



**INSTITUTE OF AERONAUTICAL ENGINEERING**  
**(Autonomous)**

**PPTs on**

# **Rural Marketing**

## **Department of MBA**

**Prepared by:**

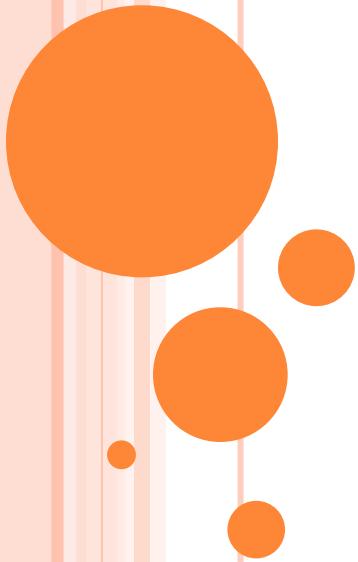
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# UNIT-I

## **INTRODUCTION TO RURAL MARKETING**



# EVOLUTION

- Marketing may aptly be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them.
- In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behaviour, therefore, is vital for a firm to achieve its marketing goals.
- The consumer's behaviour comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services.



# MEANING AND DEFINITION OF RURAL MARKETING

- Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. It was treated as synonymous to ‘agricultural marketing’.
- Agricultural produces like food grains and industrial inputs like cotton, oil seeds, sugarcane etc. occupied the central place of discussion during this period.
- The supply-chain activities of firms supplying agricultural inputs and of artisans in rural areas received secondary attention.



# NATURE AND CHARACTERISTICS OF RURAL MARKET

- Agriculture is main source of income.
- The income is seasonal in nature. It is fluctuating also as it depends on crop production.
- Though large, the rural market is geographically scattered.
- It shows linguistic, religious and cultural diversities and economic disparities.
- The market is undeveloped, as the people who constitute it still lack adequate purchasing power.
- It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.



- It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics.
- Rural marketing process is both a catalyst as well as an outcome of the general rural development process. Initiation and management of social and economic change in the rural sector is the core of the rural marketing process. It becomes in this process both benefactor and beneficiary.



# STRUCTURE OF THE RURAL MARKET

		Seller	
		Rural	Urban
Buyer	Rural	<p>I (RS – RB)</p> <p>(Intra Rural)</p> <p>All Products</p>	<p>II (US – RB)</p> <p>(Urban Seller – Rural Buyer)</p> <p>Consumer Goods/ Services/ Agro inputs/ Farm</p>
	Urban	<p>III (RS – UB)</p> <p>(Rural Seller – Urban Buyer)</p> <p>Farm and Non-Farm</p>	<p>IV (US – UB)</p> <p>(Intra Urban)</p> <p>All Products</p>

Fig. 13 Rural Buyers – Seller Matrix



# RURAL MARKETING MODEL

- **Research**
- **Segmentation**
- **Lifestyle Analysis**
- **Profile Study**
- **Defining Needs**
- **Target Market**
- **Marketing Mix**
- **Implementation**
- **Control**





# RURAL MARKETING V/S URBAN MARKETING

## **Parameters differentiating Urban & Rural Market**

- **Environmental Differences**
- **Social Relations Peculiarity**
- **Low Exposure to Marketing Stimuli**
- **Dependence on Nature**
- **Employment and Incomes Variations**



# MARKETING DIFFERENCES

## **A.Marketers**

- Understanding
- Respectful and Humble
- Patience
- Courteous and Concerned
- Social skills



# MARKETING DIFFERENCES

- B. Philosophy**
- C. Consumer Behaviour**
- D. Marketing Research**
- E. Segmentation**
- F. Product Strategy**
- G. Price Strategy**
- H. Distribution**
- I. Promotion**



## **UNIT-II**

# **RURAL MARKETING SEGMENTATION**



# FACTORS INFLUENCING RURAL CUSTOMERS DURING PURCHASE OF PRODUCT

- ❖ Social Activities
- ❖ Cultural Background
- ❖ Family Size
- ❖ Influence of Opinion Leader
- ❖ Status in the area
- ❖ Purchasing Power



# CONSUMER LIFE STYLE APPROACHES

**Consumer behaviour** is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

It blends elements from

- Psychology
- Sociology
- Social anthropology and
- Economics



# SEVERAL MYTHS ABOUT RURAL SECTOR

- It attempts to understand the decision-making processes of buyers, both individually and in groups.
- It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.
- Cast play a key role in behavior of community. In rural India, the upper cast and lower cast differences still continue and are considered an important facet of everyday life.
- There is a clear demarcation in the villages for house making, two areas , including natural resources such as drinking water and grazing land for cattle.



- In urban limited physical space and pressure on limited available natural resources , interaction based on economic status and vocations rather than on basis of caste leads to an absence of such division
- The belief that rural people do not buy brands.
- The belief that the rural consumer buy cheap products. In reality they seek value for money.
- The belief that the rural market is homogenous mass. In fact it is fascinatingly heterogeneous.
- An urban individual is free to take independent purchase decision. In a village, because of strong social structure, including caste consideration and low literacy level, community decision making is quite common





# CHANGING BEHAVIOUR OF RURAL CONSUMER

- Better Quality Of Life
- Brand Awareness
- Desire for New Products & Fashion Consciousness
- No Desire To Save
- Influence Through Demonstration
- Role Of The Retailers
- Pricing Strategies
- Distribution Strategies



# RURAL MARKET RESEARCH

- The systematic design , collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in rural market.
- “The systematic planning, gathering, recording and analyzing data about problems related to marketing of goods and services.”



# RURAL MARKET RESEARCH PROCESS

- Marketing research involves a sequence of steps-
- Step-I Defining a research problem
- Step-II Finalizing a research design
- Step-III Developing a research hypothesis
- Step-IV Planning the research methodology
- Step-V Data collection
- Step-V Data analysis
- Step-VI Conclusion and Recommendations



# SOURCES AND METHODS OF DATA COLLECTION IN MARKETING RESEARCH

- Data Collection in Marketing Research is a detailed process in which a planned search for all relevant data is made by researcher.

## Types of Data

- **Primary Data-** Primary data is the data which is collected first hand specially for the purpose of study. It is collected for addressing the problem at hand. Thus, primary data is original data collected by researcher first hand.
- **Secondary data-** Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data can not be obtained at all.



# TYPES OF RURAL STUDIES

- Quantitative studies
  - Since penetration and consumption of most products are low, the market is under development, hence quantitative studies cannot be done for most products
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  - Since penetration and consumption of most products are low, the market is under development, hence quantitative studies cannot be done for most products
  - Qualitative studies
  - 4As of Rural marketing – Acceptability, Affordability, Awareness and Availability
  - U &A (Usage & Attitudes) or KAP (Knowledge, Attitude and Practices)
  - Feasibility



# SOURCES & METHOD OF DATA COLLECTION

- Ensuring the support of opinion leader
- Behaving in a manner to be liked by rural people
- Being at right places:
  - Village Chou pal
  - Retail outlet
  - Fairs
  - Huts



# METHODS

- Secondary Data –
  - Census of India, NCAER, CSO, DRDA, Panchayat office
  - Primary data
  - In-depth interview,
  - focus group discussion,
  - social research (PRA),
  - Questionnaire,
  - Sampling



## ○ **Primary Data**

### ○ **PRA technique**

- Is a set of approaches and methods to enable rural people to share, enhance and analyze their knowledge of life and conditions, to plan and to act.
- **PRA Tools**
- Social mapping : capture house location/ caste distribution
- Resource mapping : availability of resources
- Seasonality diagram : information on the basis of seasons
- Venn diagrams : to identify various issues with relative importance





# RESEARCH TOOLS FOR RURAL MARKET

- Semiotic Analysis -appropriate colors, signs and symbols to avoid inappropriate ones. Helps advertising agencies in promotion mix
- Customer I.Q -quality, satisfaction and loyalty which provides information about brand equity
- Advanced Tracking Program (ATP) -tracking brand health and brand equity to analyze different brands performance



# LIMITATIONS & CHALLENGES IN RURAL MARKETING RESEARCH

- Nature of Rural Market
- Scarcity of Rural Marketing Research Budget
- Lack of Uniformity in Secondary Data
- Accessibility
- Lack of Facilities in Rural Areas
- Comprehension of Research Tools
- Sensitivity of Rural People



# DO'S AND DON'TS IN RURAL MARKET RESEARCH

- Wears simple clothes
- Familiar with local language or accompany a known person
- Spent time with villagers even though it is not needed to his research
- Purpose and its benefits to villagers should be explained in order to get correct data's.
- Issues sensitive to respondents should be carefully handled
- Male researchers should approach a woman through her husband or guardian of the woman.
- Avoid one- to-one interact as they gather as crowd.
- Researcher always carry food, water and first aid kit to avoid health problems
- 



# UNIT-III

## RURAL MARKETING STRATEGIES



# RURAL MARKET STRATEGIES

For rural market, it will be ideal to think of strategies from the marketing mix point of view, main strategies are related to

- product,
- price,
- place and
- promotion.



# PRODUCT STRATEGIES

- Small unit and low priced packing
- New product designs
- Sturdy products
- Brand name



## B. PRICING STRATEGIES

- Low cost/cheap products
- Avoid sophisticated packing
- Refill packs/reusable packaging
- Application of value engineering



## C. DISTRIBUTION STRATEGIES

The distribution strategies that are specifically designed for rural areas are: through

- co-operative societies,
- public distribution system,
- multi-purpose distribution centres,
- distribution up to feeder markets/ mandi towns shanties/hat/ jathras / melas,
- agricultural input dealers etc.





## D. PROMOTION STRATEGIES

- Mass media is a powerful medium of communication. It could be television, cinema, print media, radio and so on. The other means of mass media available are hoardings/wall paintings, shanties/hats/meals, non-price competition, special campaigns etc. Besides these, other mass media like hand bills and booklets, posters, stickers, banners of the schemes etc



# RURAL MARKETING MIX

- **Product Decisions**
- **Pricing Decision**
- **Promotion Decisions**
- **Distribution**



# THE 4Ps AND 4 AS OF RURAL MARKETING

## 4Ps

1. Product
2. Pricing
3. Placement or Distribution
4. Promotion

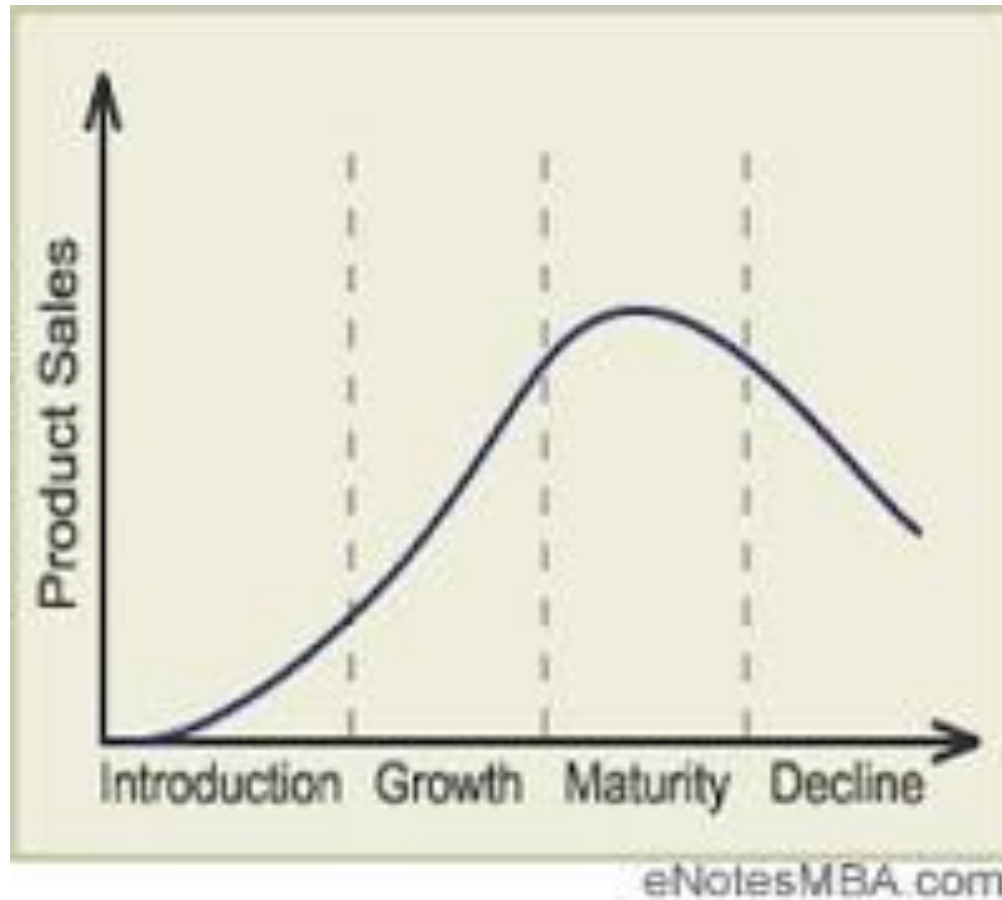


# THE 4AS OF RURAL MARKETING

- 1. Availability**
- 2. Affordability**
- 3. Acceptability**
- 4. Awareness**



# PRODUCT LIFE CYCLE CONCEPT



# STAGES OF THE PRODUCT LIFE CYCLE

The four major stages of the product life cycle are as follows :-

- Introduction,
- Growth,
- Maturity, and
- Decline.



# NEW PRODUCT DEVELOPMENT

## Idea Generation

The first stage of the New Product Development is the idea generation. Ideas come from everywhere, can be of any form, and can be numerous. This stage involves creating a large pool of ideas from various sources, which include

- **Internal sources** – many companies give incentives to their employees to come up with workable ideas.
- **SWOT analysis** – Company may review its strength, weakness, opportunities and threats and come up with a good feasible idea.
- **Market research** – Companies constantly reviews the changing needs, wants, and trends in the market.
- **Customers** – Sometimes reviews and feedbacks from the customers or even their ideas can help companies generate new product ideas.
- **Competition** – Competitors SWOT analysis can help the company generate ideas.



## Idea Screening

Ideas can be many, but good ideas are few. This second step of new product development involves finding those good and feasible ideas and discarding those which aren't. Many factors play a part here, these include –

- Company's strength,
- Company's weakness,
- Customer needs,
- Ongoing trends,
- Expected ROI,
- Affordability, etc.





# CONCEPT DEVELOPMENT & TESTING

The third step of the new product development includes concept development and testing. A concept is a detailed strategy or blueprint version of the idea. Basically, when an idea is developed in every aspect so as to make it presentable, it is called a concept. All the ideas that pass the screening stage are turned into concepts for testing purpose.



# BUSINESS STRATEGY ANALYSIS & DEVELOPMENT

The testing results help the business in coming up with the final concept to be developed into a product. Now that the business has a finalized concept, it's time for it to analyse and decide the marketing and other business strategies that will be used. Estimated product profitability is estimated, marketing mix, and branding strategies are decided for the product. Other important analytics includes

- Competition of the product
- Costs involved
- Pricing strategies
- Breakeven point, etc.



# PRODUCT DEVELOPMENT

Once all the strategies are approved, the product concept is transformed into an actual tangible product. This development stage of New Product Development results in building up of a prototype or a limited production model. All the branding and other strategies decided previously are tested and applied in this stage.



# TEST MARKETING

- Unlike concept testing, here the actual prototype is introduced for research and feedback. Actual customers feedback are taken and further changes, if required, are made to the product. This process is of utmost importance as it validates the whole concept and makes the company ready for the launch.



# COMMERCIALIZATION

The product is ready, so should be the marketing strategies. The marketing mix is now put to use. The final decisions are to be made. Markets are decided for the product to launch in. This stage involves briefing different departments about the duties and targets. Every minor and major decision is made before the final introduction stage of the New Product Development.





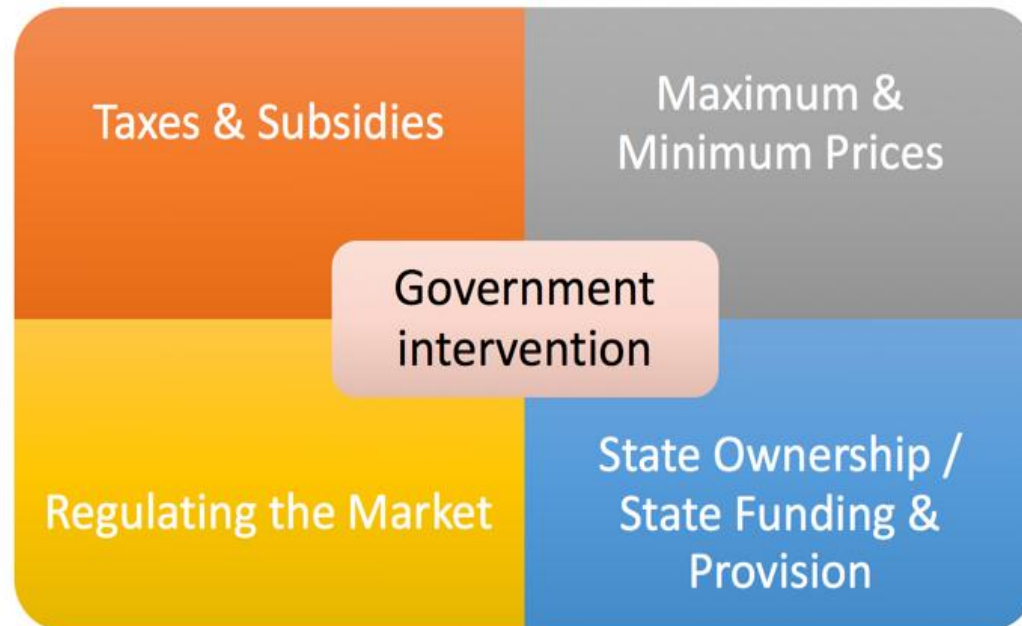
## **UNIT -IV**

# **ROLE OF GOVERNMENT IN DEVELOPING AGRICULTURAL MARKETING**



# GOVERNMENT INTERVENTION

- It provides an overview of the different forms of government intervention in markets
- Government intervention





The main reasons for policy intervention by the government are:

- To correct for market failures
- To achieve a more equitable distribution of income and wealth
- To improve the performance of the economy



# ROLE OF AGENCIES

## **Council of State agricultural Marketing Boards**

- ❖ Marketing of agricultural produce is gaining importance all across the world in general and developing world in particular.
- ❖ Agricultural marketing policy in India has been characterized by State participation in production activities;
- ❖ State intervention in procurement and distribution of food grains; directing agricultural economy through regulatory mechanism such as licensing and control on movement, storage; creation of facilitating centers in the form of regulated markets;
- ❖ Encouraging co-operative marketing; creation of supporting infrastructure like storage and warehousing; and construction of link roads, market information network, marketing extension, etc.



# CO-OPERATIVE MARKETING IN INDIA

- Marketing is a comprehensive term covering a large number of functions. Recently the concept of marketing has broadened considerably. It includes not only purchases and sales of products, but also the various business activities and process involved in bringing the products from the producer to the consumer. So an efficient and organized marketing is essential for the healthy growth of any community.



# IMPORTANCE OF CO-OPERATIVE MARKETING

- To overcome the malpractices.
- To reduce the price – spread between the producer and the consumer.
- For large-scale expansion of co-operative credit.
- For integration.
- To improve the economic conditions of the producers by strengthening his bargaining power.
- To educate the farmers.
- To overcome the problem of unwanted participation of multi-national companies in domestic marketing.



# ROLE OF CO-OPERATIVE MARKETING

- Co-operative marketing plays a significant role in the following areas;
- Optimization in resource use and output management.
- Widening the markets
- Growth of agro-based industries
- Generates Employment
- Increase in farm income.



# STRUCTURE AND ORGANISATION

The structure of co-operative marketing societies in India consists of;

- National Agricultural Co-operative Marketing Federation (NAFED) at the National level.
- State Marketing Federation at State level.
- District or Regional Marketing Societies at the intermediate level and
- Primary Marketing Societies at grass root level.



# NATIONAL AGRICULTURAL CO-OPERATIVE MARKETING FEDERATION (NAFED)

- NAFED is the federal organisation of state level apex cooperative marketing societies in India. It was established on 2nd October 1958. The objects of NAFED are to organize, promote and develop marketing, processing and storage of agricultural produce, distribution of agricultural machinery implements and other inputs, undertake inter state, import and export trade, wholesale or retail as the case may be and to act and assist for technical advice in agricultural production for the promotion and the working of its member and cooperative marketing, processing and supply societies in India.



# PROCESSING CO-OPERATIVES

- CAMPCO
- COMARK
- RUBBER MARKETING AND PROCESSING
- MAMCOS
- APCOS
- DAIRY
- COIR





The main reasons why members do not sell their produce through these societies are ;

- Dealing with the co-operative marketing societies resulted in much botheration and were serious delays.
- Lack of arrangements for lifting the stocks from the villages and the farmers found it costly to take produce from their farm to the co- operative marketing societies.
- Many members did not have adequate knowledge of the functioning of the co-operatives, therefore, they did not know as to what were the advantages in selling to the societies.
- The price offered to the members in the open market is generally more than offered by the societies.
- Members have little confidence in the co-operative societies and their personnel.
- Lack of personal care and contact.



## UNIT-V

# Marketing of Consumer Products



# TYPES OF CONSUMER PRODUCTS

- Firstly, what specifically is a consumer product?  
A consumer product is a product bought by final consumers for personal consumption. But not every consumer product is the same. There are four different types of consumer products. Marketers usually classify consumer products into these 4 types of consumer products:
  - Convenience products
  - Shopping products
  - Speciality products
  - Unsought products.



# SOCIAL MARKETING

- Social marketing is an approach used to develop activities aimed at changing or maintaining people's behavior for the benefit of individuals and society as a whole.
- Combining ideas from commercial marketing and the social sciences, social marketing is a proven tool for influencing behavior in a sustainable and cost-effective way.



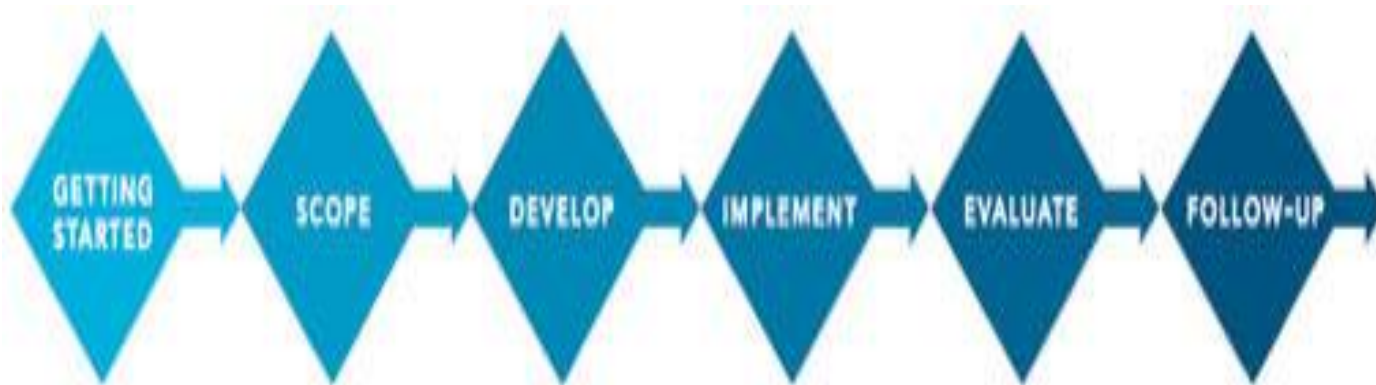
It helps you to decide:

- Which people to work with
- What behavior to influence
- How to go about it
- How to measure it
- Social marketing is not the same as social media marketing.



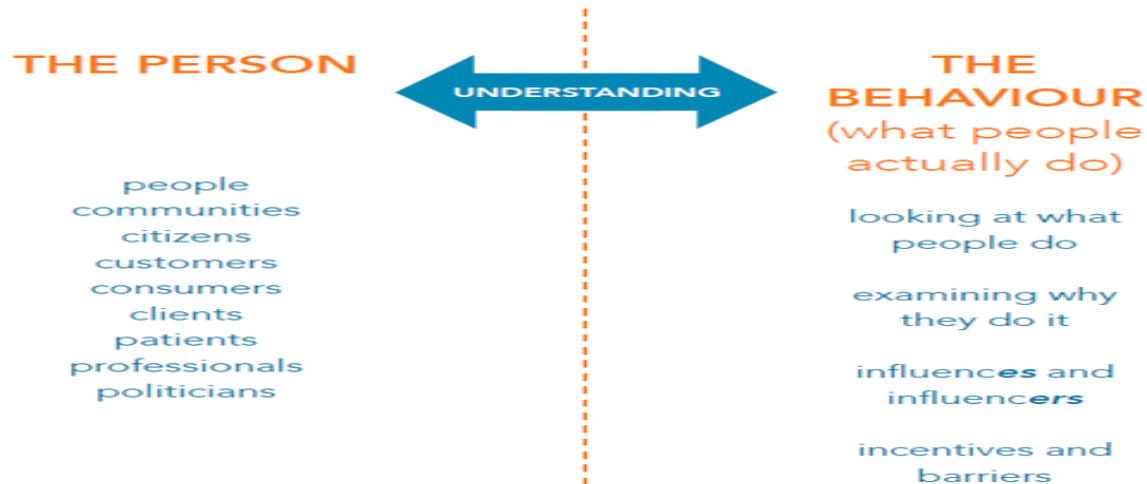
# *APPROACH*

Social marketing is a systematic and planned process. It follows six steps

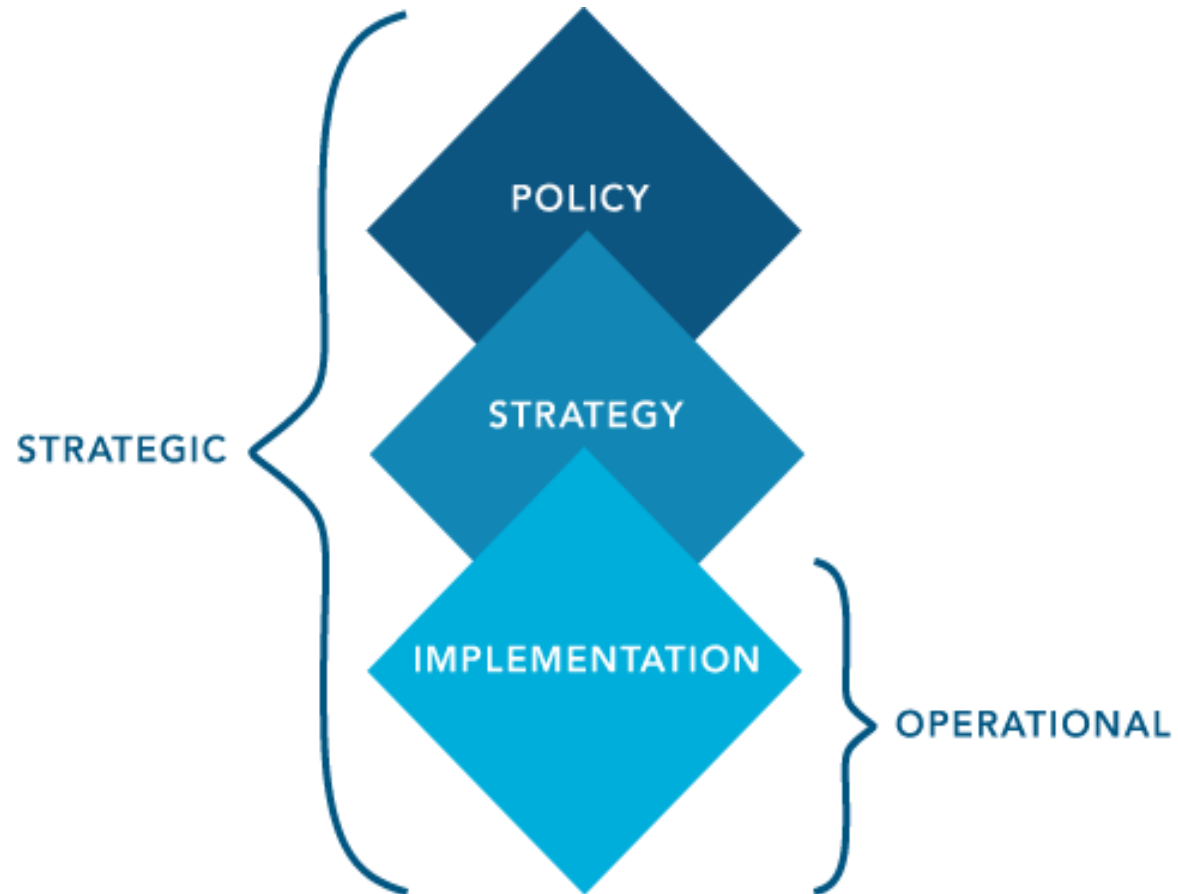


# ***BENEFITS PEOPLE AND SOCIETY***

This is the value – perceived or actual – as it is defined by the people who are targeted by a social marketing intervention. It is not what is assumed to benefit them by the organisation that is trying to encourage the behaviour change.



# *SOCIAL MARKETING APPROACH*





- **Policy:** social marketing helps to ensure policy is based on an understanding of people's lives, making policy goals realistic and achievable. Policy example: water rationing in Jordan
- **Strategy:** social marketing enables you to target your resources cost-effectively, and select interventions that have the best impact over time. Strategy example: lung disease strategy in England
- **Implementation and delivery:** social marketing enables you to develop products, services and communications that fit people's needs and motivations. Delivery example: child car seats in Texas



# AGRICULTURAL MARKETING

- Agricultural marketing techniques are used in every corner of "agribusiness," including small farms, corporate farms, and collectives; distributors; manufacturers of farm equipment, pesticides, and genetic enhancements for crops and livestock; feed and seed sellers; and more.



## **Public Relations Specialists, Communications**

**Managers, and Lobbyists** work to inform their target audience about the virtues and needs of their business, as well as those of their business' products.

- **U.S. Department of Agriculture (USDA) Agricultural Marketing Service**

The USDA maintains several programs to promote (and control) farm production. Many states also have programs.

- **Agribusiness Firms**

Corporate farms and collectives include Monsanto, Archer Daniels Midland, Ocean Spray, Land O'Lakes, and more.

- **Specialty Marketing Firms**

Small farms are increasingly contracting their own marketing services, in order to sell to customers directly instead of only through distributors.

- **Government Marketing Boards or NGOs (Non-Governmental Organizations)**

The international demand for agricultural marketing is high, particularly in countries with large rural areas, where agriculture is far more dominant than manufacturing.



# E-GOVERNANCE IN RURAL DEVELOPMENT

- India is a nation of villages. The rural mass in the nation comprises the core of Indian society and also represents the real India. According to the Census Data 2001, there are 638,387 villages in India that represent more than 72 per cent of the total population.
- Rural Development (External website that opens in a new window) which is concerned with economic growth and social justice, improvement in the living standard of the rural people by providing adequate and quality social services and minimum basic needs becomes essential.



# E-GOVERNANCE IN RURAL DEVELOPMENT

The present strategy of rural development mainly focuses on

- poverty alleviation,
- better livelihood opportunities,
- provision of basic amenities and
- infrastructure facilities through innovative programmes of wage and self-employment etc.



# IT FOR RURAL DEVELOPMENT

- A major handicap in mass application of IT in rural areas is that the information content is generally not directly relevant to people for whom it is developed.
- The contents are written or designed by people who have themselves not lived in rural areas.
- As a result, these systems have a heavy urban-bias. Such systems, therefore, have limited utility and are commercially unviable.
- This problem can be overcome by developing relevant content in local languages.



**THANK YOU**

