

UNIT - 4

MARKETING MANAGEMENT



BCH - 304

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Promotion: Nature and importance, Communication process, Methods of promotion: their distinctive characteristics, Concept of integrated communication. Promotion mix and factors affecting promotion mix. **Rural marketing:** Growing Importance; Distinguishing characteristics of rural markets; Understanding rural consumers and rural markets; Marketing mix planning for rural markets

Promotion

Promotion is a type of communication between the buyer and the seller. The seller tries to persuade the buyer to purchase their goods or services through promotions. It helps in making the people aware of a product, service or a company. It also helps to improve the public image of a company. This method of marketing may also create interest in the minds of buyers and can also generate loyal customers.

Promotions in marketing are generally the fourth and final P of the marketing mix. This is because before promotions, the product, price and place (distribution) should be ready. Promotions in marketing generally use integrated marketing communication. Integrated marketing communication is the use of different media vehicles to get the message of the brand from the company to the consumer.

So, if you are a jewelry brand, you will use TV commercials and other ATL media to promote your own products. Whereas if you are a small time brand, you will use print media or Internet and Out of home media to promote your brand. Thus, depending on the segmentation, targeting and positioning you are planning, your promotions can be planned.

METHODS OF PROMOTION

1. Advertising

Advertising means to advertise a product, service or a company with the help of television, radio or social media. It helps in spreading awareness about the company, product or service. Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages.

2. Direct Marketing

Direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted television, newspaper and magazine advertisements as well as outdoor advertising. Among practitioners, it is also known as a direct response.

3. Sales Promotion

Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

4. Personal Selling

The sale of a product depends on the selling of a product. Personal Selling is a method where companies send their agents to the consumer to sell the products personally. Here, the feedback is immediate and they also build a trust with the customer which is very important.

5. Public Relation

Public relation or PR is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. A successful PR campaign can be really beneficial to the brand of the organization.

The effect of promotions in marketing is:**(a) Awareness**

The first and foremost role of promotions in marketing is to create Awareness. Whenever a new product is launched, or a company introduces a new scheme, awareness needs to be created. Thus, companies use promotions in the marketing mix which are ATL and BTL to promote the product.

(b) Brand building

The idiom “A brand is a promise” is one of the most commonly used ones in the world of marketing. However, a brand comprises both – The product as well as the marketing communications from the company to the customer. Thus brands like Apple and Coca cola are at the top of the brand equity table, because of their promotions and marketing communication efforts throughout the last few decades.

(c) Positioning

When you talk about premium cars, which is the product that comes in mind? Is it BMW, AUDI, FERRARI or any other? All these companies are trying to get the top positioning in your mind and similarly in other customers mind. The type of promotions from a company directly contribute to the positioning of the brand in the mind of the customer.

(d) Acceptance

A customer is more likely to accept a product, if he has heard the brand or the companies name. Thus, along with awareness, promotions also increase the acceptance of the product in the market. But, in some cases, how much ever promotions you do, if the product is not proper, the market will never accept the same. Thus, promotions in marketing has its own limitations.

(e) Targeting of customers

The promotions of a company help the company target their desired customer. For example – pepsi targets youngsters, Adidas targets healthy and sport loving people, so on and so forth. Thus, segmentation targeting and positioning can all be achieved with the right promotions.

(f) Brand recall

There are many objectives of promotions, one of the most common one being brand recall. Many brands over a time become so common in the market, that they might not need brand recall ads. On the other hand, sectors like pharmaceuticals, which have high competition and a line of generic products, regularly need to release promotions which promote the brand recall in the market. Thus, promotions in marketing can help the recall of your brand in the customers market, thereby promoting the sales and the brand equity of the product.

(g) Acquire new customers

The ultimate aim of promotions, or of any activity in marketing for that matter, is to attract new customers, convert them towards the company and gain better profit margins for the company. With ATL and BTL activities working simultaneously, and a proper marketing communication plan in place, it becomes easier for the company to acquire more customers.

Thus, there are many roles which are played by promotions in marketing. It is therefore no surprise, that many people are involved in promotions for the organization. In house marketing managers, executives, branding department, outsourced agencies are all involved in media buying and selling activities. These activities, on a whole, contribute to achieve the right promotions mix for the organization.

Elements of Promotion Mix.

The Promotion Mix refers to the blend of several promotional tools used by the business to create, maintain and increase the demand for goods and services.

The fourth element of the 4 P's of Marketing Mix is the promotion; that focuses on creating the awareness and persuading the customers to initiate the purchase. The several tools that facilitate the promotion objective of a firm are collectively known as the Promotion Mix.

Gary Armstrong defines promotion mix as, "A company's promotional mix includes advertising, personal selling, sales promotion, public relations, direct marketing. It also includes product design, shape, package, colour, label etc., as all these communicate something to buyer."

Philip Kotler opines, "A company's total marketing communication mix also called promotion mix consists of specific blends of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company use to pursue its advertising and marketing objectives."

Promotion is a process of communication involving information, persuasion, and influence. It includes all types of personal or impersonal communication by a producer with prospective customers as well as middlemen in the distribution network.

The purpose of promotion is to inform, persuade and influence the prospective customers. Personal selling, advertising, public relations, sales promotion and direct marketing are widely used to inform the people about the availability of products and create among them the desire to buy the products.

Promotion is a form of corporate communication that uses various methods to reach a targeted audience with a certain message in order to achieve specific organizational objectives. Nearly all organizations, whether for-profit or not-for-profit, in all types of industries, must engage in some form of promotion.

Such efforts may range from multinational firms spending large sums on securing high-profile celebrities to serve as corporate spokespersons to the owner of a one-person enterprise passing out business cards at a meeting of local business persons.

Promotion is communication from a marketers to the prospective buyers in the market. It tries to instil into buyer's minds images (through advertising, personal selling, sales promotion and publicity) that make them buy the product.

The Promotion Mix is the integration of Advertising, Personal Selling, Sales Promotion, Public Relations and Direct Marketing. The marketers need to view the following questions in order to have a balanced blend of these promotional tools.

- What is the most effective way to inform the customers?
- Which marketing methods to be used?
- To whom the promotion efforts be directed?

OBJECTIVES OF PROMOTION MIX

Promotion can be used for number of reasons for ex: Promotional activity can increase sales, raise awareness or concerns about particular issues develop a brand image or alter public opinion.

The possible objectives for promotion mix may include the following:

1. Build Awareness

New products and new companies are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. In this situation the marketer must focus promotion to effectively reach customer and tell the market who they are and what they have to offer.

2. Create Interest

Moving a customer from awareness of a product to making a purchase can present a significant challenge. Consumer buying behaviour depends on the type of customer so the customer must first recognize they have a need before they actively start to consider a purchase.

The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, humor, sex etc.

3. Provide Information

Some promotions are designed to assist customers in the search stage of the purchasing process. In some cases, such as when a product is so novel it creates a new category of product and has few competitors the information is simply intended to explain what the product is and may not mention any competitors.

In other situations where the product competes in an existing market, informational promotion may be used to help with a product positing strategy.

4. Stimulate Demand

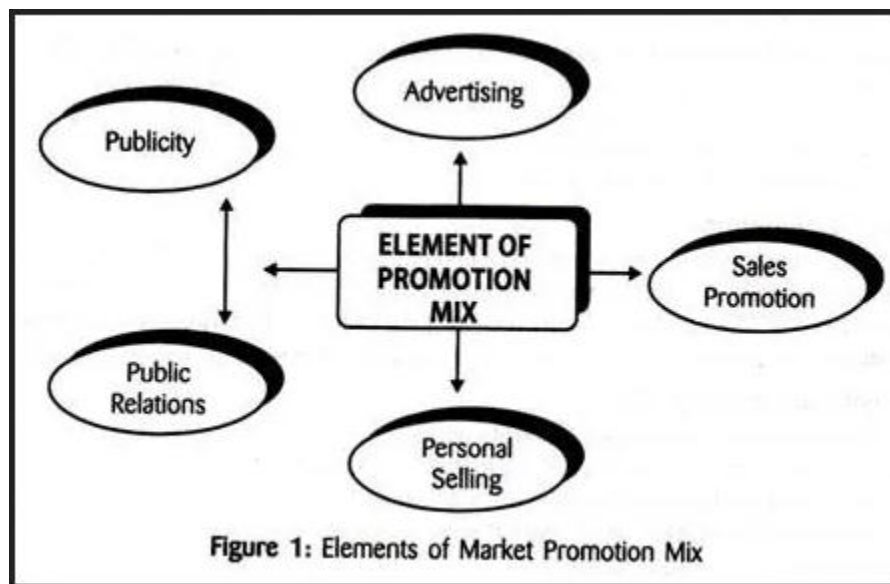
The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product.

This is often seen on the internet where software companies allow for free demonstrations or even free downloadable trials of their products. For customer base products, promotion can encourage customers to increase their purchasing by providing a reason to purchase products sooner or purchase in greater quantities than they normally do.

5. Reinforce the Brand

Once a purchase is made a marketer can use promotion to build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer marketer relationship.

METHOD / ELEMENTS OF PROMOTIONAL MIX are also called as tools, means, or components. Basically, there are five elements involved in promotional mix. Some authors have considered more elements, too. However, we will consider five elements as shown in Figure 1.

**1. Advertising**

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor. It is a way of mass communication. It is the most popular and widely practiced tool of market promotion. Major part of promotional budget is consumed for advertising alone. Various advertising media – television, radio, newspapers, magazines, outdoor means and so forth – are used for advertising the product.

Characteristics of advertising are as follow:

- (i) Advertising is non-personal or mass communication. Personal contact is not possible.
- (ii) It is a paid form of communication.
- (iii) It is a one-way communication.
- (iv) Identifiable entity/sponsor-company or person gives advertising.
- (v) It is costly option to promote the sales.

- (vi) It can be reproduced frequently as per need.
- (vii) Per contact cost is the lowest.
- (viii) Various audio-visual, print, and outdoor media can be used for advertising purpose.
- (ix) It is a widely used and highly popular tool of market promotion.

2. Sales Promotion

Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers. The popular methods used for sales promotion are demonstration, trade show, exhibition, exchange offer, seasonal discount, free service, gifts, contests, etc.

Characteristics of sales promotion are as follows:

- (i) The primary purpose of sales promotion is to induce customers for immediate buying or dealer effectiveness or both.
- (ii) Excessive use of sale promotion may affect sales and reputation of a company adversely.
- (iii) It is taken as supplementary to advertising and personal selling efforts.
- (iv) It involves all the promotional efforts other than advertising, personal selling, and publicity.
- (v) It consists of short-term incentives, schemes, or plans offered to buyers, salesmen, and/ or dealers.
- (vi) It involves non-routine selling efforts.

3. Personal Selling

Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

Characteristics of personal have been listed below:

- (i) Personal selling is an oral, face-to-face, and personal presentation with consumers.
- (ii) Basic purpose is to promote products or increase sales.
- (iii) It involves two-way communication.
- (iv) Immediate feedback can be measured.
- (v) It is an ability of salesmen to persuade or influence buyers.
- (vi) It is more flexible way of market communication.

(vii) Per contact cost is higher than advertising.

(viii) It involves teaching, educating, and assisting people to buy.

4. Publicity

Publicity is also a way of mass communication. It is not a paid form of mass communication that involves getting favourable response of buyers by placing commercially significant news in mass media. William J. Stanton defines: "Publicity is any promotional communication regarding an organization and/or its products where the message is not paid for by the organization benefiting from it."

It is the traditional form of public relations. Publicity is not paid for by the organization. Publicity comes from reporters, columnists, and journalists. It can be considered as a part of public relations. Publicity involves giving public speeches, giving interviews, conducting seminars, charitable donations, inauguration by film actor, cricketer, politician or popular personalities, stage show, etc., that attract mass media to publish the news about them.

Main characteristic of publicity include

(i) Publicity involves obtaining favourable presentation about company or company's offers upon radio, television, or stage that is not paid for by the sponsor.

(ii) It is a non-paid form of market promotion. However, several indirect costs are involved in publicity.

(iii) It may include promotion of new product, pollution control efforts, special achievements of employees, publicizing new policies, etc., for increasing sales. It is primarily concerns with publishing or highlighting company's activities and products. It is targeted to build company's image.

(iv) Mostly, publicity can be carried via newspapers, magazines, radio or television.

(v) Company has no control over publicity in terms of message, time, frequency, information, and medium.

(vi) It has a high degree of credibility. Publicity message is more likely to be read and reacted by audience.

(vii) Publicity can be done at a much lower cost than advertising. Company needs to spend a little amount to get the event or activity publicized.

(viii) Frequency or repetition of publicity in mass media depends upon its social significance or the values for news. Mostly, it appears only once.

5. Public Relations

The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Note that public relations include publicity, i.e., publicity is the part of public relations.

William Stanton defines:

“Public relations activities typically are designed to build or maintain a favourable image for an organisation and a favourable relationship with the organization’s various publics. These publics may be customers, stockholders, employees, unions, environmentalists, the government, and people in local community, or some other groups in society.” Thus, public relations include organization’s broad and overall communication efforts intended to influence various groups’ attitudes toward the organization. Some experts have stated that the public relations are an extension of publicity.

Main characteristic of publicity are as under:

- (i)** Public relations is a paid form of market promotion. Company has to incur expenses.
- (ii)** Public relations activities are designed to build and maintain a favourable image for an organization and a favourable relationship with the organization’s various publics.
- (iii)** It is an integral part of managerial function. Many companies operate a special department for the purpose, known as the public relations department.
- (iv)** It involves a number of interactions, such as contacting, inviting, informing, clarifying, responding, interpreting, dealing, transacting, and so forth.
- (v)** Public relations covers a number of publics – formal and informal groups. These publics may be customers, stockholders, employees, unions, environmentalists, the government, people of local community, or some other groups in society.
- (vi)** Public relations activities are undertaken continuously. It is a part of routine activities.
- (vii)** All the officials, from top level to supervisory level, perform public relations activities.
- (viii)** In relation to modern management practices, the public relations is treated as the profession.

Thus, there are five major elements or promotion mix. Each tool/element has its advantages, limitations, and applicability. Depending upon company’s internal and external situations, one or more tools are used. Mostly, company’s promotional programme involves more elements, each element supplements others.

Rural Marketing, Concept, Scope, Characteristics

Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

The Rural Marketing is a two-way process, i.e.

- **Urban to Rural:** FMCG Goods, Agricultural fertilizers, automobiles, etc. are offered by the urban market to the rural market.
- **Rural to Urban:** The agricultural supplies viz. Fruits, vegetables, flowers, milk, etc. is offered from the rural market to the urban market.

The marketers are following the strategy to “Go Rural” because of the following attractions in the rural market:

- **Large Population:** Still, the majority of the population in India resides in Villages and therefore, the marketers find more potential in the rural areas and direct their efforts to penetrate the rural market.
- **Increased Income:** The income and the purchasing power of the rural people have increased. With the use of modern agricultural equipment and technology, the farmers can produce more and can get better returns for their agricultural produce. The increased income motivates a farmer to improve his livelihood by purchasing a good quality product and thus, the marketer gets an opportunity to enter into the rural market.
- **Competition in Urban Market:** There is a lot of competition in the Urban market, where people are well aware of the goods and services and have created a brand loyalty. Therefore, the marketers move to the rural market to escape the intense completion and generate revenues from the untapped areas.
- **Improved Infrastructure facilities:** Today, many villages are well connected with the roads and transportation facilities that enables the marketer to access the rural market and promote his goods and services. With the growth in telecom services, the rural people can be reached easily via mobile phones.
- **Saturated Urban Market:** Also, the marketers may move to the rural markets, when the urban market has reached the saturation point, the i.e. market is well stuffed with the products, and the consumers are not likely to make a frequent purchase due to the varied options available in the market.
- **Support of Financial Institutions:** Several Co-operative banks and public sector banks offer the loan facility to the rural people at low-interest rates. With the loan, the purchasing power of an individual increases, thus resulting in a better standard of living.

- **New Employment Opportunities:** The Government is running several employment opportunity programmes, with the intention to engage people in other activities apart from the agriculture occupation. The Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojana (JRY), Training Rural Youth for self-Employment are the certain programmes, designed to increase the livelihood of rural people.

Concept of Rural Marketing

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income.

Rural marketing in Indian economy can be classified under two broad categories.

These are:

- The market for consumer goods that comprise of both durable and non-durable goods
- The market for agricultural inputs that include fertilizers, pesticides, seeds, and so on.

The concept of rural marketing in India is often been found to forms ambiguity in the mind of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

CHARACTERISTICS OF RURAL MARKETING

1. Large and scattered market

According to 2011 census rural population is 68.4% (2001–72%) of total population and it is scattered over a wide range of geographical area. With regard to size, still more than 2/3 of the population lives in rural India and the 170 million household consumers. The sheer size is equal to US, UK, Germany, France, Japan and Italy together. To reach 6.00.000+ villages is really a challenge. A few new rural distribution and procurement models have been innovated by ITC e-chaupal and HUL Project Shakti.

2. Diverse socio-economic background

This is different in different parts of the country and brings diversity in rural markets.

3. Changing demand pattern

Demand pattern of rural customer is fast changing due to increase in income and credit facilities offered by the banks like 'kisan credit card'. In terms of India's GDP, 54%, equal to that of

Switzerland, is contributed by rural India. In India's monthly expenditure, about 55% comes from rural India.

Non-food spending is equal to that of urban India. Consumerism is certainly on a rise and the spending on lifestyle products is emerging. Consumer durables market is growing at 10% per annum in urban areas, but the growth rate in rural India is 25%. Of the 40% of the sale in auto industry comes from rural India.

4. Major income comes from agriculture

About 60% of the rural income is from agriculture and hence the demand for consumer goods is high during harvesting season.

5. Saving habits

Rural consumer is now having saving habits due to the efforts of cooperative and commercial banks. Presently more than 33% of India's savings comes from rural India.

6. Traditional outlook

Rural customer values old customs and traditions and are interested in deriving core benefit from the product. They believe in price-performance paradigm. It is because of this reason that 'Ghari' detergent has replaced 'Wheel' as the no. 1 laundry brand.

7. Low standard of living

Rural consumer have low standard of living because of low literacy, low per capita income and social backwardness. However, roughly 34% of FMCG manufacturers' total sales comes from rural areas.

8. Infrastructure facilities

Facilities like roads, warehouses, communication system, etc. are inadequate in rural areas. Hence, physical distribution becomes costly affair. Electrification is yet not complete in all the villages. The Literacy rate in rural areas has gone up from 58.7% in 2001 to 68.9% in 2011. During this period the improvement in literacy rate in rural area is twice that of urban areas (rural: 10.2% and urban: 5.1%). Improvement in female literacy is more than males in both rural and urban areas.

The telephone service is not available in all the villages, especially where there is no post office. Radio network has increased considerably. From 6 radio stations at the time of independence, All India Radio covers 98.8% population spread over 90% of the country. Infrastructure or lack of it has not deterred the telecom companies to reach rural areas through their wireless telephony.

The cellphone users' number is more than 200 million. The number is more than the subscribers in Brazil, Indonesia and Russia. The number of account holders in banks in rural areas is greater than urban India. In case of LIC half the policies are from the rural area.

SCOPE OF RURAL MARKETING

Rising Rural Prosperity: Average income level has improved due to modern farming practices, contract farming, industrialization, migration to urban areas and remittance of money by family members settled abroad.

Large Population: According to 2001 census rural population is 72% of total population and it is scattered over a wide range of geographical area.

Growth in Consumption: There is a growth in purchasing power of rural consumers. The average per capita household expenditure is Rs. 1181.92 in 2018.

Life Cycle Advantage: The products, which have attained the maturity stage in urban market, is still in growth stage in rural market. E.g., popular soaps, skin cream, talcum powder, etc.

Changing Lifestyle: Lifestyle of rural consumer changed considerably.

Rural Marketing is not Expensive: To promote consumer durables inside a state costs Rs one crore while in urban areas it will cost in millions.

Market Growth Rate Higher than Urban: As per the survey made by NCAER the growth rate of FMCG market and durables market is higher in rural areas. The rural market share is more than 50% for products like body talcum powder, toilet soaps cooking oil, hair oil etc.

Indian Rural Market, Scope

In the process of defining rural market, for the purpose of clarity, it has been attempted to firstly, deal these two terms 'market' and '**rural**' separately and then combine them into one, later.

The term, '**market**' is used in many contexts. For example, the urban market, the rural market, the agriculture market, the commodity market etc. Thus, market as a concept is most confusing. According to economist's view, market is a physical place where buyers and sellers get together, and a transfer of title takes place as goods are exchanged.

Thus, markets include the people who sell the goods and services and also those who purchase them. Another view is that market refers to the people with buying power and willingness to buy. In the present study, both the views have been taken into account.

With regard to the term 'rural area' also there is no unanimity among the authorities. A few authorities defined a geographical place as a rural area with a population of 10,000 while few others defined, place with a population of 20,000 as rural area. But, for the present study, the criterion adopted by the census of India, 1981 for defining an urban area has been taken as the basis for defining the rural area.

Accordingly, rural area is defined as a place with human habitation of 5000 and below with agriculture as the main economic activity and with a density of population less than 400 sq. km. Some areas with a population more than 5000 are also classified as rural area in view of the agriculture being the main economic activity of a vast majority of population in that area.

On the basis of the definitions of the above two terms, the rural market may be defined as any market that exists in the rural area with a population less than 10,000 where the areal density of population at any population nucleation is low without any significant infrastructure.

In other words, total market of India excluding the urban markets can be called as rural market. These rural markets are mostly unintegrated, very small in size and rudimentary in nature.

According to the National Commission on Agriculture: "Rural Marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution."

According to Thomsen: "The study of Rural Marketing comprises of all the operations, and the agencies conducting them, involved in the movement of farm produced food, raw materials and their derivatives, such as textiles, from the farms to the final consumers, and the effects of such operations on producers, middlemen and consumers."

The above two definitions reflects only one side of the coin and are narrow in explanation, i.e., it explains only the movement of goods from rural to urban areas, whereas, the rural markets also need agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery, as well as the rural population needs consumables, consumer durables and services also.

That's why the urban manufacturers have entered the rural markets with consumables, consumer durables and services.

Nature of Rural Marketing in India

The rural market is quite different from urban markets. Agriculture is the chief economic activity in rural areas, the entire village population is associated directly or indirectly to agriculture. In the process of development of civilization agriculture and pastoral life along river banks are the first form of settled life.

In the Bronze Age, major civilization evolved. Archaeological evidence reveals that bronze industry supplied tools and implements to agriculture. Textiles, paper, iron and furniture making developed to aid man in his economic activities.

Agriculture supplies inputs for fabrication into manufactures cotton, oil seeds spices etc. All food items had a rural origin. Villages were self-contained units, which traded their produce for gold, iron and precious stones. The rural society has high status persons and the poor ones.

The distribution of land was made by state, which belonged to the state- The British rule for more than three centuries was the worst blow to the rural society. The worst blow was to

cottage and small scale industries, cultivation of indigo, tea and jute, development of timber trade and denudation of forests.

The terms of trade were not favourable to Indian farmers. In these circumstances farmers were forced to live in deprivation and poverty. British India was with the princely states under the administration of Rajas and Nawabs; the big states had all the powers except defence and foreign affairs.

Agriculture and industries based on raw-materials and local skills are identified for the development of the rural economy. An integrated approach was evolved to take care of projects ranging from milk and milk-products to horticultural products like fruits, vegetables, flowers, herbs, etc.

The processing of these is not widespread in rural areas. Modern technology is too accessible to enterprises there. It is beyond the financial capacity of an average entrepreneur. The low cost and labour based technologies have been the common mode of village industry. As a result, the rural products do not enjoy competitiveness in a wider market. Most of the products are consumed locally.

Rural Market in India Scope

1. Rising Rural Prosperity

Average income level has unproved due to modern farming practices, contract farming industrialization, migration to urban areas etc. There has been an overall increase in economic activities because during the planned rural development heavy outlay of resources on irrigation, fertilizers, agricultural equipment's and agro processing industry has been made. Saving habits in rural people also has increased. This too contributes in higher purchasing power.

2. *Population*

According to 2011 Census rural population is 72% of total population and it is scattered over a wide range of geographic area. That is 12% of the world population which is not yet fully utilized.

3. Change in life style and Demands

Life style of rural consumer changed considerably. There has been increase in demand for durables and non-durables like table fans, radios, mopeds, soaps, etc. by rural consumers. This provides a ready market for the producers. Rural market is expanding day after day.

4. *Growth in consumption*

There is a growth in purchasing power of rural consumers. But, the average per capita household expenditure is still low compared to urban spending.

5. Life cycle advantage

The products which have attained the maturity stage in urban market is still in growth stage in rural market.

6. Market growth rate higher than urban:

The growth rate of fast-moving consumer goods [FMCG] market and durable market is high in rural areas. The rural market share is more than 50% for products like cooking oil, hair oil etc.

7. Decision-making Units

Women in rural areas are beginning to make fast decisions for purchases. Studies reveal that 72.3% decisions are taken jointly in a family. With education and mass media, role of children in decision making is also changing

TYPES OF RURAL MARKETS

The rural marketing structure is not uniform in all parts of the country. The type of structure prevalent in a particular State or Region depends on various factors like the state of development of agriculture, condition of transport and communication facilities, purchasing power of population, etc.

In the North-Eastern region and far-flung areas of the country where the 'agricultural production and levels of income are low and communication and transport facilities are not available the marketing structure comprises predominantly. Primary markets like hats and shandies which have sprung-up at convenient places to cater to the needs of the local population.

At the other end are areas in North-West like Punjab and Haryana where the agriculture and other facilities are developed. The market structure comprises a larger number of organized markets.

However, rural markets of India can be broadly categorized into three types.

They are:

1. Periodic Markets

Periodic markets are the important characteristic feature of the rural marketing in India. In spite of urbanization and development of retail stores, periodic markets are also playing an important role in rural economy as well as in social life of the rural masses. The periodic marketing function is performed by two institutions, viz., fairs, and weekly markets.

A fair denotes a gathering of people who assemble at regular intervals in certain fixed places—generally around shrines or other religious institutions. Although, by far the largest number of fairs have a religious background, there are some which owe their origin to purely economic considerations.

A general concept regarding fairs is that they are simply an occasion for the recreation of rural folk. These fairs provide an opportunity for rural people for yearly and half-yearly, sometimes bi-annual or once in 12 years like that of Kumbha-Mela, Godavari Pushkarmas, etc.

The purchase and sale of goods, etc. The important fairs draw people not only from surrounding tracts, but also from very distant places. There are about 1700 fairs organized in different parts

of the country involving produce and also livestock. There are a few fairs which are attended by a few lakhs of population and there are others which are attended by a few thousands.

On an average, the attendance per fair works out at about 16,000. The periodicity of fair varies from one fair in one state with that of another in other States also from one region to another within the State. The time schedule of a fair may vary between 1 day to 7 days.

2. Mobile Traders

There is another important agency known as mobile traders to fulfill the limited needs like vegetables, fruits, clothes, utensils, cosmetics, spices, toiletries etc. of rural consumers. The practice of mobile trading is not a new one, but even in ancient India this phenomenon was common.

The mobile traders are those merchants who move from one place to another, from one house to another in order to sell those commodities which are often required by rural masses. As it is rightly observed by Stine, important reason for the existence of mobile trader is that when the maximum range is smaller than the threshold requirement of the firm, the firm either ceases to function or else it becomes mobile.

Even in those villages where there are permanent shops and weekly markets, there is a phase for mobile traders because of behavioural pattern of rural masses. Mobile traders move from one village to another on foot or bicycle or buses, bullock carts, etc. They visit the villages once or twice in a week. Sometimes, they visit those villages which are on the way of weekly markets in return direction after attending these weekly markets.

While moving from one house to another within the village they loudly announce the name of the commodity which they sell such as chadar, (bed sheet), pandlu (fruits), gajulu (Bangles), palu, perugu (milk and curd), etc. There will be too such haggling in price fixation. The payment is made either in cash or in kind in the form of foodgrains. Sometimes these traders extend credit upto periods harvests.

Mobile traders move in groups or 3 to 5 persons carrying different types or similar types of articles. They move only in those parts of the village, they have decided at the time of the entry. Female mobile traders are also found significantly dealing in cosmetics, utensils, toiletries, plastic goods, spices, etc.

During harvesting season, the frequency of visits by mobile traders is more. Most of these traders belong to certain castes like Poosala in Andhra Pradesh. These mobile traders are an integral part of the rural marketing system.

3. Permanent Retail Shops

Permanent retail shops are developed as the population of villages increased, their incomes improved, the demand for goods and that too on daily basis increased. The traditional fairs, weekly markets or peddlers were not able to meet the situation and this led to the emergence and growth of permanent shops.

Permanent shops were set up as a result of the demand of the rural inhabitants primarily of the same village. The number of shops, their various forms largely depends upon the size of the population of the village, their incomes, purchasing power, their preferences, etc.

In the Indian context, the most sophisticated types of retail outlets comparable to that of western countries are found in metropolitan cities, while in rural areas (with population less than 10,000), only the traditional independent general stores or small-scale retailing are prevailing.

In rural areas, only traditional methods of distribution, i.e., wholesaler and retailers are working as usual. The modern methods of distribution, such as chain stores, super markets and franchise shops are not existing in rural areas because of small size of villages and lower income of rural folk.

The Rural Consumer: Meaning and Characteristics

Rural consumers go to their nearest cities when they have to buy products like tractors, televisions, motorcycles, etc. For most villages, the nearest cities can be as far as 50 kms away. Most of these cities are district towns. Rural consumers go to the 'local market' which is normally around 5-10 km. from their villages to buy the daily household requirements like sugar, tea, vegetable oil, etc.

Some family member, more likely the eldest male member, may be going to this local market even daily and buying requirements of the family. Rural families buy their products as they get exhausted and do not buy all their requirements once a month or fortnight as urban consumers do. There is no scheduled, periodic purchasing of household requirements in rural markets.

A product is bought when it is required. So when a product is not available to a rural consumer when it is required, he will do without it and the company loses the sale of the product that the rural consumer would have consumed.

It is important that the products are available locally so that the rural consumer can buy them conveniently when need for them arises. It is not uncommon to send a youngster to buy tea, sugar and biscuits when a guest arrives. It is not even uncommon to rush a child to buy cooking oil when the lady of the house discovers that she has run out of cooking oil after she has put the vegetables in the frying pan.

These incidents are not embarrassing for rural consumers. They just postpone purchasing for as long as they can. To be able to cater to this sort of unpredictable but urgent demand, products have to be made available at the village level. It is not enough to make products available at the local market.

Most companies feel that it is not economically viable to have a retailer in each village. Interested companies will have to promote a common retailer in one village. The chosen retailer will stock practically everything that the rural consumer of the village may require. He will stock

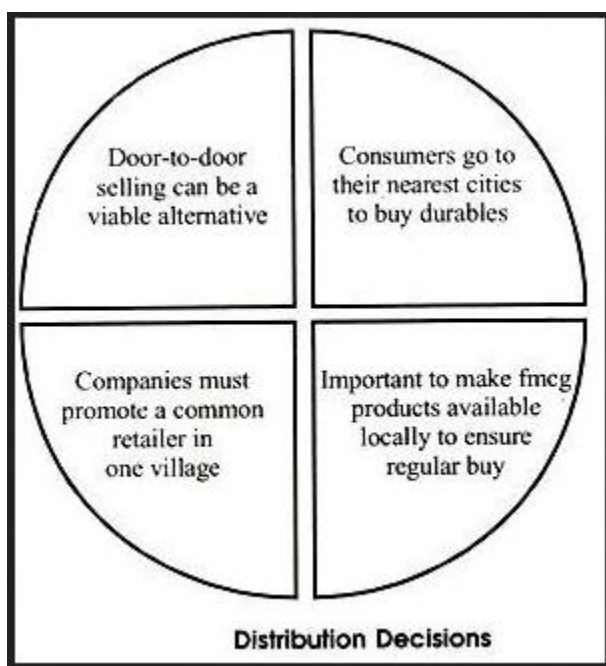
fast moving consumer goods, fertilizers, cement, diesel, products needed for marriage and other ceremonies, all types of food items, gas cylinders, etc.

The idea is that if all these products are sold by one retailer, it will have sufficient volumes and the retailer would be interested in making adequate investments. Running a rural retail operation is not very costly. The retailer is a resident of the village and his house is the shop. He need not build any extra space for the shop.

Since the shop is in the house, all the family members help in running the shop as and when they are available. The shop can be open for long hours without causing much stress to the retailer. And since the retailer is based in the village, he will not seek higher margins as he may be having some other means of income too. But the companies whose products will be sold will have to manage the back-end of the rural retail operations.

Rural retailing has so far failed because the rural retailer bought goods from the local market and sold them in the shop in his village. Therefore he had to sell the products at a price higher than what they were being sold in the local markets. And since the local market was easily accessible to the rural consumers, they preferred to buy from the local market than from the retailer in the village. This perception of the products sold at rural retail shop as being costly has to be removed.

The companies will have to combine their supplies and transport them in a common vehicle to a rural retailer and make him competitive in comparison to retailers in the local market. If companies co-operate among themselves to supply their items to the rural retailer efficiently, rural retailing will be economically viable and will be a very important tool to get rural consumers to buy more frequently, and more variety of products. Rural retailing is imperative if companies want to create a consumerist rural society.



There is an alternative to rural retailing. Door-to-door selling or some version of it can be employed. Retailers at the local market can employ door-to-door salespeople. These salespeople can move on bicycles and should agree to accept payment in grains. Door-to-door selling is very effective in overcoming consumers' reluctance to buy. Consumers keep postponing going to a retail store because they do not want to spend money but when a door-to-door salesperson arrives, they are likely to succumb to his offerings.

CHARACTERISTICS OF RURAL CONSUMER

1. Reference Group

Typically, in a rural area the reference groups are primary health workers, doctors, teachers and panchayat members, the village trader or the grocer, commonly called 'Baniya' or 'Mahajan' are an important influencer in the decision making of rural customer. A marketer needs to be aware of these influences that can effect changes in the rural customer's consumption patterns.

2. Occupation

Consumption patterns differ according to income levels. Typically, in a rural area the principal occupation is farming, trading, crafts, plumbing, electric works, primary health workers and teachers.

Agriculture and related activities continue to be the main occupation for majority of the rural population. Land is the major source of income for about 77% of the population.

3. Media Habits

Rural people are fond of music and folklore. In rural areas a popular form of entertainment is the 'Tamasha' and 'Nautanki'. And then there are television, radio and video films.

4. Rural Electrification

The main objective is to provide electricity for agricultural operations and for small industries in rural areas. About 5 lakh villages (77%) have electric supply and this has increased the demand for electric supply and this has increased the demand for electric motors, pumps and agricultural machinery.

5. Other Variables

Culture, language, religion, caste and social customs are some other important variables for profiling a rural customer. Rural consumers have a lot of inhibitions and tend to be rigid in their behavior. A company has to take intense care while targeting them.

Marketing Mix Elements for Rural Segments

Marketing mix (programme) comprises of various controllable forces (often referred as elements) like product, price, promotion and place. Success of any business enterprise depends on marketing mix. These four elements are like powerful weapons in the hand of manager to defend his market and/or attack on rivals. A manager needs to understand his rural market carefully, considering all important characteristics of rural customers.

Since behaviour of rural consumers is different and less predictable, the marketing manager has a challenging task to design marketing mix strategies for the rural segments. Due to considerable level of heterogeneity, a manager needs to design tailor-made programme to cater needs and wants of specific groups.

Dynamics of rural markets differ from urban market types, and similarly rural marketing strategies are also significantly different from the marketing strategies aimed at urban or industrial buyers. This, along with several other related issues, has been subject matter of intense discussion and debate in countries like India and China, and even the focus of international symposia organized in these countries.

Following part deals with marketing mix elements for rural segments:

1. Product Mix:

Product is a powerful determinant of firm's success. The products must be suitable to rural customers in all significant aspects. The company must produce product according to the present and the expected state of rural buyers. Product features (size, shape, colour, weight, etc.), qualities, brand name, packaging, labeling, services, and other relevant aspect must be fit with needs, wants and capacity of buyers. Product must undergo necessary changes and improvements to sustain its suitability over time. Note that effectiveness of other decisions like pricing, promotion and place also depends on the product.

2. Price Mix:

Price is the unique element of marketing mix, particularly, for rural markets. Rural customers are most price sensitive and, hence, price plays more decisive role in buying decisions. Pricing policies and strategies must be formulated with care and caution. Price level, discounts and rebates, credit and installment facilities, and so on are important considerations while setting and altering prices. Normally, the low-priced products attract rural buyers. However, some rural customers are quality and status conscious.

3. Promotion Mix:

Rural markets are delicately powerful. Certain adaptations are required to cater to the rural masses. The promotion strategies and distribution strategies are of paramount importance. Ad makers have learned to leverage the benefits of improved infrastructure and media reach. The television airs advertisements to lure rural masses, and they are sure it reaches the target audience, because majority of rural India possesses and is glued to TV sets!

Marketing manager has to decide on promotional tools such as advertisement (objectives, message, media, budget, scheduling, etc.), sales promotion (sales promotion tools, levels, costs, timing, etc.), personal selling (including objectives, sales force size, recruitment and selection, training and development, remuneration, training, controlling, etc.), and publicity and public relations.

The method of promotion needs to be tailored to suit the expectations of the market. Van/ vehicle campaigns, edutainment films, generating word of mouth publicity through opinion leaders, colourful wall paintings, etc., techniques have been proved effective. The wide reach of television has exposed the conservative audience to westernization.

Similarly, puppet-shows, dance, dramas and mythological songs, specially developed for product-promotion purpose, are now being used in rural markets. These traditional art forms readily render for communication with the rural society.

Village fairs and festivals are ideal venues for projecting these programmes. In certain cases, public meetings, too, are used for rural promotion. Music cassettes (CDs) are another effective medium for rural communication. It is an appealing medium and a comparatively less expensive medium.

Different language groups can be reached with a low budget. They can be played in cinema houses or in other places where rural people assemble. It is also essential that in all rural communication, the rural genius must be kept in view. The theme, the message, the copy, the language, and the delivery must match the rural context.

Evidently, rural communication needs creativity and innovation. In rural marketing, usually a greater time lag is involved between the introduction of a product and its economic size sale. This is because the rural buyer's adoption process is relatively more time consuming.

Opinion leaders play a key role in popularizing products and influence in rural market. Nowadays educated youth of rural also influences the rural consumers. Rural consumers are influenced by the life style they watch on the television set. Their less exposure to outside world makes them innocent and fascinated to novelties. The reach of mass media, especially, television has influenced the buying behaviour greatly.

4. Place Mix:

Rural markets face the critical issues of distribution. The marketer has to strengthen the distribution strategies. Distributing small and medium sized packets through poor roads, over long distances, into deep pockets of rural India and getting the stockiest to trust the mobility is a herculean task.

Both physical distribution and channel of distribution should be decided carefully to ensure easy accessibility of products for rural buyers. Choosing suitable mode of transportation, locating warehouses at strategic points, sufficient insurance, maintaining adequate inventory, maintaining a sufficient number of retail outlets at different regions, and deploying specially trained sales force are some of the critical decisions in rural distribution.

Normally, indirect channels (particularly one or two level) are more suitable to serve scattered rural customers. In two level channels wholesalers are located at urban and semi urban to serve urban and rural retailers. However, not only in backward states, but also in progressive states, local producers (farmers and others) distribute directly to customers.

For service marketing, employees of rural branches and agents can do better jobs. Banking, insurance, investment, satellite and cable connection, cell phone, auto sales and services, etc., the market is booming in villages of some states. Service industries are trying to penetrate the rural segments by deploying the specially trained employees and local agents.

Surprisingly, online or cyber marketing is making its place gradually in rural areas of the progressive states. Marketer must design and modify time to time its distribution strategies according to nature of rural segments, may be quite differently than that of urban markets.
