

POTENTIALITIES OF RURAL MARKETING IN CONSUMER DURABLES – WITH PARTICULAR REFERENCE TO BHIMADOLE VILLAGE IN ANDHRA PRADESH

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Abstract

The emergence of rural markets as highly untapped potential emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still an enigma. Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned.

The rural population has shown a trend of moving to a state of gradual urbanization in terms of exposure, habits, lifestyles, and lastly, consumption patterns of goods and services. Rural marketing involves addressing over 700 million potential consumers and over 40 percent of the Indian middle income. No wonder, the rural markets have been a vital source of growth for most companies. For a number of PMCG companies is the country, more than half their annual sales come from the rural market. The objective of the study is to assess the potentialities of rural marketing in consumer durables.

Key words : Rural Marketing, Potential consumers, Branded goods, Rural markets, Rural consumers, Rural population, Consumer durables.

Introduction

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 organisational objectives.

The rural markets are estimated to be growing fastly compared to the urban markets. The potentiality of rural markets is said to be like a 'woken up sleeping giant'. These facts are substantiated in a study of market growth conducted by various researches. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities.

Definition

Rural Marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.

Importance of Rural Marketing

Rural markets, as part of any economy, have untapped potential. There are several difficult confronting the effort to fully explore rural markets.

- In the 21st century, the rural markets have acquired significance. The green revolution and the white revolution combined with the overall growth of Indian economy have resulted into substantial increase in the purchasing power of the rural communities. Rural marketing denotes blow of goods and services from rural producers to urban consumers at possible time with reasonable prices, and agricultural inputs and consumer goods from urban to rural.
- It is of paramount importance in the Indian marketing environment as rural and urban markets in India are so diverse in nature that urban marketing programmes just cannot be successfully extended to the rural people hasty differ from that of the urban population.
- Buying decisions are highly influenced by social customer's tradition and beliefs in the rural communities. As regards the purchasing power, the urban markets are segmented according to income levels, but in rural areas, the family incomes are grossly underestimated.
- Farmers and rural artisans are paid in cash as well in kind, and their misrepresentation their purchasing

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power. For their reason, a marketer must therefore, make an attempt to understand the rural consumer better before meaning any marketing plans.

- Rural markets in India have untapped potential. There are several difficulties confronting the effort to fully explore the rural markets. The concept of rural markets in India is still in evolving shape, and the sector pages a variety of challenges.
- Distribution costs and non-availability of retail output are major problems faced by marketers.
- Many successful brands have shown high note of failure in the rural markets because the marketers try to extend marketing plans that they use in urban areas. The unique consumption pattern, tastes, and need of the rural consumers should be analysed at the product planning stage so that they match the needs of the rural people.

Table - 1 : Rural annual income growth between 1995-96 and 2006-07

*Consumer class	Annual income	1995-96 in %	2006-07 in %
a) Very Rich	Above RS 2,15,000	0.3	0.9
b) Consuming Class	Rs 45,001 – 2,15,000	13.5	25.0
c) Climbers	Rs 22,001 – 45,000	31.6	49.0
d) Aspirants	Rs 16,001 – 22,000	31.2	14.0
e) Destitutes	Rs 16,000 & below	23.4	11.1

Note : * Projections based on 7.2% GDP Growth

Source : Rural Network, Rao N.J., "It's all about realization, not ideas", Marketing Mastermind, Dec. 2004, the ICFAI, University press pp. 45.

The above table shows that between 95-96 and 2006-07, in a decade destitutes have reduced from 23.4% to 11.1%. This shows there is a growth in annual incomes. Many aspirants have climbed the ladder to 'Climber' class. 2 fold growth is seen in 'very rich' class. This shows that income in rural households is increasing and they have more disposable income in their hands.

Location and Concentration of Rural Population :

The rural population in India accounts for 742 million which is exactly 74.3% of total population. Number of Indian villages are 6, 38,365 where as Andhra Pradesh state comprises of 28,123 villages. Following table shows Indian villages according to population size.

Table - 2 : Rural Markets in India

Population size	Villages in size group (2001)		Villages in size group (1991)		% Change
	Number	Percent	Number	Percent	
a) Less than 200	92,541	15.6	103,952	17.9	-2.3
b) 200-500	127,054	21.4	141,143		-2.9
c) 500-1,000	144,817	21.4	144,998	25	-0.6
d) 1,001-2,000	129,662	21.9	140,395	19.7	2.2
e) 2,001-5,000	80,313	13.5	62,915	10.8	2,7
f) More than 5,000	18,758	3.2	13,376	2.3	0.9
Total no. of Inhabited villages	593,145	100	580,779	100	

Source : Compiled from census, 2001 and 1991

Economic situation in rural areas has improved because of rapid progress achieved in the areas of agricultural development and allied activities like animal husbandry, sericulture, and pisciculture and due to encouragement given to village and cottage industries.

Statement of Problem

In the rural areas there is marked increase in the rural income due to agrarian prosperity. Increased contact of rural people with their urban counterparts due to development of transport and wide communication network. Increase in literacy and educational and resultant inclination to sophisticated lives by the rural folks. Hence there is a need to find out the potentialities of rural marketing in consumer durables at Bhimadole village in West Godavari District, Andhra Pradesh.

Objectives of the Study

The following are the objectives of Rural Marketing :

The main objective of the study is to find out the potentialities of rural marketing in consumer durables at Bhimadole village in West Godavari District, Andhra Pradesh. The other objectives are as follows :

- ◆ To assess the importance of rural marketing in India.
- ◆ To examine the system of rural marketing at Bhimadole in West Godavari District.
- ◆ To study the problems of the people in purchasing consumable durable goods in Bhimadole.
- ◆ To suggest certain measures to improve the marketing system in that area.

Selection of Sample

Bhimadole Village in West Godavari District, Andhra Pradesh was selected for the study. It is a place of a good environment. And this statement can be strongly defined by seeing the population which is around 57,154. The area of Bhimadole comprises of 53,503 acres and square kilometres the area of Bhimadole is 176.6. here, the people of Bhimadole enjoys the basic social needs like good electricity, good supply of raw-materials to factories and good infrastructure and what not everything is at one place. So, before ending the introduction about Bhimadole we can say that it is a place of good development.

Profile of Bhimadole

The important, attracting aspect of Bhimadole village is a good number of people are educated from the total population i.e., the educated population carries around 13,582 and the uneducated population i.e. around 10,698. Thus, we can conclude that the population of Bhimadole is well developing.

Occupations

The occupation adopted by the majority of population of Bhimadole is agriculture. So, agriculture sector is a dominating occupation of Bhimadole. It is around 80% of people depend on agriculture. And a very less number of people opt for jobs i.e. very least of 1%. And people depending upon small scale industries and cottage and large scale industries is around 9% and atleast the other occupations is only 10%. So, people of Bhimadole are greatly depended on agriculture sector.

Consumption of Consumer Durable Goods in Bhimadole

The comparative study on Bhimadole tells that the purchases of consumable goods are more or less low. The people of Bhimadole greatly preferred to purchase consumable goods in the surrounding town like Eluru. And this is mainly because there is no shift for consumable goods in Bhimadole. It seems that potentials of this area in consumables and durables are good.

Agriculture Production of Bhimadole

As agriculture plays a very important role in Bhimadole i.e., nearly 80% of Bhimadole population depends on this agriculture sector. Bhimadole is great in the production of several agricultural products like paddy, sugarcane, banana, groundnut, tobacco, chillies, black grain, green grain etc.

Small Scale & Cottage Industries & Large Scale Industries

The small scale industries and large scale industries plays a very important role and in Bhimadole area. There are 6 rice mills with 200 workers and 8 ceramic industries with 150 workers and there is also are sugar factory with a 400 number of workers from which 200 are seasonal workers and the other 200 are permanent workers. With regard to transportation it is connected with national highway and railway station. But express trains will not stop here. There are some nationalized banks in this village like Andhra Bank, State Bank of India and Union Bank of India and under co-operative banks there is primary co-operative society and District co-operative central bank. Thus, all together there are 5 banks established in Bhimadole to perform all the banking functions and provide better facilities to its consumers.

Research Methodology

For the purpose of the study primary data and secondary data was collected. In primary data questionnaire method was followed. Questionnaire was prepared and distributed among 100 people in rural area who expressed their opinion on potentialities of durable goods in Bhimadole. These 100 persons consist of males, females and different age groups and lower, middle and higher class

people. Mandal officer in Bhimadole was interviewed. Secondary data was collected from Text-books and journals like Indian Journal of Marketing, Indian Journal of Commerce etc.

Review of Literature

For review of literature, latest books, articles, research papers, thesis works, committee reports, seminar proceedings were referred. All the literature after 2000 on rural marketing throw light on present rural markets, problems, strategies, rural consumer needs, behavior etc., all the literature referred has given a deeper insight in to the subject.

- Badi R.V states that, a healthy rural marketing gives a multiplier effect and acts as a booster to the economy. Marketing of farm products require more effort as urban markets look for quality, packaging and delivery on time. Integration of efficiency and pricing are the essence of rural markets.
- Krishnamacharyulu CSG has examined the efforts of FMCG companies like HLL, Godrej, Colgate Palmolive, Pepsi in entering in to rural markets. Insight in to rural markets such as problems, logistics, and purchasing power of rural customers are to be considered while formulating strategies.
- Harsh Bargav feels that rural consumer behavior, attitude and response are directly proportional to the marketing initiatives taken by corporate.
- Gopala Swamy showcases the role of environment in which rural markets operate and problems associated with it. He feels that in addition to formulating new strategies and promotional measures to succeed in rural markets, much effort need to be given to curtail 'Fake goods and Fake Brands' in rural markets.

Findings of the study

Bhimadole is a place of good environment. This environment is well suited for agriculture. That is why most of the people depend on agriculture. As agriculture plays a very important role at Bhimadole i.e., nearly 80% of population depends on agriculture.

The study was made on potentialities of rural marketing in consumer durables with particular reference to Bhimadole area, the following finds are made:

- Bhimadole is a rural area which is still a developing junction. But the people of this area cannot get varieties of consumer durable goods. So, they much depend on Eluru especially for durables like electronics, clothes, household utensils, which is nearer to them than any other place.

- Most of the people said that they have decided to purchase the durable goods because they feel that they are necessary for their livelihood. They came to know about these products through their friends and relatives who are in urban areas like Eluru, Vijayawada and Rajahmundry.
- By observing Bhimadole people it is clear that, the purchasing power of Bhimadole people increased in accordance with their increased incomes and savings. Their education influenced their life style and purchasing power.
- Most of the Bhimadole people said that, they saved the money in Banks for purchasing durables and also they took loans from the banks to purchase goods on instalment basis. At present, they pay the interest rate at 2.25% p.a.. This is monthly preferred by all the types of people.
- Instalment schemes are playing a key role for purchasing durables at Bhimadole area. The people repay these instalments along with interest, at the rate of 30% p.a. This scheme system is preferred by all the types of people.
- The decision making in the rural market are taken by self followed by spouse.
- The rural consumers usually do not experiment with a new product unless something triggers them.
- Age wise analysis explains the pattern of purchasing in the rural markets where in the age group between 21-50 years is dominating, with majority of males persons.
- Advertisements through electronic media are preferred over other method of communication.

Study on potentialities of consumer durables at present when compared to previous ten years

For comparison, the Bhimadole people are divided into three categories. They are lower class, middle class and higher class.

In case of lower class people, they didn't have many durable goods in the past. At present, they are enjoying the better facilities to buy durable goods due to change in their earning capacity.

In case of middle class people, they had awareness and had the same durable goods for the previous years. They feel that their durable are necessary for their day-to-day life. From the past to present, the durables they consume are mostly electronics like T.Vs, iron boxes, Grinders, Mixers, Motor bikes, Gas stoves and Sewing Machines etc. at present they decide to have durables like refrigerators, electric sewing machines, washing machines, vacume cleaners and coolers etc.

In case of high class people, they always have been enjoying luxurious life from past to present. To maintain their status, they mostly bought these goods. For example smart phones, sofa sets, different types of cars, air conditioners, LED TV's. in future also they maintain this type of life according to availability of market conditions. Though they have all durable goods from the past years. They want to change them according to the change in fashion. They want to buy more decorative pieces for their houses and they want to maintain their house with up to date fashion.

Primary Problems

- The first and foremost problem faced by the people of Bhimadole is regarding the lack of availability of shops at their service.
- The next problem is about the lack of qualitative goods i.e., though there are some shops but there are no supply of qualitative goods.

Secondary Problems

- Under secondary problem find the problem of incapacity of people to buy the durable goods. As in brief the people of Bhimadole are at poverty line. So they couldn't effort for durable goods.
- They also don't have the knowledge of such technical equipments. As they are very traditional, they don't want to welcome the new and modern scientific goods.
- Coming to the problems of shopkeepers they see that the shopkeepers cannot continue their business for long time mainly because there is no demand from the buyers.

Suggestions

The following suggestions can be made:

- The rural people must come out from their superstitions and they should also think like the people in computerised era.
- They should be more educated and get more awareness about their environment.
- They should use all the communication facilities and media. Eg: TV, News Papers and became up to date in all the aspects.

Conclusion

Now-a-days, the villages have been undergoing a sea change. The green revolution sweeping effect over the rural sector, transport and communication system have been increased. The fashions and faster of urban elite have visited the villages with a great demonstration effect. The rural marketing potentialities in Bhimadole village have been increasing for the last 10 years enormously. The rural people have improved their education, intelligence, awareness for selecting the durables. If the development continues like this, coming decade will become a decade of rural marketing in India. It will make the Gandhiji's dream true because he said that "India lives in villages".

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