consideration for the launch of new product in the market.

“These villages and small towns which were once inconsequential dots on maps are now getting the attention of global marketing giants and media planners. Thanks to globalization, economic liberalization, IT revolution, Indian diasporas, female power, and improving infrastructure, middle class rural India today has more disposable income than urban India. Rural marketing is gaining new heights in addition to rural advertising.” (Bhatia, T.K; 2000)

No wonder, the rural markets have become a vital source of growth for most companies. For a number of FMCG companies in the country, more than half their annual sales come from the rural market.

Thus Indian society with more than 70% of rural population has vast potential to act as a growth engine for the prosperity and expansion of the goods as well as service based companies. Just the need of hour is to customize the marketing strategies focusing the rural markets.