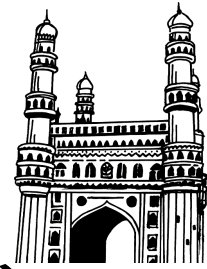


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RURAL MARKETING

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RURAL MARKETING

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UNIT - I

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UNIT - II

Rural Marketing Mix: Rural Marketing Mix – Additional Ps in Rural Marketing– 4As of Rural Marketing Mix – New Product Development for Rural Market – Rural Market Product Life Cycle – Objectives behind new product launch – New Product development process.

UNIT - III

Rural Market Brand & Channel Management: Brand Loyalty in Rural Market – Regional Brands Vs National Brands – Channel Management – Indian Rural Retail Market – Rural Retail Channel Management – Strategies of Rural Retail Channel Management.

UNIT - IV

Rural Market Research: Sources of Information- Factors influencing rural consumers during purchase of products – Rural consumer Life style –Approaches and Tools of Marketing Research - Rural Business Research- Evolution of Rural Marketing Research – Sources and methods of data collection , data collection approaches in rural areas, data collection tools for rural market. Limitation and challenges in rural marketing research, role of rural marketing consulting agencies.

UNIT - V

Applications and Innovations: Marketing of Consumer products, services, social marketing, agricultural marketing, rural industry products - Innovation for Rural Market - Marketing Strategies - e-Rural Marketing - Agricultural Co - operative Marketing - Rural Market Mapping - Corporate Social Responsibility - Organized Rural Marketing - IT for Rural Development - e-Governance for Rural India.

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Frequently Asked & Important Questions

UNIT - I

1. Elucidate the evolution of rural marketing.

Ans : (Nov.-21, Imp.)

Refer Unit-I, Q.No. 3.

2. Explain the Nature and Characteristics of Rural Market.

Ans : (April-23, Dec.-18, Imp.)

Refer Unit-I, Q.No. 4.

3. Explain the concept of rural marketing in Indian Economy.

Ans : (April-23, Imp.)

Refer Unit-I, Q.No. 6.

4. Write about different rural marketing models.

Ans : (Nov.-21, Dec.-18, July-18, Imp.)

Refer Unit-I, Q.No. 10.

5. State the various parameters of urban market.

Ans : (Imp.)

Refer Unit-I, Q.No. 14.

6. Analyze the parameters that differentiate Rural Marketing and Urban Marketing.

Ans : (April-23, Dec.-18, Imp.)

Refer Unit-I, Q.No. 16.

7. Define consumer behavior. What do you understand by consumer behaviour in rural market?

Ans : (Imp.)

Refer Unit-I, Q.No. 18.

8. Evaluate the influence of differences in consumer behaviour of rural and urban markets on marketing strategies.

Ans : (April-23, May-19, Dec.-18, July-18, Imp.)

Refer Unit-I, Q.No. 20.

9. Explain how the rural initiatives introduced by the government of India benefit the corporate?

Ans : (Nov.-20, Imp.)

Refer Unit-I, Q.No. 21.

UNIT - II

1. Elaborate the various components of rural marketing mix with suitable examples.

Ans : (Nov.-20, Dec.-18, Imp.)

Refer Unit-II, Q.No. 2.

2. What are the Additional Ps in Rural Marketing?

Ans : (May-19, Imp.)

Refer Unit-II, Q.No. 3.

3. Discuss the 4A model of Rural Marketing Mix.

Ans : (Apr.-23, Nov.-20, Imp.)

Refer Unit-II, Q.No. 4.

4. What do you mean Product Life Cycle and what are the different pricing strategies to be followed in each stages in rural marketing.

Ans : (Apr.-23, Nov.-21, May-19, Dec.-18, July-18, Imp.)

Refer Unit-II, Q.No. 7.

5. What are the major objectives behind launching of new product in rural areas.

Ans : (Apr.-23, Nov.-21, May-19, Dec.-18, Imp.)

Refer Unit-II, Q.No. 8.

6. Illustrate the various stages of new product development process for rural markets.

Ans : (Apr.-23, Imp.)

Refer Unit-II, Q.No. 11.

UNIT - III

1. What are the factors determining brand loyalty?

Ans : (Imp.)

Refer Unit-III, Q.No. 2.

2. Describe in detail the concept of brand loyalty in rural markets.

Ans : (April-23, Dec.-18)

Refer Unit-III, Q.No. 3.

3. Differentiate between regional brands and National brands with illustrations.

Ans : (April-23, May-19, Dec.-18, July-18)

Refer Unit-III, Q.No. 5.

4. Define Channel Management. Explain the process of Channel Management.

Ans : (Imp.)

Refer Unit-III, Q.No. 7.

5. Channel management is one of the major task for rural management. Justify.

Ans : (Dec.-18, Imp.)

Refer Unit-III, Q.No. 9.

6. What are the glimpses of Indian rural retail market in India.

Ans : (Nov.-21, Imp.)

Refer Unit-III, Q.No. 10.

7. What is Rural Retail Channel Management.

Ans : (April-23, Imp.)

Refer Unit-III, Q.No. 15.

8. State the innovative rural retail marketing channels.

Ans : (April-23, Imp.)

Refer Unit-III, Q.No. 17.

9. The strategies for introducing the rural brands is different. Justify.

Ans : (April-23, Aug.-21, May-19, July-18, Imp.)

Refer Unit-III, Q.No. 18.

UNIT - IV

1. What is rural marketing research?

Ans : (April-23, Imp.)

Refer Unit-IV, Q.No. 1.

2. Write a short note on Factors influencing rural consumer purchase.

Ans : (April-23, Dec.-18, Imp.)

Refer Unit-IV, Q.No. 4.

3. Explain the elements that determine rural consumer life-style.

Ans : (April-23, Nov.-20, Imp.)

Refer Unit-IV, Q.No. 5.

4. Explain various approaches of marketing research.

Ans : (Aug.-21, July-18, Imp.)

Refer Unit-IV, Q.No. 7.

5. Explain various sources of collection of data in market research.

Ans : (Imp.)

Refer Unit-IV, Q.No. 12.

6. What are the Methods of data Collections?

Ans : (July-18, Imp.)

Refer Unit-IV, Q.No. 13.

7. Discuss in detail about the various approaches and tools in rural marketing research.

Ans : (May-19, July-18, Dec.-18, Imp.)

Refer Unit-IV, Q.No. 15.

8. What are the major challenges in rural marketing research especially agro based rural research?

Ans : (Nov.-21, May-19, Dec.-18, Imp.)

Refer Unit-IV, Q.No. 16.

9. Discuss the role of rural marketing consulting agencies to promote the new products in rural areas.

Ans : (April-23, Aug.-21, Dec.- 18, July-18, Imp.)

Refer Unit-IV, Q.No. 17.

UNIT - V

1. What is Social Marketing in rural communities?

Ans : (Dec.-18, Imp.)

Refer Unit-V, Q.No. 5.

2. State the defects of Agricultural Marketing in India.

Ans : (July-18, Imp.)

Refer Unit-V, Q.No. 10.

3. Discuss the problems of rural artisans face in marketing their products and how these can be surmounted.

Ans : (Nov.-20, Imp.)

Refer Unit-V, Q.No. 14.

4. Brief on new innovations in marketing of services in rural markets.

Ans : (April-23, May-19)

Refer Unit-V, Q.No. 18.

5. Explain in detail about aamarketing strategies for Indian Rural Market.

Ans : (Apil-23, Imp)

Refer Unit-V, Q.No. 20.

6. What do you mean by Agricultural Co-operative Marketing?

Ans : (Dec.-18, Imp.)

Refer Unit-V, Q.No. 24.

7. What are the major features of co-operative marketing?

Ans : (Nov.-21, May-19)

Refer Unit-V, Q.No. 25.

8. Explain the concept of Rural Market Mapping.

Ans : (Nov.-20, May-19)

Refer Unit-V, Q.No. 30.

9. Is the Organized rural marketing strong in India? Explain.

Ans : (Aug.-21, Imp.)

Refer Unit-V, Q.No. 32.

10. Discuss IT is a medium of marketing communication for rural market.

Ans : (May-19, July-18)

Refer Unit-V, Q.No. 33.

11. Explain the role of e-governance for rural India with reference to rural marketing.

Ans : (April-23, Dec.-18)

Refer Unit-V, Q.No. 34.

12. What are the recent approaches to rural distribution? Give examples.

Ans : (Nov.-20, Imp.)

Refer Unit-V, Q.No. 35.

UNIT I

Introduction: Meaning - Evolution – Nature and Characteristics of Rural Market – Understanding the Indian Rural Economy –Rural Marketing Models– Rural Marketing Vs Urban Marketing – Parameters differentiating Urban & Rural Market - Differences in consumer behavior in Rural and Urban market.

1.1 INTRODUCTION TO RURAL MARKETING

1.1.1 Meaning

Q1. Define Rural Marketing.

(OR)

What is Rural Marketing.

Ans :

(April-23, Nov.-21, May-19, Imp.)

Definitions

- **According to 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 “Iyer” defined Rural Marketing** as “The process of developing, pricing, promoting, distributing rural specific goods and services leading to exchange between urban and rural markets, which satisfies consumer demand and also achieves organizational objectives”.

In simple terms, Rural marketing is planning and implementing marketing activities in rural areas.

Q2. Explain the concept of rural marketing.

Ans :

There are approximately 600,000 big and small villages in India according to rural market researchers. 25% of villages account for 65% of the total rural population. So, we can calculate 65% of 700 million populations by from only 150,000 villages which becomes a huge potential of this market. If we go by statistics, around 70% of the Indian population lives in the rural areas. This accounts to almost 12% of the world population.

To expand the market by making inroads into the countryside, a greater number of MNCs are getting into India's rural markets. Among those are the bigshot companies like Hindustan Lever, Coca-Cola, Pepsi, LG Electronics, Britannia, Philips, Colgate Palmolive and the foreign-invested telecom companies as well. Rural marketing involves a bunch of processes that includes developing, pricing, promoting, distributing rural specific product and service which satisfies the consumer demand and also achieves organizational objectives as expected from the target market.

It is basically a three-way marketing stage where the transactions can be:

- **Urban to Rural:** It is a process of selling the products and services by urban marketers in rural areas. These products mostly include pesticides, FMCG products, consumer durables, etc.
- **Rural to Urban:** It is a process where a rural producer sells his products in urban market. This may or may not be direct, but mostly there are middlemen, agencies, government co-operatives etc. who take initiatives in the successful running of the selling process happen successfully in an appropriate price.
- **Rural to Rural:** It is a process which includes selling or exchange of agricultural products, tools, cattle, carts and others to another village in its proximity

There are many aspects that affect rural marketing, for instance, the rural buyers are not very discriminating. Once they are persuaded to buy a particular product, they develop a strong feeling for it, and become brand loyal. As a result, Indian manufacturers generally prefer selling fewer items at higher prices than selling more items at lower prices.

Another thing is that the rural buyers are not particularly keen about quality and packaging because of which consumer research is not accurate for entering the rural market. In recent years, the rural sector gives a unique opportunity to expand their market since the urban segment is showing clear signs of saturation.

1.1.2 Evolution

Q3. Elucidate the evolution of rural marketing.

Ans.: (Nov.-21, Imp.)

The evolution of rural marketing has been described in four different phases.

1. Part I (Before 1960)

- 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 products 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.

- The local marketing of products like bamboo baskets, ropes, window and door frames, small agricultural tools like ploughs by sellers like black smiths, carpenters, cobblers, and pot makers were emphasized in general. This was totally an unorganized market where all banias and mahajans (local business people) dominated this market.

2. Part II (1960 to 1990)

- In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheats and paddies. Better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machinery like powder tillers, harvesters, threshers etc. Changed the rural scenario. In this context, marketing of agricultural inputs took the importance.
- Two separate areas of activities had emerged-during this period 'marketing of agricultural inputs' and the conventional "Agricultural Marketing".
- During this period, the marketing of rural products received considerable attention in the general marketing frame work.
- The formation of agencies like Khadi and Village Industries Commission, Girijan Cooperative Societies APCO Fabrics, IFFCO, KRIBHCO, etc., and also the special attention government had paid to promote these products were responsible for this upsurge.
- Village industries flourished and products like handicrafts, handloom textiles, soaps, safety matches, crackers etc. Hit the urban market on a large scale from rural areas.

3. Part III (After Mid 1990s)

- The products which were not given attention so far during the two earlier phases were that of marketing of household consumables and durables to the rural markets due to obvious reasons.
- The economic conditions of the country were as such that the rural people were not in a position to buy these kinds of products. Secondly, our market was in a close shape and we newer allowed companies (foreign) to operate in Indian market.
- The small villages/hamlets were widely scattered making reach difficult and expensive consequently. Rural markets were seen an adjunct to urban market and conveniently ignored. However, since 1990s, India's industrial sector had gained in strength and maturity. Its contribution to GNP increased substantially.
- A new service sector had emerged signifying the metamorphosis of agricultural society into industrial society. Meanwhile, due to the development programmes of the central and state governments, service organizations and socially responsible business groups like Mafatlal, Tatas, Birlas, Goenkas and others, the rural area witnessed an all round socio-economic progress. The economic reforms further accelerated the process by introducing competition in the markets. Steadily, the rural market has grown for household consumables and durables.
- After 2000, several FMCG, durables, automobiles, telecom, insurance and service sector companies adopted a rural thrust. They are now coming up with product/services using low-cost technology.

- Currently, the rural market is undergoing a massive change. There is a huge opportunity waiting to be tapped. Government initiatives are also supporting rural market development. The future looks bright for rural India.

1.1.3 Nature and Characteristics of Rural Market**Q4. Describe the Nature and Characteristics of Rural Market.****(OR)****Explain the Nature and Characteristics of Rural Market.****Ans : (April-23, Dec.-18, Imp.)****Nature**

- The speed of technological improvement increases the buying capacity in people. They prefer more and better goods and services. The globalization of the Indian economy has given an advantage to production and mass distribution of goods and services.
- Rural market is different from urban market with respect to its economic and functional characteristics. The characteristics, purchasing and consumption pattern of rural people are completely different from the urban people. Due to the impact of globalization there is a fast change in rural environment. The composition of supply and demand has also changed significantly.
- Rural market in India is not a different entity in itself, but it is highly influenced by the sociological and behavioral factors of the country. The rural market in India brings in bigger revenues for the country, as the rural region consists of a maximum number of consumers in this country. The rural market in Indian economy generates revenue almost more than half of the country's annual income.
- Rural marketing in India is sometimes mistaken by people who think rural marketing is all only about agricultural marketing. Rural marketing determines the carrier of business activities from urban sectors to the rural regions as well as the marketing of various products manufactured by the nonagricultural workers from rural to urban areas.

Characteristics**1. Large, Diverse and Scattered Market**

Rural marketing in India is large, and scattered into a number of regions. There may be a smaller number of shops available to market products.

2. Major Income of Rural Consumers is from Agriculture

Rural prosperity is tied with agricultural prosperity. In the event of crop failure, the incomes of masses are directly affected.

3. Heterogeneity

Rural markets comprise heterogeneous population. Various tiers are present depending on the incomes like big landlords, traders, small farmers, marginal farmers, labourers, artisans. State wise variations exist in rural demographics like literacy (Kerala 90%, Bihar 44%), population below poverty line (Odisha 48%, Punjab 6%), etc.

4. Standard of Living and Rising Disposable Income of the Rural Customers

It is known that majority of the rural population lives below poverty line and has low literacy rate, low savings, etc. Today the rural customers spend money to get value and are aware of what's happening around them.

5. Collective Decision Making

In rural markets decision-making process is collective. Purchase process-influencer, decider and buyer, message at several levels. Rural youth bring brand knowledge to households.

6. Diverse Socio-Economic Background

Due to differences in geographical areas and uneven land fertility, rural people have different socio-economic background, which ultimately affects the rural markets.

7. Infrastructure Facilities

The infrastructure facilities like warehouses, communication systems and financial facilities are inadequate in rural areas. Physical distribution is a challenge to marketers who have found innovative ways to market their products.

Q5. Explain the scope of rural marketing.

Ans : (Dec.-18)

1. Population

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.

2. Rising Rural Prosperity

Average income level has improved 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

3. 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

4. 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.

5. 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.

6. Life cycle advantage

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

7. Decision-making Units

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

1.2 UNDERSTANDING THE INDIAN RURAL ECONOMY
Q6. Explain the concept of rural marketing in Indian Economy.

Ans : (April-23)

Rural marketing in Indian economy can be classified mostly under the following two categories:

- The markets for consumer durables consists of both durable and non-durable goods
- The markets for agricultural products which include fertilizers, pesticides, seeds, and so on.

Rural marketing in India is sometimes mistaken by people who think rural marketing is all only about agricultural marketing. Rural marketing determines the carrier of business activities from urban sectors to the rural regions as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

Rural marketing environment can be analyzed using the STEP model i.e.,

1. Social Environment

It includes factors such as education and literacy levels, festivals and melas, population and households, entertainment and arts.

2. Technological Environment

It includes factors like power and energy sources, telecommunication and information technology, appropriate technology and innovation, postal sendees.

3. Economic Environment

It includes factors such as irrigation, occupations, land distribution, holding, income, savings, rural life styles and sales potential, rural retail outlets, credit institutions, disposable incomes, land use pattern etc.

4. Political Environment

It involves development initiatives and administrative bodies.

Q7. Discuss the challenges and opportunities in Rural Market.

Ans :

Challenges

There are various challenges that hinder the progress of rural market. Marketers face a number of problems like physical distribution, logistics, no proper and effective sales force and no effective marketing communication when they enter into the business of rural markets.

The following are the major problems faced in the rural markets:

1. Standard of Living

A large part of the population in rural areas lies below poverty line. Thus the rural market is also underdeveloped and the marketing strategies have to be different from the strategies used in urban marketing.

2. Low literacy levels

The low literacy levels in rural areas leads to problem in communication with the market and the print media has less utility as compared to the other media of communication.

3. Low Per Capita Income

In rural market, agriculture is the main source of income and hence expense capacity depends upon the agricultural produce. Demand may or may not be stable.

4. Transportation and Warehousing

Transportation and supply chain management are the biggest challenges in rural markets. As far as by road transportation is concerned, about 50% of Indian villages are connected by roads to the nearest big cities. The rest of the rural markets do not have proper road linkage to other cities which causes problems in physical distribution.

Many villages are located in hilly remote areas which is difficult to connect with them through roads. Warehousing is another major problem in rural areas, as there you will hardly get any organized agency to look after the storage issue. The services given by central warehousing corporation and state warehousing corporations are limited only to urban and suburban areas.

5. Ineffective Distribution Channels

The distribution chain is not organized and also requires a large number of intermediates, which in return increases the cost. Due to lack of appropriate infrastructure, manufacturers are giving back steps to open outlets in these areas. That is why they need to dependent on dealers, who are rarely available for rural area which increases the challenges for marketers.

6. Many Languages and Diversity in Culture

Factors like different behavior and language of every respective area increases difficulties to handle the customers. The sales force is required to match the various requirements of the specific areas according to their culture.

7. Lack of Communication System

Quick communications facilities like computer, internet and telecommunication systems etc. are the need of rural market which is a biggest problem due to lack of availability. The literacy level in the rural areas is quite low and consumer's behavior is kind of traditional, which is a cause of problem for effective communication.

8. Dummy Brands

Cost is an important factor for rural consumers which determine purchasing decision in rural areas. A lot of fake brands or products that look similar to the original one are available, providing low cost options to the rural consumers. Most of the time, the rural consumers may not be aware of the difference due to illiteracy.

9. Seasonal Demand

Demand may be seasonal in rural market due to dependency on seasonal production of agricultural products and the income due to those products. Harvest season might see an increase in disposable income and hence more purchasing power.

Opportunities

To solve the problems of rural market and rural marketing in India, the following points need to be considered by marketers:

1. Physical Distribution and transportation

Regarding the problems of physical distribution, the marketers may have stockiest/clearing-cum-forwarding (C&F) agents at strategic location for facilitate the physical distribution for its products in the rural market. The important advantage of this scheme is that the costs of physical distribution can be shared between the companies and stockiest.

The different modes of transportation based on availability of tracks should also be beneficial to the companies. Even to this day, bullock-cart plays a very vital role in physical distribution where the roads are not available. Some of the leading MNCs use delivery vans in rural areas. These delivery vans take the products to the retail shops in every corner of the rural market and enable the companies to establish direct sales contact with majority of the rural consumers. This in turn helps in sales promotion.

2. Rural Market and Retail Sales Outlets

The rural market consists of a number of retail sales outlets along with low price shops under the public distribution system. The government should take initiatives to encourage private shopkeepers and cooperative stores to come forward and establish their business in rural areas.

Fertilizer companies should open their outlets for proper distribution of fertilizer to the farmers. In addition, the companies dealing

in consumer goods can also apply this model and appoint a number of retailers in rural market and attach them to the stockiest who distributes the goods to the retailers as per the potential demand of the market. This approach will help the companies penetrate into the interior areas of the rural markets.

3. Sales Force Management

To solve the problems of sales force management, the company takes due care in the recruitment and selection of sales people because the traits they require are different from that of the urban sales persons. These sales people must be fluent in the local/regional language and also have patience to deal with rural consumers.

Controlling and operating of such a large and scattered sales force, supervising them in sales calls, guiding and attending to their official and personal problems, and motivating them for getting better results should be an exciting and challenging task for the sales manager. Thus, the people operating in rural areas should have an inherent zeal to serve the rural peoples and to connect with them.

4. Marketing Communication

For marketing communication in rural areas, the companies should use organized forms of media like TV, Radio, cinema and POP (point of purchase) advertising. In recent times, television is gaining popularity in rural areas but due to lack of supply of electricity, radio is performing quite better.

The rural people need demonstration, short-feature films and direct advertisement films that combine knowledge and perform as better rural marketing communication. The companies now also use audiovisual publicity vans that sell the products with promotion campaign directly. Companies can also organize village fairs, drama shows, and group meetings to convince the rural consumers about the products and services.

5. Demand Base and Size

Indian rural market has a vast demand base and size. Rural marketing involves the process of developing, promoting, distributing rural

area specific products and service exchange between rural and urban market which satisfies customer demand and also achieves organizational goals. As a part of development program economic development is concern, government is making continuous efforts towards rural development.

Q8. Discuss social and cultural aspects in rural India.

Ans :

Social Aspects

The social environmental factors that influence decision making of rural marketers are as follows,

I) Population and Households

The population of the country is 1,369 million and the rural population share is 66%. There are 194 million households, out of them 56 million are in urban areas and remaining 138 million houses are in rural areas.

In a country, an average family has five members, the size of urban family is smaller than rural family. It is also observed that most of the families in both rural and urban areas have only one member who earns for the whole family. The research of MAX-NCAER which was held in 2008, figured out that less than one percent of Indian households are single member households and about 10 percent of the households have more than 7 members. The research has categorized the states into three groups on the basis of incomes. They are,

(a) Low Income States

According to the research, the low-income states are Bihar, Assam, Madhya Pradesh, Meghalaya, Orissa, Uttar Pradesh, Rajasthan, Chattisgarh, Jharkhand and Uttaranchal.

(b) Middle Income States

The middle-income states are Andhra Pradesh, Himachal Pradesh, Karnataka, Tamil Nadu, Kerala and West Bengal.

(c) High Income States

The high-income states are Gujarat, Goa, Maharashtra, Haryana, Delhi, Punjab, Puducherry and Chandigarh.

II) Gender-wise Distribution

In India, there are 920 females per 1,000 males. In various states women and men are nearly equal in number. There is a huge male population in union territories such as Andaman and Nicobar Islands, Daman and Diu, Delhi, Chandigarh, Dadra and Nagar Haveli and many of the northern states like Bihar, Rajasthan, West Bengal, Madhya Pradesh, Uttar Pradesh, Maharashtra, Nagaland, Punjab, Haryana and Gujarat. The southern parts of the nation has females and males almost in equal numbers except in Kerala because there the male population is dominated by female population.

III) Literacy Levels

In Urban Areas, the chief earners of the households are more educated when compared to education level of chief earners in the rural areas. The rural areas have 26% of illiterates and 22.5% of primary school educated people. Whereas, in urban areas, the percentage of illiterates is 7.9% and primary school educated is 11.5%. This in dictates that chief earners in rural areas are less educated than the ones in urban areas. At middle school level, the rural chief earners are about 19.2% whereas urban chief earners are 14.21%. However, this is an exceptional case.

Urban citizens have surpassed rural population in terms of higher levels of education, especially at graduate level. The graduates in rural areas are 7% which is less than the 29.2 percent in urban areas.

IV. Media Habits and Reach

In the country, there are different media of communication with different level of reach and penetration.

- (a) Television:** Television is considered as the communication medium with highest reach but low penetration in the country. It is figured out that only 52% of the rural population of the nation have access to Television (TV). In 1991, there were around 6 channels and by

the end of 2004, it has grown to 300 channels, which indicates that TV ownership is increasing day by day. In urban India, 75% of the population owns TV and 30% of the rural India have TV ownership.

- (b) Radio:** In rural India, Radio has dominated the print media and it has become the second largest medium in terms of reach. It has reached upto 18 percent of the rural population.

- (c) Print:** In rural market, there is about 15 percent penetration of print media. Social organizations have planned to design and supply newspapers to rural areas in order to increase readership.

Q9. What is Rural Marketing in the light of agro based economy of India.

Ans :

(May-19)

Introduction

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added by agriculture, forestry, and fishing was estimated at Rs. 19.48 lakh crore (US\$ 276.37 billion) in FY20. Share of agriculture and allied sectors in gross value added (GVA) of India at current prices stood at 17.8 % in FY20. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.

Principal agricultural commodities export for April 2020 - January 2021 was US\$ 32.12 billion.

Investments

According to the Department for Promotion of Industry and Internal Trade (DPIIT), the Indian food processing industry has cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 10.24 billion between April 2000 and December 2020.

Some major investments and developments in agriculture are as follows:

- In March 2020, F&S, the oldest large-scale fertilizer manufacturer in the country, crossed one million production and sales mark.
- Nestle India will invest Rs. 700 crore (US\$ 100.16 million) in construction of its ninth factory in Gujarat.
- In November-2019, Haldiram entered into an agreement for Amazon's global selling program to E-tail its delicacies in the United States.
- In November 2019, Coca-Cola launched 'Rani Float' fruit juices to step out of its trademark fizzy drinks.
- Two diagnostic kits developed by Indian Council of Agricultural Research (ICAR) - Indian Veterinary Research Institute (IVRI) and the Japanese Encephalitis IgM ELISA were launched in October 2019.
- Investment worth Rs. 8,500 crore (US\$ 1.19 billion) have been announced in India for ethanol production.

Government Initiatives

Some of the recent major Government initiatives in the sector are as follows:

- As per Union Budget 2021-22, Rs. 4,000 crore (US\$ 551.08 million) was allocated towards implementing Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC).

- The Ministry of Food Processing has been allocated Rs. 1,308.66 crore (US\$ 180.26 million) in the Union Budget 2021-22.
- In April 2021, the Government of India approved a PLI scheme for the food processing sector with an incentive outlay of Rs 10,900 crore (US\$ 1,484 million) over a period of six years starting from FY22.
- In November 2020, the government inaugurated a mega food park in Punjab worth Rs. 107.83 crores (US\$ 14.6 million) that will be spread across over 55 acres of land.
- In October 2020, the Tribal Cooperative Marketing Development Federation of India (TRIFED) included 100 new Forest Fresh Organic Products sourced from tribes across India on its e-marketplace (tribesindia.com).
- In October 2020, Agri-lender Nabard (National Bank for Agriculture and Rural Development) proposed plans to set up a subsidiary to provide guarantee for loans under agriculture and rural development.
- In October 2020, the government announced that it is putting up a common data infrastructure for farmers in the country. PMFBY (Pradhan Mantri Fasal Bima Yojana), PM-Kisan and the Soil Health Card will be integrated through a common database, along with land record details.
- In September 2020, the government launched the PM Matsya Sampada Yojana, e-Gopala App and several initiatives in fisheries production, dairy, animal husbandry and agriculture. Under this scheme, an investment of Rs. 20,000 crore (US\$ 2.7 billion) will be made in the next 4-5 years in 21 states.
- In May 2020, Government announced the launch of animal husbandry infrastructure development fund of Rs. 15,000 crore (US\$ 2.13 billion).

1.3 RURAL MARKETING MODELS

Q10. Explain the different models in rural marketing.

(OR)

Write a short notes on Rural Marketing Models.

(OR)

Write about different rural marketing models.

Ans : (Nov.-21, Dec.-18, July-18, Imp.)

The rural marketing approaches/models related to urban marketing and philosophical orientations of business firms are as follows,

1. Trickle-down Model
2. Undifferentiated Model
3. Differentiated Approach/Model
4. Bottom-of-The Pyramid Model.

1. Trickle-down Approach/Model

The organizations which emphasized more on urban areas specifically for sales and growth in urban sales, depend simply on the trickle-down approach for the rural market. These firms think that it is not necessary to design marketing programmes to reach rural consumers.

Assumptions

The trickle-down approach is based on the following assumptions,

- (i) The rural market can be ignored as per convenience. The size of top -end rural market is small and the sales from rural areas are just a bonus.
- (ii) The top-end, urban-society culture is similar to the western culture. In the similar way, the top-end rural society culture is similar to the top-end urban culture.
- (iii) The rural householder visits a nearby "feeder town" to purchase his wares.

2. Undifferentiated Model

With the increase in growth of rural markets, some of the consumer durables and FMCG companies realized that the trickle down approach and its assumptions are not suitable.

Assumptions

This approach is based on following assumptions,

- (i) **Affordability:** There are very few top and upper-middle income holders in rural markets. The poor cannot afford to purchase the product and the middle-income holders donot have stable income as they earn through agriculture. Therefore, the affordability is low,
- (ii) **Accessibility:** Improper road connectivity and inappropriate transport facilities creates difficulty in reaching rural areas.
- (iii) **Acceptance:** The needs, desires and aspirations of rural and urban people are same. The rural India is becoming more advanced day-by-day in terms of aspirations and attitudes.
- (iv) **Availability:** There is no availability of branded products offered by FMCG companies. The agri-business companies are dominant in the rural market.

3. Differentiated Model

In differentiated approach marketers design different marketing programmes specifically for rural markets and make use of cause branding. This approach is increasingly being adopted by many firms because untapped rural markets have huge and stable potential.

Assumptions

The assumptions of differentiated approach are as follows,

- (i) **Affordability:** There is an increase in the income of rural people and their income has become stable because of their increased involvement in non-farming occupations.

- (ii) **Accessibility:** The road connectivity is improved by central and state government under infrastructure development programmes. As the production of automobiles improved, the government and private transport facilities also improved.
- (iii) **Acceptance:** The division between rural and the urban is diminishing slowly. Rural people have the same ideology as their urban relatives. They are adopting the urban lifestyles. The presence of satellite channels in rural areas is enabling people to accept new brands.
- (iv) **Availability:** New strategies are being adopted by the corporations in order to reach the rural areas. Most of the Indian firms and MNCs are supplying their products to rural markets and there is an equal opportunity for others to enter this market.

4. Bottom-of-the-Pyramid Model

The HUL and ITC companies of India have improved the differentiated approach by including social entrepreneurship into the marketing philosophy. They realized that the development is possible only with the benefits which the business provide to the company and to the poor. The important idea of this approach is to develop rural people into entrepreneur/ participants in the business.

- (i) **New Opportunity-The Invisible BoP:** The division of wealth and ability to create income in the world can be described through the economic pyramid. The top level of pyramid covers the wealthy people who have several opportunities for creating high levels of income. At the bottom of the pyramid, there are around 4 billion people who each less than USD 2 per day.
- (ii) **Demands Innovations:** The bottom of pyramid (BoP) When considered as a market, facilitates developmental opportunity for the private sector and a place for innovations. In order to serve BoP consumers, innovations in technology, products and services and business models are required.
- (iii) **Requires Partnerships:** The large organization need to unit with the poor who need to be uplifted. The supporting firms that provide resources and counselling include social and government agencies. The partnerships of private and public organizations helps in developing markets at the bottom of the pyramid for eliminating the poverty.
- (iv) **Promotes Entrepreneurship:** The development of market at BoP level can generate millions of new entrepreneurs.
- (v) **Core Business Not Social Responsibility:** Private sector should consider BoP markets as an important part of their work. The firms should include BoP into its cores businesses. They cannot be considered merely as an area of corporate social responsibility.

Q11. Explain various steps for implementation of rural marketing models.

Ans :

1. Segmentation

A key factor of the rural market is that it is a mosaic of distinct and unique markets. Each of these markets has rural consumers with quite different lifestyles, socio-cultural, economic and demographic backgrounds. The typical socio-economic classification employed for market segmentation in urban areas, may not be sufficient in the rural market. The first step for implementing any rural marketing effort is to segment the rural market on the basis of select parameters that influence the demand for certain product categories.

2. Life-style Analysis

Lifestyle analysis is important because it broadly defines and priorities the consumer needs in a market segment. In some cases, it may not be the buying capacity but the lifestyle of the consumes that influences the demand for a given product.

For example washing of clothes at a canal, well or pond almost rules out the use of detergent powder even if the consumers want to use it and also has the capacity to buy it. The availability of running water and an assured supply of electricity, not just the consumer's buying capacity, determine whether a particular market will buy a washing machine or not.

3. Profiling of Rural Consumer

The lifestyle analysis enables a business organization to develop a generic profile of the consumers in a rural market segment. This profile should be considered while designing or modifying the marketing mix for that market. The regional and local organizations are in an advantageous position as they are fully aware of the consumers' profile in a rural market segment, and they can design an appropriate marketing mix to make a mark in that segment.

4. Need Profile

Analysis of the generic profile of the consumers of a rural area or market segment helps business organizations identify the needs of those consumers in general terms. A marketer can then translate these broadly defined needs in more specific terms, from the perspective of different product categories.

5. Selection of Target Market

If the organization finds a compatibility between the consumer needs and its marketing mix in a rural market segment, then that segment can be identified and selected as its target market. It can also analyse what modifications would be required in the marketing mix if a particular market segment has to be targeted. And lastly, whether it would be feasible to modify the marketing mix to serve a particular market segment.

6. Designing or Modifying Marketing Mix

An organization needs to consider modifications in different elements of its marketing mix to serve the highly heterogeneous rural market of India. It might be in the organization's interest to vary the promotional

campaigns or packaging across different territories to suit variations in tastes and preferences of consumers.

7. Implementation

Most experts agree that rural marketing is an implementation problem. Serving such a huge, widely scattered and highly heterogeneous territory could be a task for any organization. Rural marketing plans cannot be implemented with an urban mindset. Therefore, an organization needs to make a comprehensive effort and ruralise its strategy in a real sense to make significant in the rural market.

8. Control

The rural scene is transforming at an accelerating pace. It is not as it used to be and will not be the same in the future either. Organizations aiming to achieve success in the rural market need to constantly research the developments in rural territories.

Organizations also need to have a systematic processes to facilitate effective upward communication, so that the feedback from the market reaches the planning bodies through the sales force and the retail channel.

1.4 RURAL MARKETING Vs URBAN MARKETING

Q12. Define urban marketing. State the characteristics of urban marketing.

Ans : (Imp.)

Meaning

- Urban marketing implies choosing some suitable ways of projecting and organising cities to meet the requirements of the target segments interested in urban development.
- It is considered that urban marketing reached its goal when the businessmen community and the citizens are satisfied with the urban economic social environment, when the visitors' and investors' expectations are met.
- Urban marketing becomes an outstanding characteristic of the strategy of local economic development.

- The economic development implies establishing a long-term marketing strategy oriented to preserving and developing the natural, economic and man-made potential of the local community.
- Urban marketing is used to accomplish several goals, such as creating a positive image for the community, attracting of companies, institutions, tourists and specially-skilled work force but as well has to find markets for their exports, to adopt instruments for the strategic marketing management in order to create an "urban brand".

Characteristics

1. Large size and high density of population

The size of the urban community is much larger than the rural community. Not only this, in urban areas, there is high density of population. Density increases the number of short-term, impersonal and utilitarian social relationships a person is likely to have.

2. Heterogeneity

Urban population is heterogeneous. It consists of various shades of people - different castes, classes, ethnic groups, religions, etc. They are not all alike. Urban community is noteworthy for its diversity.

3. Anonymity

The sheer pressure of number marks for anonymity. Anonymity is a loss of identity and sense of belongingness. The heterogeneity of city life with its mixture of people of all races, castes, classes, creeds, occupations and ethnic origins heightens the sense of anonymity.

4. Mobility and transiency

Urban life is dynamic. Social relations are temporary. Therefore, permanency does not develop in urban relations. There is a high rate of geographical as well as social mobility in urban areas. In America, on an average, a person changes his job (occupational mobility) within six years.

Consequently, his dwelling (changes of residence), also changes. Different types of mobility usually mean transiency of contact. As such, urban social relations continue for a very short time. Urban dweller continually makes new social contacts.

5. Formality of relations

In urban social life, relations are not intimate and kinship based. Most routine social contacts in the city are impersonal and segmented. Formal politeness takes the place of genuine friendliness. The impersonality of urban life is a necessary and convenient way of urban living.

6. Social distance

City people are physically crowded but socially distant. Social distance is a product of anonymity, impersonality and heterogeneity. Occupational differences may be even more important sources of social distance. Urbanites become high-dwellers, not neighbours. Apartment dwellers may live for years without any acquaintance with many of the other occupants.

7. Regimentation

The city is always in hurry. The life (work and entertainment) in the urban community becomes 'clock regulated'. Order, regularity and the punctuality are the characteristics of urban life. On the streets, his movement is controlled by traffic lights, on railway stations and other places by elevators and escalators.

8. Segmentation of personality

Most routine urban contacts are of secondary group rather than primary group nature. Most contacts are instrumental, that is, we use another person as a necessary functionary to fulfill our purposes. We do not necessarily interact with entire persons but with people in terms of their formal roles as postman, bus driver, office assistant, policeman and other functionaries.

Q13. State the differences between urban marketing and rural marketing in India.

(OR)

What are the differences between urban marketing and rural marketing.

Ans :

(Aug.-21, July-18, Imp.)

S.No.	Urban Marketing	S.No.	Rural Marketing
1.	Create relationship by offering integrated innovation in product or service.	1.	Create relationship by inclusive growth of product or service.
2.	Buyer looks for style, quality & novelty. value for money.	2.	Buyer looks for quality products that offer
3.	Internet, TV channels, mobile, are used for research.	3.	Interactive approaches, observation, rating scale are used for research.
4.	Psychographic, usage based segmentation is the main base of divide the market.	4.	Demographic & geographic segmentation can be the base of divide the market.
5.	Marketing goal is capture market share, image, and profitability.	5.	Create a brand name then capture the market with enough profitability.
6.	Sophisticated technology can be used to create product.	6.	Primarily appropriate technologies can be used for rural innovation.
7.	Consumers take purchasing decision emotionally & rationally	7.	Consumers are too much emotional to take purchasing decision.

1.4.1 Parameters Differentiating Urban & Rural Market

Q14. State the various parameters of urban market.

Ans :

(Imp.)

1. Factors Influencing the Buyer

An individual's religion and cultural background, his personality traits, self-concept, his general endowments, his upbringing-in short, his overall bio data, play a crucial role in his conduct as a buyer. These factors can be grouped broadly into three categories.

- (a) Personal parameters
- (b) Cultural parameters
- (c) Psychological parameters

(a) Personal parameters-Age, Education, Economic Position, Status, Self-Concept

An individual's age, level of education, his occupation, overall economic position and life-style, are influencing the role of a buyer. They decide what products he will buy and consume, a person's self-concept and his concern about status in society. It is a direct outcome of their material prosperity. Status is announced through various symbols like dress, ornaments, possessions and general lifestyle. The desire for self-expression and self-advancement is closely linked with social status.

(b) Cultural factors-Religion, Language etc.

Every culture, every religion and every language group dictates its own unique patterns of social conduct. Within each religion, there may be several sects and sub-sects; there may be orthodox groups and cosmopolitan groups. In dress, habits, or marriage-in almost all matters of individuals life-religion and culture exercise an influence on the individual, though the intensity may vary from society to society. The do's and don'ts listed out by religion and culture impact the individual's lifestyle and buying behaviour.

(c) Psychological Factors-Beliefs, Attitudes, Motivation, Perception

Just like economic and social conditions, a man's disposition too has a close bearing on his purchase decisions. Individuals coming under the same economic and social groups can be vastly different when it comes to certain personal beliefs, faiths and attitudes. One may be timid and plain, while another may be modern. One may be least innovative, while another may welcome anything new. In fact, the maximum variations are seen here and in the matter of analysis and assessment too, this area poses maximum problem to the marketer.

2. Buyer's Social Environment (Group Influence)

The buyer, we are dealing with is not an ascetic. He lives in a society, is influenced by it and in turn influences its course of development. He is a member of several organizations and groups, both formal and informal. He belongs to a family, he works for a certain firm, he may be a member of a professional forum. He may belong to a particular political group, or a cultural body. There is constant interaction leaving some imprint on him, which influences him in his day-to-day life and consequently, his buying behaviour. Since there are two broad groups of which an individual is part, we shall discuss group influence in two parts.

- a) Influence of intimate group
- b) Influence of the broad social class.

(a) Influence of Intimate Group

Examples of intimate groups are family, friends, close colleagues and closely-knit organizations. These groups exercise a strong influence on the lifestyles and the buying patterns of its members. Among these groups the most influential and primary groups are the family and peer groups. The peer groups are close-knit groups composed of individuals, who have a common social background and who normally belong to same age group. The peer group has the greatest influence on the individual member as a stabilizer of styles and behavioural patterns.

(b) Influence of the Broad Social Class

The social class is larger group than the intimate groups. The constitution of a social class is decided by the income, occupation, place of residence etc. of the individual members. The members of a social class enjoy more or less the same status and prestige in the community. They share a common lifestyle and behavioural pattern. They normally select a product or a brand that caters to their class norms.

Study of group influence on individual buying behavior will help marketers to develop right strategies for different customer segments. It is not feasible for them to appeal to the fancies of every individual buyer. They can find commonalities or patterns among specific groups of buyers and work on them.

3. Information from Various Sources

The buyer today is exposed to a veritable flood of information, unleashed by different sources. These sources inform him about new products and services, improved versions of existing products, new uses for existing products and so on. The information sources that persuade people to try a product include advertising, samples and trials, display in shops, and salesmen's suggestions.

Q15. Analyze various parameters of rural market.

Ans :

To understand the buying behaviour of rural consumers, we must go to the factors that influence their buying behaviour. The parameters include:

(i) Influence of Culture

In the earlier context of buying behaviour in the urban scenario, we have seen that culture and tradition influence perceptions and buying behaviours. Rural consumer's perceptions of products are strongly influenced by cultural factors.

(ii) Geographic Location

Rural consumer behaviour is also influenced by the geographic location of the consumers. For example, nearness to feeder towns and industrial projects influence the buying behaviour of consumers in the respective clusters of villages. One more example of how geographic location affects buying behaviour we can point out the fact that the lack of electricity in many remote households acts as a barrier to purchase of certain consumer durables.

(iii) Exposure to Urban Lifestyles

Extent of exposure of rural consumers to urban lifestyles also influences their buying behaviour. An increased exposure and interaction with urban communities has been the trend in recent years.

(iv) The Way the Consumer Uses the Products

The situation in which the consumer utilizes the product also influences their behaviour. The example of lack of electricity affecting buying behavior illustrates this point lucidly. Lack of electricity automatically increases the purchase of batteries by rural consumers. Similarly, rural consumer does not use washing powders/detergent powders much, as they wash their clothes in streams or ponds; their demand is more for washing bars and detergent cakes.

(v) Place of Purchase

Buying behavior of rural consumer also varies depending on the place of purchase. Different segments of rural buyers buy their requirements from different places or outlets. Some buy from the village shopkeepers; some from village markets-village fairs/melas; others buy from the town that serves as the feeder to the rural area. Same buyer may also buy at different places. For understanding the buying behavior of the rural consumer correctly, the marketer must ask the question: where from do they buy the products and why?

(vi) Involvement of Others in the Purchase

Involvement of others in the purchase decision is yet another relevant factor in this regard. There has been a change here in recent years. In the past, the head of the family used to make the purchase decision all by himself. In contrast, the involvement of the other members of the family in the purchase decision has been growing, in recent years. An increase in literacy coupled with greater access to information has resulted in this development. The marketer has to reckon the role of the influencer while sizing up the buying behavior of rural consumer.

(vii) Marketers Efforts to Reach Out to the Rural Market

In recent years, many corporates have been trying hard to develop a market, for their products in the rural areas, investing substantially in these areas. This has brought about some change in the way buyers purchase different products. Developmental marketing has created discriminating buyers and hitherto unknown demand in the rural markets. All the above factors influence the buying behavior of rural consumer and hence their responses to the marketing mix variables and the reference points they use for purchase decisions.

Q16. Analyze the parameters that differentiate Rural Marketing and Urban Marketing.

Ans : (April-23, Dec.-18, Imp.)

There is a feeling amongst some professionals that with increasing incomes and aspiration levels rural markets are becoming like their urban counterparts. But, India's urban and rural markets differ not only on account of income; there are number of other parameters, like the overall context, lifestyle and socio-cultural outlook, which differentiate urban markets and urban consumer behavior from their rural counterparts.

The following are the parameters of differentiating urban and rural market

(i) Infrastructure Availability

Electricity supply, media reach, availability of finance facility, education level, roads, connectivity, presence of organized markets; in rural market is very different from that of urban markets.

(ii) Income Streams

The pattern of income generation in rural areas based on agriculture is seasonal and highly unreliable unlike the fixed monthly income in the urban areas. This creates a consumption pattern, which is different from urban one.

(iii) Lifestyle

The lifestyle and daily routine of consumers in two markets is markedly different. This creates significantly different profile of consumers for the same product in these two markets.

(iv) Context

Because of variation of infrastructure and income streams, the context in which an individual exists in rural areas is very different from the one in urban areas. This creates difference in nature and priorities of needs in two markets

(v) Socio-cultural Background

Value system and thus perception toward goods /services and consumption is different in two markets

(vi) Accessibility

The cost and logistics of accessing consumers in a highly widespread and heterogeneous rural market are very different from those involved in reaching urban consumers, concentrated in good number in single location. Thus, demanding two different types of approaches.

(vii) Media Reach & Habits

The reach of media vehicles and the media habits are very different in rural and urban markets. Requiring very different type of promotional strategy in these two markets.

(viii) Nature of Competition

The nature and intensity of competition amongst the brands is very different in the two markets.

(ix) Consumer Behaviour

The response of consumers to marketing stimuli is very different in two markets. Rural consumer's behaviour is quite different from that of urban buyer's.

Q17. Explain the profile of rural consumers and how it is differ from their urban counter part.

Ans :

(May-19)

S.No.	Basis	Rural Consumers	Urban Consumers
1.	Perception	Rural consumers have different perceptions and Interpretation relating to colour size and shapes.	Urban consumers does not have any perceptions and interpretation relating to colour size and shapes.
2.	Marketing Communication	Rural consumers have very low exposure to marketing communication.	Urban consumers have very high exposure to marketing communication.
3.	Value for Money	Rural consumers are more conscious about value for money. They are not ready to pay extra for frills which are not useful.	Urban consumers are not much conscious about value for money compare to rural consumers. As they re ready to pay extra for style and fashion.
4.	Quality	Quality in terms of rural consumers is long lasting, useful products with low maintenance cost.	Quality in terms of urban consumers is useful product which satisfy the want at present.
5.	Prestige products	They prefer prestige products if price justify the value.	They prefer prestige products to show high standard of living.

1.4.2 Differences in Consumer behavior in Rural and Urban Market

Q18. Define consumer behavior. What do you understand by consumer behaviour in rural market?

Ans :

Meaning

According to 'Peter D. Bennett' consumer behaviour refers to "the actions and decision processes of people who purchase goods and services for personal consumption".

According to James F. Engle, Roger D. Blackwell and Paul W. Miniard consumer behaviour refers to "the mental and emotional process and the observable behaviour of consumers during searching for, purchasing and post consumption of a product or service".

The various factors that affect buying behaviour of in rural India are :

1. Environment of the consumer

The environment or the surrounding in which the which the consumer leaves has a very strong influence on the buyer behavior. **E.g.:** electrification, water supply effects demand for durables.

2. Geographic Influence

The geographic location in which the rural consumer is located also speaks about the thought process of the consumer. For instance, villages in south India accept technology quicker than in other parts of india. Thus, HMT sells more winding watches in the north while they sell more quartz watches in the south.

3. Influence of Occupation

The land owners and service can buy more of category 2 and category 3 durables than agricultural laborers.

4. Place of Purchase

Company's need to access the influence of retailer on both consumers at village shops.

5. Creative use of Product

The study of product and provides indicators to the company on the need for education and also for new product ideas.

E.g: godrej hair dye being used as a pain to the color horns of ox. Washing machine being used for making lassi.

6. Brand Preference and Loyalty

The people in rural market will not give preference for brand products but they give importance for loyalty of the product. 80% of the sale is branded items in 16 product category.

Q19. What are the factors affecting by consumer behaviour in urban marketing.

Ans :

The various factors that influence the consumer behaviour are as follows:

1. Undergoes a Constant Change

Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

2. Varies from Consumer to Consumer

All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technologists. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not

go even for the regular purchases and avoid use and purchase of advance technologies.

3. Varies from Region to Region and Country to Country

The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.

The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also vary across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

4. Information on Consumer Behaviour is Important to the Marketers

Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers.

The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:

- (a) Product design/model
- (b) Pricing of the product
- (c) Promotion of the product
- (d) Packaging
- (e) Positioning
- (f) Place of distribution

5. Leads to Purchase Decision

A positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

6. Varies from Product to Product

Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle-aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

7. Improves Standard of Living

The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprive themselves of higher standard of living.

8. Reflects Status

The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

Q20. Evaluate the influence of differences in consumer behaviour of rural and urban markets on marketing strategies.

(OR)

Examine the differences in consumer behaviour of rural and urban markets

Ans :

(April-23, May-19, Dec.-18, July-18, Imp.)

Sl.No.	Basis	Consumers Behaviour in Rural Markets	Consumers Behaviour in Urban Markets
1.	Decision Making	The consumers in the rural market are conscious decision makers. They don't take buying decisions quickly. They think a lot before spending money on consumer durables. The reason could be the limited income of rural consumers.	The consumers in the urban market are impulse buyers. They take buying decisions quickly as their income level is more than compared to rural consumers.
2.	Brand Loyalty	The consumers in rural market are more brand loyal than compared to consumers in urban market. Rural consumers are not easily influenced by Television advertisements.	Compared to rural market, brand loyalty is found less in urban market, Urbanites switch to other brands easily by getting influenced by Television advertisements.
3.	Consensus Decisions (or) Individual Decisions	The buying decisions of rural consumers are consensus decisions. The buying behaviour of rural consumers is influenced by retailers, family members and opinion leaders.	The buying decisions of urban consumers are individual decisions. The buying behaviour of urban consumer is influenced by himself/ herself or his/her family members at the most.
4.	Quality Consciousness	The consumers in rural market are quality conscious, Even though they are uneducated and seek value for money, they don't compromise on quality.	The consumers in urban market are less quality conscious than compared to rural consumers.
5.	Lifestyle	Rural consumers consider factors such as price, quality, value for money etc, while making purchase decisions.	Urban consumers consider factors such as comfort and convenience making purchase decisions,

Q21. Explain how the rural initiatives introduced by the government of India benefit the corporate?

Ans :

(Nov.-20, Imp.)

- The rural initiatives introduced by the government of India are - Indira Awaas Yojana, Department of Drinking Water Supply (DDWS), Sampoorna Gramin Rozgar Yojana, Pradhan Mantri Gram-Sadak Yojana (PMGSY), Bharat Nirman, Swarnjayanti Gram Swarozgar Yojana (SGSY) etc.,
- All the above mentioned initiatives of government benefit the corporate directly or indirectly.
- Indira Awaas Yojan (IAY) aims at providing housing to the poor by construction of housing units. This enhance the living standard of people. Improvement in standard of living of rural people increases the demand for products offered by corporate.
- The government of India has set up a department called Department of Drinking Water Supply (DDWS) to supply pure drinking water. A good quality drinking water increases good health of people thereby indirectly increases demand for corporate products.
- The rural initiatives like PMGSY and Bharat Nirman by the Government of India benefits the corporates. The main aim of Bharat Nirman programme is to provide infrastructure and basic amenities in rural areas. These infrastructure facilities encourages the corporates to enter into rural areas and benefits them in many ways.

The benefits provided by Bharat Niman programme to corporate are listed below:

- i) They help corporates by providing better accessibility to rural markets.
- ii) They provide the corporates new market opportunities like perishable goods market.
- iii) They help the corporate by improving the purchasing power of rural customers.

Short Questions and Answers

1. Define Rural Marketing.

Ans :

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas.

The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton.

According to 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.

2. Nature of Rural Market.

Ans :

Rural market is different from urban market with respect to its economic and functional characteristics. The characteristics, purchasing and consumption pattern of rural people are completely different from the urban people. Due to the impact of globalization there is a fast change in rural environment. The composition of supply and demand has also changed significantly.

Rural market in India is not a different entity in itself, but it is highly influenced by the sociological and behavioral factors of the country. The rural market in India brings in bigger revenues for the country, as the rural region consists of a maximum number of consumers in this country. The rural market in Indian economy generates revenue almost more than half of the country's annual income.

Rural marketing in India is sometimes mistaken by people who think rural marketing is all only about agricultural marketing. Rural marketing determines the carrier of business activities from urban sectors to the rural regions as well as the marketing of various products manufactured by the nonagricultural workers from rural to urban areas.

3. Characteristics of Rural Market.

Ans :

- i) Large, Diverse and Scattered Market
- ii) Major Income of Rural Consumers is from Agriculture
- iii) Heterogeneity
- iv) Standard of Living and Rising Disposable Income of the Rural Customers
- v) Collective Decision-Making
- vi) Diverse Socio-Economic Background
- vii) Infrastructure Facilities

4. Explain the scope of rural marketing.

Ans :

i) Population

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.

ii) Rising Rural Prosperity

Average income level has improved 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

iii) Growth in consumption

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

5. Explain various steps for implementation of rural marketing models.

Ans :

i) Segmentation

A key factor of the rural market is that it is a mosaic of distinct and unique markets. Each of these markets has rural consumers with quite different lifestyles, socio-cultural, economic and demographic backgrounds. The typical socio-economic classification employed for market segmentation in urban areas, may not be sufficient in the rural market. The first step for implementing any rural marketing effort is to segment the rural market on the basis of select parameters that influence the demand for certain product categories.

ii) Life-style Analysis

Lifestyle analysis is important because it broadly defines and priorities the consumer needs in a market segment. In some cases, it may not be the buying capacity but the lifestyle of the consumes that influences the demand for a given product.

iii) Profiling of Rural Consumer

The lifestyle analysis enables a business organization to develop a generic profile of the consumers in a rural market segment. This profile should be considered while designing or modifying the marketing mix for that market. The regional and local organizations are in an advantageous position as they are fully aware of the consumers' profile in a rural market segment, and they can design an appropriate marketing mix to make a mark in that segment.

iv) Need Profile

Analysis of the generic profile of the consumers of a rural area or market segment helps business organizations identify the needs of those consumers in general terms. A marketer can then translate these broadly defined needs in more specific terms, from the perspective of different product categories.

6. Define urban marketing.

Ans :

Urban marketing implies choosing some suitable ways of projecting and organising cities to meet the requirements of the target segments interested in urban development. It is considered that urban marketing reached its goal when the businessmen community and the citizens are satisfied with the urban economic- social environment, when the visitors' and investors' expectations are met.

7. State the differences between rural marketing and urban marketing in India.*Ans :*

S.No.	Urban Marketing	S.No.	Rural Marketing
1.	Create relationship by offering integrated innovation in product or service.	1.	Crare relationship by inclusive growth of product or service.
2.	Buyer looks for style, quality & novelty. value for money.	2.	Buyer looks for quality products that offer
3.	Internet, TV channels, mobile, are used for research.	3.	Interactive approaches, observation, rating scale are used for research.

8. State various parameters of urban market.*Ans :***i) Factors Influencing the Buyer**

An individual's religion and cultural background, his personality traits, self-concept, his general endowments, his upbringing-in short, his overall bio data, play a crucial role in his conduct as a buyer. These factors can be grouped broadly into three categories.

ii) Buyer's Social Environment (Group Influence)

The buyer, we are dealing with is not an ascetic. He lives in a society, is influenced by it and in turn influences its course of development. He is a member of several organizations and groups, both formal and informal. He belongs to a family, he works for a certain firm, he may be a member of a professional forum. He may belong to a particular political group, or a cultural body. There is constant interaction leaving some imprint on him, which influences him in his day-to-day life and consequently, his buying behaviour. Since there are two broad groups of which an individual is part, we shall discuss group influence in two parts.

iii) Information from Various Sources

The buyer today is exposed to a veritable flood of information, unleashed by different sources. These sources inform him about new products and services, improved versions of existing products, new uses for existing products and so on. The information sources that persuade people to try a product include advertising, samples and trials, display in shops, and salesman's suggestions.

9. Analyze the parameters that different Rural Marketing and Urban Marketing.*Ans :*

The following are the parameters of differentiating urban and rural market

i) Infrastructure Availability

Electricity supply, media reach, availability of finance facility, education level, roads, connectivity, presence of organized markets; in rural market is very different from that of urban markets.

ii) Income Streams

The pattern of income generation in rural areas based on agriculture is seasonal and highly unreliable unlike the fixed monthly income in the urban areas. This creates a consumption pattern, which is different from urban one.

10. Discuss the challenges in Rural Market.

Ans :

There are various challenges that hinder the progress of rural market. Marketers face a number of problems like physical distribution, logistics, no proper and effective sales force and no effective marketing communication when they enter into the business of rural markets.

The following are the major problems faced in the rural markets:

i) Standard of Living

A large part of the population in rural areas lies below poverty line. Thus the rural market is also underdeveloped and the marketing strategies have to be different from the strategies used in urban marketing.

ii) Low literacy levels

The low literacy levels in rural areas leads to problem in communication with the market and the print media has less utility as compared to the other media of communication.

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Choose the Correct Answers

1. _____ involves the selling of rural products (like agribased) in urban/rural areas and urban products in rural areas. [a]
(a) Rural marketing (b) Urban marketing
(c) Business (d) NGOs
2. Starting point for understanding the buyer is _____. [b]
(a) Psychology (b) Stimulus response
(c) Purchasing power (d) None of these
3. The demand for goods and services in India depend(s) largely on _____. [b]
(a) Rainfall (b) Agriculture
(c) Income (d) All of these
4. A major portion of the rural population consists of _____ income groups. [a]
(a) Low (b) High
(c) Medium (d) All of these
5. Which quality of rice is in more demand? [a]
(a) Inferior quality (b) Medium quality
(c) Low quality (d) High quality
6. Many companies are now turning their attention to _____ markets. [b]
(a) Urban (b) Rural
(c) World (d) None of these
7. _____ distribution system can be used to penetrate the rural market. [a]
(a) Satellite (b) Selective
(c) Exclusive (d) Intensive
8. If done through _____ the rural marketing would be more effective. [b]
(a) Fairs (b) Village fairs
(c) Door to door campaign (d) All of these
9. For rural marketing _____ pricing is more suitable. [a]
(a) Penetration (b) Skimming
(c) Going rate (d) None of these
10. The rural marketing is not required because _____. [d]
(a) Rural people do not understand marketing
(b) Rural people do not understand marketing
(c) It is sheer wastage of time
(d) All are wrong

Fill in the Blanks

1. _____ is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market.
2. The speed of _____ improvement increases the buying capacity in people.
3. A large part of the population in rural areas lies below _____.
4. The low literacy levels in rural areas leads to problem in _____ with the market.
5. In rural market, _____ is the main source of income.
6. _____ are the biggest challenges in rural markets.
7. _____ is an important factor for rural consumers which determine purchasing decision in rural areas.
8. _____ is the primary source of livelihood for about 58% of India's population.
9. _____ marketing becomes an outstanding characteristic of the strategy of local economic development.
10. PMGSY Stands to _____

ANSWERS

1. Rural marketing
2. Technological
3. Poverty line
4. Communication
5. Agriculture
6. Transportation and supply chain management
7. Cost
8. Agriculture
9. Urban
10. Pradhan Mantri Gram-Sadak Yojana

Very Short Questions and Answers

1. Urban marketing.

Ans :

Urban marketing implies choosing some suitable ways of projecting and organising cities to meet the requirements of the target segments interested in urban development.

2. Characteristics of rural markets

Ans :

- Here agriculture is first and also the main source of income.
- This income is seasonal in nature and fluctuates as it depends on crop production.
- Though it is large, the rural market is geographically scattered.

3. Media model

Ans :

The ideal media model to reach rural audiences is to influence the opinion leaders first and win them over before targeting the rural masses, as the former guide the latter in their purchase decisions.

4. Characteristics of Rural Market.

Ans :

- i) Large, Diverse and Scattered Market
- ii) Major Income of Rural Consumers is from Agriculture
- iii) Heterogeneity
- iv) Standard of Living and Rising Disposable Income of the Rural Customers

5. Life-style Analysis

Ans :

Lifestyle analysis is important because it broadly defines and priorities the consumer needs in a market segment.

UNIT II

Rural Marketing Mix: Rural Marketing Mix – Additional Ps in Rural Marketing– 4As of Rural Marketing Mix – New Product Development for Rural Market – Rural Market Product Life Cycle – Objectives behind new product launch – New Product development process.

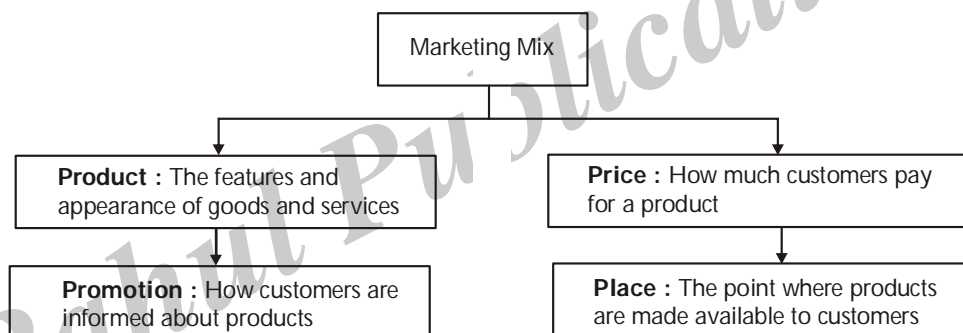
2.1 RURAL MARKETING MIX

Q1. Define the term Rural Marketing Mix.

Ans :

(Apr.-23)

The rural marketing mix is a specially designed marketing mix to target rural market effectively and efficiently. The products and promotions which were successful in the urban market need not necessarily be successful in the rural market. This doesnot imply that the Indian rural consumers are not open to new products, its just that they are distinct as consumers so the products should also be promoted accordingly.



Since behavioral factors of rural consumers are different and almost unpredictable in nature, the marketers have a challenging task to design marketing mix strategies for the rural sectors. Due to considerable level of heterogeneity, marketers need to design specific programs to cater needs and wants of specific groups.

Q2. Elaborate the various components of rural marketing mix with suitable examples.

Ans :

(Nov.-20, Dec.-18, Imp.)

The elements of rural marketing mix are as follows :

1. Product Mix

- Product is a powerful tool of an organization's success. The products must be acceptable to rural consumers in all significant aspects. The firm must produce products according to the needs and future demands of rural buyers.
- The product features like size, shape, color, weight, qualities, brand name, packaging, labeling, services, and other relevant aspect must be fit with needs, demands and capacity of buyers.
- Product must undergo necessary changes and improvements to sustain its suitability over time. The effectiveness of other decisions like pricing, promotion and place also depends on the product.

- The product must also prove to be useful and easy to use. It must appear to be tough and rugged in its overall outlook.
- Indian villagers may be less educated but they are innovative and they do not accept any new technology introduced to them just like that.

(a) Branding

Although rural buyers seek value, they are equally conscious of losing face in public. Rural audience is more cautious while purchasing a product that will be seen by others. They like to stick with products and brands that have higher social acceptance.

Making them change their product or brand is very difficult. There is higher brand loyalty among the villagers; once a brand finds acceptance in a community, village, region or state, it becomes very difficult to replace that brand. If the product is attached to some status, then surprisingly, villagers in some rural markets can also pay a limited premium for it.

(b) Packaging

The decision on packaging is influenced by the characteristics of consumers, affordability, cultural preferences, usage conditions and ability to read. These are clearly influenced by not just the income received, but also on when it is received and how it is utilized. It is influenced by the income stream and consumption.

Writing product's name in the local language can also make a difference in creating consumer awareness and making a sustainable customers-base. Color and convenience of package are very important. A significant percentage of the rural population in India is illiterate. But they do watch television and when they go to the shopkeeper for any specific product, they may not

be able to ask for a brand as it is advertised, but they try to recognize the product by its packaging. This is the reason why we found a number of local products available in village shops, imitating the packaging of big companies like lakme, parle, lux, etc.

(c) Stock Keeping Units (SKU)

Organizations should maintain a smaller number of stock keeping units for the rural market. As the rural retailer has a limited working capital, he might not be in a position to stock all the SKUs in a particular product category. Deciding upon the optimum number of SKUs is critical for achieving success in the rural markets.

Strategies

The specific strategies, which can be employed to develop or modify the products to target the rural market can be classified as following:

(a) Modified Product Designs

The research, manufacturing and marketing departments need to think in terms of new product designs specially meant for rural areas, keeping in view their life styles. The rural product usage environment is tough because of rough handling, rough roads and frequent power fluctuations. All these environmental factors must be considered while developing the products meant for the rural audience.

(b) Sturdy Products

The products meant for rural areas should be sturdy enough to stand rough handling, transportation and storage. Companies are researching on low cost computers, which are dust resistant, do not require an air-conditioned atmosphere and can not only handle voltage fluctuation, but also can operate on the battery for the rural market environment.

(c) Utility Oriented Products

The rural consumers are more concerned with the functional utility of the product than its appearance and sophistication. Therefore, unnecessary frills can be taken off the product for rural market as the rural consumer is not likely to use them and this will make the product more affordable too. This will also reduce the probability of breakdown, as service is a major issue in the rural areas.

(d) Brand Name

Brand awareness in the rural areas is fairly high. The only issue is that the brands are known differently than they are known in the urban market. Organizations can counter this by making original products available at rural retail outlets and Haats.

2. Price Mix

Price is the central element of marketing mix, particularly, for rural markets. Rural consumers are most price sensitive and price plays more decisive role in buying decisions.

Pricing policies and its strategies must be formulated with care and caution. Price level, discounts and rebates, then credit and installment facilities are important considerations while setting prices for rural specific products.

Normally, the low-priced products always attract the rural buyers, but rarely some rural customers are quality and status conscious.

Strategies

To be successful on a large scale in the huge rural market of India, organizations have to consider the following strategies:

(a) Large Volume-Low Margin: Rapid or Slow Penetration Strategy

Marketers have to focus on generating large volumes and not big profit margins on individual products. If they price their

product at a level which can lead to good volumes, then they can still generate good returns on the capital employed.

(b) Overall Efficiency and Passing on Benefits to Consumers

For rural products, the strategy should be to cut down the production, distribution and advertising costs and passing on these benefits to the customers to further increase the turnover. It has been observed that advertising has less to do with product sales in the rural areas.

(c) Low Cost or Value for Money Products

The price can be kept low by smaller unit packaging or re-engineering. No frill functional products at a low cost are perceived to have better value in the rural market than higher priced, value added products, with features that a rural consumer is not going to use.

3. Promotion Mix

- Rural markets are delicately powerful to cater to the rural masses.
- The promotion strategies and distribution strategies and Ad makers have learned to leverage the benefits of improved infrastructure and media reach.
- Most of the companies advertise their products and services on television and they are sure it reaches the target audience, because a large section of the rural India is now glued to TV sets. Marketers have to decide on promotional tools such as advertisement, sales promotion, personal selling and publicity and public relations.
- The method of promotion needs to meet the expectations of the market. Vehicle campaigns, edutainment films, generating word of mouth publicity through opinion leaders, colorful wall posters, etc. all these techniques have proved effective in reaching out to the rural masses.

- Village fairs and festivals are ideal venues for projecting these programs. In certain cases, public meetings with Sarpanch and Mukhiya too are used for rural promotion. Music cassettes are another effective medium for rural communication and a comparatively less expensive medium.

Strategies

Customized promotional media and messages need to be developed by the organizations to effectively target the rural market. The traditional media like radio, TV and newspaper, although reach the rural audience directly or indirectly, are not sufficient. The following strategies can be considered while developing promotional campaigns for the rural markets:

(a) Think Global Act Local

Rural population is diverse, but the commonalities of their ethos and simple living habits need to be understood for advertising to succeed. The theme of an advertisement needs to revolve around universal themes, such as family-love. The context, story line, language and idioms should be such that the rural audience of different rural market segments can relate to.

(b) Think in Local Idiom

There is need of advertising professionals who can think like the rural people. Then only can we have insights like 'Thanda matlab coca cola'. There is better scope for language writers who understands the rural and regional pulse better.

(c) Simplicity and Clarity

All promotional messages targeted at rural audiences need to be simple and clear, which can be easily understood, and they should not include any confusing elements. It is preferable that it has only a few propositions at one time. Promotional messages should highlight only the functional values of

the product and explain how those values can make the consumers life even better and solve any his problem.

4. Place

- Rural market faces critical issues of distribution. A marketer has to strengthen the distribution strategies.
- Distributing small and medium sized packets through poor roads, over long distances, into the remote areas of rural market and getting the stockiest to do it accordingly.
- Both physical distribution and distribution channel should be decided carefully to ensure easy accessibility of products for rural consumers. Choosing the right mode of transportation, locating warehouses at strategic points, maintaining adequate inventory, 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 are more suitable to serve scattered rural customers. Usually, wholesalers are located at urban and semi urban to serve rural retailers.
- Not only in backward states, but also in progressive states, local rural producers distribute directly to consumers.
- Rural markets imply complex logistical challenges that show up as high distribution costs.

Strategies

There is an absence of a well-organized, formal distribution network beyond the small towns. The strategies to ensure effective distribution for the rural areas

(a) Segmentation

The number of villages in India is huge and it is not viable to contact and serve all the villages directly. Companies or

distributors can carefully examine the market potential of different villages and target the villages that can be served in a financially viable manner through an organized distribution effort.

(b) Distribution up to Feeder Markets or Mandi Towns:

The feeder markets and mandi towns offer excellent scope for distribution, especially for consumer durables. The rural consumers visit these towns at regular intervals, not only for selling their agricultural produce but also for purchase of cloth, jewellery, hardware, radios, torch cells and other durables and consumer products. But consumer goods companies have to now think beyond these towns and block headquarters.

(c) Joint Distribution by Non-Competing Companies

At the cost of distributing the products in the rural market through distribution vans can be unviable for a single company, different non-competing companies can come together to jointly operate distribution vans for the rural market. This will enable them to share the cost of operating the van and on account of the sharing of the cost by four or five companies, the entire operation can become financially viable for all the players.

(d) Direct Contact with Rural Retail

Along with the efforts of wholesalers and dealers, companies need to have direct points of contact with retailers and sub-retailers in the rural areas if they want to have a strong network. There is no substitute for stretching direct communication to the village level.

(e) Haats

These are the places where the rural consumers congregate periodically as a rule. Haats are held on a particular day

of every week. These are places where there is a captive audience for a fairly long period and it is certainly beneficial to sell products with the help of an outdoor mobile publicity van, with audio and video equipments. The distributors in the area can utilize mobile traders to sell the products in haats and shandies.

(f) Agricultural input dealers:

as per the essential commodities act, fertilizers should be made available to the farmers within a range of four to five kilometers from their residence. That is why there are about two lakh fertilizer dealers in the country, both in cooperative and private sectors. These outlets can be used to market other products.

(g) Use of Cooperative Societies

There is at least one cooperative society of one form or the other, for every two to three villages. These societies are linked with higher-level societies at the taluk, district or state level. An agreement can be reached by the corporate sector with these cooperatives, for centralized procurement and distribution through their respective state level federations.

2.2 ADDITIONAL PS IN RURAL MARKETING

Q3. What are the Additional Ps in Rural Marketing?

Ans :

(May-19, Imp.)

A part from the conventional 4Ps, other Ps have also been suggested by experts, like Passion and Pace

1. Passion

Primarily, it represents an attitude, commitment and seriousness towards serving the consumers in the rural market place. It demonstrates the strength of will at all levels of the organization to tap the rural market

potential to its optimum level. The marketer, in order to be successful in the rural market, should blend his personal energy and passion with the traditional marketing mix. He must be passionate about being successful in the rural market. This is further made up of three dimensions:

(a) Passion to Earn Goodwill for the Company

A passion to earn goodwill in the rural market means attracting and retaining the rural consumers. The passion to produce, price, place and promote want satisfying goods and services will gain the goodwill of the people at large and ensure quick adoption of the product/service.

(b) Passion to Serve and Educate the Consumer

Rural consumers cannot be expected to automatically take to a new products built around innovative technologies. Organizations will have to make a special effort to educate the rural consumer with regard to product benefits so that he adopts a brand or product concept.

(c) Passion to give 100% to the Rural Marketing Effort

This means an all round commitment to target the rural market. The rural marketing effort will exist only on paper, to satisfy the desire of the top management and the ground reality would be a very patchy and halfhearted effort, the results of which can never be as per expectation. The rural market is generally blamed as one not yet having the potential to buy the products. And the story of the rural marketing effort has a sad ending for the organization.

2. Pace

- Products intended to be sold in the rural market need to be launched into the heart of the customers, at the pace required in the rural market and not at

the pace at which the company wants it to be. Whosoever reaches the rural retailer's shelf first is going to be successful in the rural market.

- A rural retailer can stock only one or two brands for each product category. His working capital and the storing space do not allow him to store numerous brands. He also knows his bargaining power, as consumers do not have any other option except to buy from him.
- Many a corporate merely talks of seeing an opportunity in the rural markets, but success will come only to those who have a passion to succeed in the tough terrain of the rural market and who possess the necessary pace to serve the rural markets.
- The rural markets can be reached and won only if an organization has the required passion and pace to beat the entrepreneurial energy of small, local and regional players, who are already well established in the rural market because of the better terms and margins they can offer to the retailer on account of their flexibility which is rooted in their quick decision making process.
- These local and regional players are passionately committed to these markets because they understand that their survival depends on them.

2.3 4As of Rural Marketing Mix

Q4. Discuss the 4A model of Rural Marketing Mix.

Ans : (Apr.-23, Nov.-20, Imp.)

Some of the marketing practitioners are adopting the 4As model, which is perceived to be more customer oriented. In the 4As model, all the elements of the 4Ps model are defined from the customer's point of view. The 4As of rural marketing are Affordability, Availability, Acceptance and Awareness, have been now universally accepted

both by practitioners and the academia, as touchstone for the success of any product or business strategy in the rural market.

1. Affordability

The affordability factor does not mean cheaper products, but designing products which match the needs of rural consumers, at a price that they feel, is value for money. The pricing has to take into account not only the income, but also the patterns in which the income is earned and making the consumer believe that the product is actually affordable and within their buying capacity.

2. Availability

Ensuring the reach of the products at the retailer's shelf is one of the most critical functions. Once the product reaches the shelves of the retailers first, it more or less ensures the sale of the product. This is because of lesser number of brands available at rural retail outlets, and influence of the retailer.

3. Awareness

In order to build the awareness of a product in rural India, the marketer has to use unconventional media and below the line activities, along with the commercials on the traditional media like TV, radio and the outdoor media. While building awareness, it is important to develop a message which the rural audiences in the different parts of India can relate to and empathize with.

Elements like color of packaging, logo and slogan have to be designed according to the rural context and highlighted prominently so that consumers who can't read in English or other languages can recognize the product at the retail point. They should be able to differentiate between the original and fake, and then only, the benefit of spreading the awareness will be reflected in the revenues of the company.

4. Acceptability

It is very important that rural consumers feel that the product is designed as per their needs and delivers effective solutions to their problems. The rural consumers see the value equation more closely than their urban counterparts. Therefore, they must feel that the product serves its purpose and then, they are ready to even spend something extra for the product.

When LG designed the Sampoorna TV, with the feature of graphics in the leading languages of India, instead of the typical English ones, it found very easy acceptance with rural consumers. LG was able to charge a premium of Rs.2000 over other national brands available in the market. This became possible because right from the brand name of the TV, everything LG did made the rural consumer accept the product as one made for them.

2.4 NEW PRODUCT DEVELOPMENT FOR RURAL MARKET

Q5. Explain the concept of New Product Development for Rural Market.

Ans :

- A prime need for any firm to emerge as a strong player in the rural market is by carefully identifying gaps in the rural market and crafting the right product offering for consumers.
- Needs and demand of rural consumer might be contrasting to that of urban consumer and therefore its necessary to hit the right chord when entering the rural market. The prime objective is to design products to suit rural requirements.
- Marketers are still trying and experimenting ways to successfully tap the rural arena, below are few product strategies which have been widely adopted and have proved themselves to work in the rural landscape:

(i) Small unit packing

This method has been tested by products like shampoos, pickles, biscuits, Vicks cough drops in single tablets, tooth paste, etc. Small packings stand a good chance of acceptance in rural markets. The advantage is that the price is low and the rural consumer can easily afford it.

Another example is the Red Label tea Rs. 3.00 pack which has more sales as compared to the large pack. This is because it is very affordable for the lower income group with the deepest market reach making easy access to the end user satisfying him. The small unit packings will definitely attract a large number of rural consumers.

(ii) New Product Designs

Keeping in view the rural life style the manufacturer and the marketing men can think in terms of new product designs.

For e.g. PVC shoes and chappals can be considered suited ideally for rural consumers due to the adverse working conditions. The price of P.V.C items is also low and affordable.

(iii) Sturdy Products

Sturdiness of a product is an important factor for rural consumers. The experience of torch light dry battery cell manufacturers support this because the rural consumers preferred dry battery cells which are heavier than the lighter ones. For them, heavier weight meant that it has more over and durability. Sturdiness of a product either or appearance is an important for the rural consumers.

(iv) Utility Oriented Products

The rural consumers are more concerned with utility of the product and its appearance Philips India Ltd. Developed and introduced a low cost medium wave receiver named BAHADUR during the early seventies. Initially the sales were good but declined subsequently. On consumer research, it was

found that the rural consumer bought radios not only for information and news but also for entertainment.

(v) Brand Name

For identification, the rural consumers do give their own brand name on the name of an item. The fertilizer companies normally use a logo on the fertilizer bags though fertilizers have to be sold only on generic names. A brand name or a logo is very important for a rural consumer for it can be easily remembered.

Many times rural consumers ask for 'peeli tikki' (Yellow Bar) in case of conventional and detergent washing soap. Nirma made a 'peeli tikki' (Yellow Bar) specially for those peeli tikki users who might have experienced better cleanliness with the yellow colored bar as compared to the blue one although the actual difference is only of the color.

Q6. Discuss the new product development process in rural market.

Ans :

Once a company has carefully segmented the market, chosen its target customer groups, identified their needs, and determined its desired market positioning, it is ready to develop and launch the appropriate new product. Any new product development passes through the following stages:

(a) Exploration Stage

- The focus of the new product development team is to generate different or as many new product ideas as it is possible.
- Market feedback and research, formal as well as informal, has a key role to play at this stage. The team looks into the suggestions that were received from the sales force, retail channel, business intelligence of competitors, R & D department, consultants or other credible sources of information, about the needs of actual and potential customers from a given product category.

- Different individuals present their new product development ideas at team meetings or according to the procedure that is established by an organization for exploring and forwarding new product ideas.
- The new product team has to first and foremost, compile and assimilate all new product ideas on a single format. The team members can translate or express these ideas in the form of very basic product concepts.
- The basic objective is to segregate the process of idea generation and idea evaluation. Analysis or discussion on the new product ideas should not start until all possible new product ideas have been expressed and recorded.

(b) Screening Stage

- Different basic product concepts, developed during the exploration stage, are put forward for evaluation in the screening stage.
- It is an elimination process where the basic product concepts are screened in order to eliminate those which appear to be outrightly non-feasible or which are out of line with company objectives.
- This stage in the process also filters those ideas for which either the organization do not have resources to pursue, or those which carry an unacceptable level of risk.
- Different product concepts compete with one another on the basis of their strengths and weaknesses and also on the basis of opportunities and threats they are likely to face in the market.
- Screening is executed by a range of specialists from different departments of the organizations forming a part of the product planning group. These specialists provide their perspective to the ideas that were suggested in the

exploration stage with regard to their feasibility on the basis of their functional expertise.

- The vital criteria for the evaluation of the suggested ideas at this stage are as follows

(i) Nature of Demand

The demand for a product that will be developed on the basis of the suggested idea is further analyzed in parameters like:

- What will be the target market?
- How large can be demand be?
- What will be the consistency of demand over a period of time?
- What are the growth prospects?

(ii) Compatibility

To examine the compatibility of a new product idea with the nature of the organization and what it is doing:

- Whether the new idea matches with the corporate objectives?
- How is it likely to impact the existing product lines?
- How easy or difficult it will be to incorporate the new idea with the existing strategies and work processes?

(iii) Resources

The availability or non-availability of the resources required is very critical in the evaluation of an idea at the screening stage:

- What amount of money, time and technological capability will be required to develop the new product on the basis of the suggested idea?
- Whether the company has the resource capacity to pursue the idea and develop the product effectively?
- What will be the opportunity cost of pursuing a particular idea or the cost of foregoing other ideas?

(iv) Competition

The potential or actual competitive situation that the product idea will face is also analyzed by the product development team on factors like:

- What are the competing alternatives to the product idea?
- What is the nature of the industry and competition for the proposed product?
- What are the strengths, weaknesses, opportunities and threats that are associated with the product idea in the present competitive scenario?

The important thing to be considered at this stage, while developing products for the rural market, is to give weightage to the opinion of the people who have a rich experience in the rural market, on account of their direct interface with the rural retailers and consumers.

(c) Detailed Value Offering Evaluation:

- After the screening stage, only a few basic product concepts are left for consideration. The time to develop the detailed product specifications about the new product in order to know what the actual product will be like.
- On the basis of the detailed product specifications the overall value that a product is likely to deliver to the consumer can be figured out. These specifications also give a brief idea about the cost and tentative price of the potential product. Product and price are the two variables that determine the value of the product for the consumer.
- The value proposition of a product that is being developed for the rural market, should be in accordance with the needs of the rural consumers.

Some of the criteria for evaluation at this stage could be as follows:

- The product should be a need satisfying solution
- It should be simple and easy to use
- Convenient to store
- Tough and solid appearance
- The product must be affordable
- As per rural product usage environment

(d) Business Analysis

On the basis of the product proposition and the tentative price of the product, the product development team tries to figure out the financial analysis and competitive marketing strengths of the product. This helps to determine the potential profitability of the product.

On the basis of the business analysis, it is decided whether the product concept is a financially profitable or feasible proposition or not. Marginal ventures get eliminated at this stage before the costly process of product development actually starts.

Some of the organizations have set parameters for business analysis that a product concept must justify in order to be approved.

(e) Product Development

After the top management approves a particular product concept on the basis of a detailed business analysis, the development of a product prototype starts. This development might be executed in a research lab, in an existing plant of the company or in a pilot plant exclusively set to develop the product prototype. It is at this stage that the concept on the paper is transformed into a product in hand.

(f) Development of Marketing Mix

Product and brand managers along with other experts, at this stage, start with the development of a detailed marketing mix for the product.

(i) Product

The decision on product variants, packaging, color, logo and brand name are taken at this stage. Color and packaging of products intended for rural markets should also be in accordance with the taste of the rural consumers.

(ii) Promotion

The promotional strategy is developed by selecting the media vehicles, unique selling proposition, punch line etc.

(iii) Price

The decisions on retail price, dealer and retailer margins etc. are taken at this stage. The personal computer planned for the rural market, which is based on a specially designed platform by Intel, comes installed with a certificate-based access, allowing banks to verify the validity of installment payments against the purchase of the PC.

(iv) Place

Decisions are taken on how the product will be made accessible to the final consumer. This is a critical decision for the products that are to be marketed to the rural consumers.

(g) Product Testing

It is a process to validate the product capability on different parameters, described as follows:

(i) Product Testing

It involves testing the product's operational or performance capacity under controlled conditions. It provides information about product performance under different conditions or about the existence of technical faults or defects. Organizations can take corrective measures to remove the faults or upgrade the performance of the product before it is formally launched in the market.

(ii) Concept Testing

It is undertaken to solicit consumer response to the product concept in a limited markets considered to be representative of the wider market. It determines the degree of acceptability of the consumer for the new product concept. For this, the entire product concept is presented to the customers so as to have their reactions, in order to understand whether it might be successful or not in the commercialization stage.

(iii) Test Marketing

This is done by selling the product in limited markets, that too under close observation. It is here that the entire marketing mix is tested. It demonstrates how the product is competing with the existing direct competitors or substitute products. This also depicts the performance of the product in actual conditions. The organization can come to know whether it is performing up to their expectations or not.

At the test marketing stage, the following decisions have to be made:

- The nature of sample
- The size of sample
- Length of time is appropriate to have valid and reliable results

(h) Commercialization or Launch

This is the stage when the new product is actually launched in its target market place, for executing an exchange with the consumers. Organizations try to generate some kind of publicity for the product at the commercial launching stage, highlighting the novelty of the product concept, background for the need for the product or the celebrity that is involved with the commercial launch of the product, along with their direct promotional efforts.

Those organizations that want to effectively tap the rural market, will have to

study the rural context or product usage environment, needs of rural consumers, existing gaps in the markets that are not being served by other organization and then, will have to develop products exclusively for this market.

The rural consumer is different, his product usage environment is different and therefore, the professionals who are involved in new product development for the rural markets have to consider the needs of rural consumers, which are unique and different from the urban consumers.

2.5 RURAL MARKET PRODUCT LIFE CYCLE

Q7. What do you mean Product Life Cycle and what are the different pricing strategies to be followed in each stages in rural marketing?

(OR)

Enumerate the stages of Product Life Cycle.

(OR)

Write the strategic considerations in the rural market product life cycle concept.

(OR)

Explain the various stages of rural product life cycle.

(OR)

What are the stages of rural market product life cycle?

Ans : (Apr.-23, Nov.-21, May-19, Dec.-18, July-18, Imp.)

Introduction

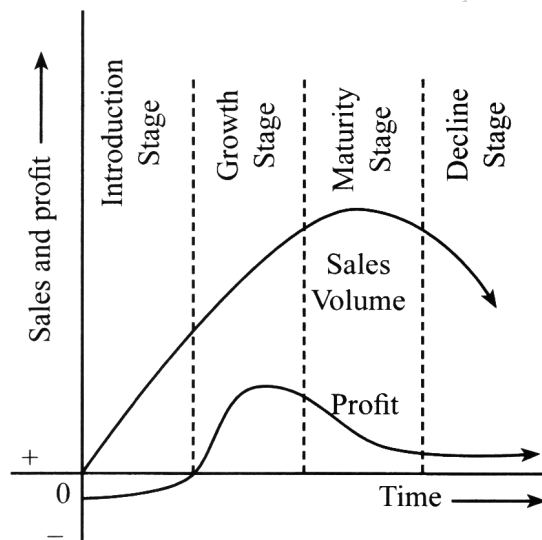
Products or product categories pass through different stages right from when they are first introduced in the market to a time when their decline becomes imminent in a given market. This journey of product categories is conceptualized through the model known as product life cycle (PLC).

PLC represents the sequence of stages through which a product or product category passes through over a period of time from the moment when it is introduced in the market for the first time to a stage of a decline when it is withdrawn from the market.

Stages

There are four stages of PLC:

- (i) Introduction
- (ii) Growth
- (iii) Maturity
- (iv) Decline



The duration of the cycle from introduction to decline varies from one product category to another. Some products have a very short product life cycle whereas it could be very long for others. The duration of product life cycle is determined by the following factors:

- (a) Market conditions
- (b) Growth of particular market segment
- (c) Trends in buyer's spending capacity
- (d) Technological developments in the industry
- (e) Company policy of planned product obsolescence.

Product life cycle is an important tool to plan different marketing strategies and implement modified marketing mix during different stages of PLC, by charting the life of product through different phases. It is important to understand how this concept manifests itself in the rural market of India for different life cycle stages in different sectors like: consumables, consumer durables, services and agricultural input industries.

1. Introduction Stage

This is the first stage when the product is introduced in the market for the first time. The characteristics of this stage can be described as follows:

- (a) Growth is slow
- (b) Sales volume is also low
- (c) Product awareness is limited
- (d) High marketing cost on account of cost associated with launch of the product and setting up of the distribution network
- (e) Profits are unlikely at this stage.

Marketing Strategies

Organizations whose products are in the introductory stage in a particular rural market segment can follow:

(a) Product Strategies

➤ Smaller Packages

In order to create an opportunity for rural consumers to try new products, it can be launched in small trial packages. This strategy can be very successful in the situation when product category is being introduced to the rural consumers for the first time.

(b) Place Strategies

➤ Creation of Distribution Networks

Organizations need to encourage the distributors to stock the product. Companies need to

develop channel promotion strategy through offers, schemes or discounts.

(c) Promotion Strategies

➤ Edutainment

While the new product or concept is introduced in the rural market segment for the first time, the approach for promoting it should be to generate awareness about the product by educating the potential customers about the likely benefits of the products on a rational basis. The focus should be such that the consumers can readily understand the product benefits. This can be done through live product demonstrations.

(d) Reaching the Opinion Leaders

There are different opinion leaders in the rural markets. Organizations need to target these opinion leaders because once they are convinced then they make others agree, as their advice does matter to the people around them in that area.

(e) Targeting the Innovators or Early Adopters

Marketer should target the people who are likely to be more receptive to new concepts and those who can take a bit of risk to try a new product.

(f) Category Growth

The competition is very less at this stage, the focus of the organization should be to develop and promote the product category by highlighting the benefit of the product concept in general.

2. Growth Stage

As the significant percentage of market becomes aware of the product and its benefits and the product gets established, the growth stage of PLC starts.

Characteristics of Growth Stage.

- Rapid growth in sales and profits
- Economies of scales for the production.
- Even lower prices are possible on account of lower cost of production which lead to additional growth
- Seeing the growth in a product category, the competitors move in the market.

Marketing Strategies

Some of the marketing strategies that can be employed during the growth stage as follows:

Product Strategies

(i) Brand Reinforcement

The focus of promotion, which was educating the customers about product benefits and product category growth in the introductory stage, changes to brand specific reinforcement, so that existing users keep on using the brand or even start recommending it to the new users.

(ii) Modification or value addition in the Product Design

In order to be different and better from the increasing number of competitors, organizations introduce modification in the product as per the needs of the consumers by adding some features or support services.

Pricing Strategies

➤ Lowering the Price

The organizations that were going with skimming strategy to cover higher per unit cost of product and to absorb higher promotional and brand building expenditure in the introductory stage can now lower down their price. This is possible at this stage because there are economies of scale due to the significant increase in sales. This will attract new set of buyers who were not considering the product proposition earlier as it was a bit costly according to them.

The decision to lower the price can also be taken with an objective to deter the potential competitors so that they are not be in a position to deliver the products or services at that price.

Place Strategies

➤ Strengthening Relationship with Distribution

It is vital for the organization to strengthen the relationship with the distributors even further by offering more discounts or by providing additional sales support. This is done in order to encourage the distributors to have an aggressive approach in the market in face of increasing competition.

➤ Deepening the Penetration

If the organization was not tapping some of the rural market segments earlier in the introductory stage, these can be added now because the organization has promoted the product concept, built the brand and even lowered down the prices at this stage.

Promotion Strategies

➤ Increase in Promotional Budget

In order to counter the increasing number of competitors company needs to promote the brand aggressively in the market. The focus has to be on consolidating the position for the brand of the company in the market. This investment then pays off in the maturity stage.

3. Maturity Stage

When the strong growth in sales figure diminishes and price and product competition becomes even more intense, the arrival of the maturity stage is signaled. It is the most common stage as most of the products remain in this stage globally for a considerable long time.

Marketing Strategies➤ **Elongate the Maturity Stage**

It is imperative to sustain the customer's interest in the product category so that the maturity stage can be extended for as long as one can. This not only milks good profit for the organization, but also saves the product from entering into decline stage.

Product Strategies➤ **Revitalize the Product**

The focus at this stage is , how to maintain the interest of the consumers in the product category. Organization can revitalize the brand by adding to it interesting features in order to update the product. Companies can alter the shape, launch new packaging or introduce new flavours.

➤ **Product Differentiation: to avoid Commoditization of Brands**

As there is severe competition, there are chances that brands become almost similar and lose their advantage over the other competing brands. In such situations consumers look for lower priced options and then the price wars can start which can commoditise the brands. Organization need to strengthen the perception that their product is better and different from others.

The focus should be on improving the quality of the products and adding features to create product differentiation. The features that are added should be rationally appealing to the consumers. The same time focus should be on either lowering the price or at least maintaining the reference price points through different approaches like: lowering the procurement cost, process re-engineering, lowering promotional cost per unit, reducing the package size etc.

➤ **R & D to Enhance Features**

Organizations at this stage need to enhance features in order to improve efficiency and quality of the products and services. The focus of research and development efforts at this stage needs to be in the area to add meaningful differences to the products and services.

Promotion Strategies➤ **Modification in Promotion-Mix**

Companies can alter the promotion-mix in order to make the product appear to be novel and contemporary, although it has been there in the market for a considerable time.

➤ **Brand repositioning**

Companies might decide to reposition the brand to add new market segments or to suggest new uses for the same product to the same market segment.

Place Strategies➤ **Deepen the Distribution Network**

At this stage, organization needs to think of innovative ways in which it can profitably take its products and services to those rural market segments, which are earlier not targeted by it. Organization needs to ensure that as the product concept is fully accepted by the consumers, now consumers should have easy access to its brands.

➤ **Incentives to Channel Partners**

Distribution channel representatives can be provided with additional incentives to motivate them for giving preference to the organization's products and services.

Price Strategy➤ **Lowering Prices**

Most of the organizations lower their prices in order to target the consumers who might not be considering to buy the products and services in the previous stages.

4. Decline Stage

Decline of product category is quite imminent, because it is not possible to extend the maturity stage endlessly. Some of the product categories like toothpaste are in maturity stage for so many years but still they cannot be considered immune from declining stage.

Decline of product categories can be caused to some extent by change in the consumer preference. With increased preference for washing clothes in a washing machine the role of washing soaps was taken over by detergents to a great extent in selected urban market segments.

Marketing Strategies

(i) Rejuvenate the Product

Revive the Product by Adding Additional Features

By making significant modification in marketing-mix, organization can attempt to revitalize the product at least in the short run. Companies need to timely realize that product is going to eventually die, so they should not see it as a long term solution, but as a last resort to get out of it and move to new product category, going to replace the demand for this product category.

(ii) Harvest the Product

This strategy means to gradually phase out the product that is slowly approaching a certain death.

- Offering the product to loyal niche segments
- Find new applications for the product
- Link the product with other products
- Brand harvesting
- Maximum efficiency in marketing and production programmes

(iii) Liquidate the Product

In order to move out of the product category quickly organizations have the third strategic

option of liquidation. Company can sell their manufactured products at reduced prices to liquidate the inventory and discontinue any further production. If the organization cannot sell the products in the existing market, they can try to do the same in other markets.

2.6 OBJECTIVES BEHIND NEW PRODUCT LAUNCH

Q8. Discuss the Objectives behind new product launch.

(OR)

Discuss the objectives for a new product launch.

(OR)

What are the major objectives behind launching of new product in rural areas?

Ans : (Apr.-23, Nov.-21, May-19, Dec.-18, Imp.)

The major objectives behind launching of new product in rural areas are as follows,

- (i) To effectively meet the changing requirements / demands of the consumers.
- (ii) To effectively compete with the new products introduced by the competitor.
- (iii) To broaden company's product range or product line.
- (iv) To be in line with technological changes in environment which helps in launching new products.
- (v) To increase the profit of the firm by raising the sales.
- (vi) To avoid fluctuations in the profit levels, the company plans to maintain various products at different stages of Product Life Cycle (PLC). This is to make sure that a product of maturity stage can support the products of introduction or growth stage before the product reaches the decline stage.

- (vii) Sooner or later, a product has to go in to the decline stage of their PLC, so it is normal to launch a new product in the market to continue the smooth conduct of a firms activities.
- (viii) Multi product businesses are more secured in globalized environment than single product business. By extending the investments across different product ranges, a firm can lower the risk of losing the entire business.

Q9. Differentiate between the different stages of PLC.

Ans :

S.No.	Nature	Introduction Stage	Growth Stage	Maturity Stage	Decline Stage
1.	Sales	Very low sales volumes	Increasing sales volumes	High sales volume	Decreasing sales volume
2.	Costs	High cost per consumer	Average cost per consumer	Low cost per consumer	Low cost per consumer
3.	Profits	Negative or no profits only investment.	Increasing profit with low investments	Very high profits and no investments	Decreasing profits
4.	Customers	Innovators	Early adopters	Majority	Laggards
5.	Competitors	Very few or sometimes no competitors	Competitors increases in number	Competitors begin to decrease	Decreasing competitors
6.	Product	Basic product	Product with after sales services, warranties etc.	Introduces new models and brands	Drops the weak products
7.	Pricing Strategies	Markup pricing strategy	Penetration pricing strategy	Competition based Pricing strategy	Price cut pricing strategy
8.	Distribution	Launches selective distribution	Launches intensive distribution	Launches more intensive distribution	Shut downs the outlets which are not profitable.

2.7 NEW PRODUCT DEVELOPMENT PROCESS

Q10. Explain the marketing New products in Rural areas.

Ans :

(Dec.-18)

When a company launches a new product in the rural market, it needs to marketize the product using the four major pillars of marketing i.e., Product, Price, Place and Promotion.

When it comes to Product, Rural consumers have demands and requirements which are different from urban consumers. Therefore, the company should focus on product features such as design, style, durability, simplicity, packaging, colour etc to attract the rural customers.

The company should also consider the 'Price' of the product while marketing a new product in rural market because rural customers are price-conscious. New product can be promoted by adopting appropriate pricing strategies such as distributing free samples, providing introductory price offers, providing quantity discounts etc. The products offered in small packs have a better chance of gaining acceptance because of their affordability.

'Promotion' plays a very important role in marketing the product. The company can use different media vehicles like television, newspaper, radio, posters, banners, wall paintings etc to advertise the product. Haats and melas offer a major rural marketing infrastructure in India. In such markets, company gets an opportunity to demonstrate its products directly to the consumers which in turn increases the company's sales. Companies can also conduct road shows to grab the attention of consumers.

2.7.1 Process

Q11. Explain the process of new product development.

(OR)

Write a brief note on New Product development process.

(OR)

Illustrate the various stages of new product development process for rural markets.

Ans :

(Apr.-23, Imp.)

For answer refer to Unit-II, Q.No. 6

Q12. The new product development process is critical for rural marketing.

Ans :

New product development process is critical/difficult in rural market because there are many challenges involved in introducing new products in rural areas.

The challenges involved in new product development in rural market are,

1. Transportation facilities in rural areas are not very well developed. Thus, it is a challenge for the marketers to maintain a smooth supply chain in the rural markets for new products.
2. Availability of insufficient research data regarding the perspectives, intentions and perceptions of rural people act as hurdle in new product development.
3. Lower income levels of people in rural areas makes marketers hesitate to invest in new product development for rural areas.
4. Rural market is wide and scattered. The new product developed may not reach each and every corner of rural area.
5. Heterogeneity with respect to tastes and preferences of rural people act as hurdle in new product development.
6. Seasonal and irregular demand in rural areas makes the new product development process difficult.
7. Rural customers lack desire for a new life style due to which marketers hesitate to develop new product in rural areas.
8. People in rural areas show resistance to change. So, introducing new product in rural market becomes a challenge for marketers.

Short Questions and Answers

1. Enumerate the stages of Product Life Cycle.

Ans :

(i) Introductory Stage

This is the first stage when the product is introduced in the market for the first time.

(ii) Growth Stage

As the significant percentage of market becomes aware of the product and its benefits and the product gets established, the growth stage of PLC starts.

(iii) Maturity Stage

When the strong growth in sales figure diminishes and price and product competition becomes even more intense, the arrival of the maturity stage is signaled. It is the most common stage as most of the products remain in this stage globally for a considerable long time.

(iv) Decline Stage

Decline of product category is quite imminent, because it is not possible to extend the maturity stage endlessly. Some of the product categories like toothpaste are in maturity stage for so many years but still they cannot be considered immune from declining stage.

2. What are the Additional Ps in Rural Marketing?

Ans :

A part from the conventional 4Ps, other Ps have also been suggested by experts, like Passion and Pace

(i) Passion

Primarily, it represents an attitude, commitment and seriousness towards serving the consumers in the rural market place. It demonstrates the strength of will at all levels of the organization to tap the rural market potential to its optimum level. The marketer, in order to be successful in the rural market, should blend his personal energy and passion with the traditional marketing mix. He must be passionate about being successful in the rural market. This is further made up of three dimensions:

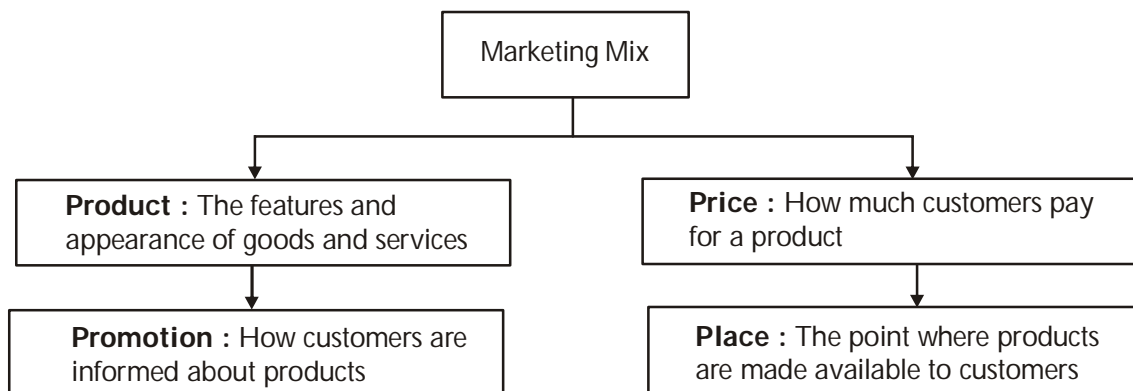
(ii) Pace

Products intended to be sold in the rural market need to be launched into the heart of the customers, at the pace required in the rural market and not at the pace at which the company wants it to be. Whosoever reaches the rural retailer's shelf first is going to be successful in the rural market. A rural retailer can stock only one or two brands for each product category. His working capital and the storing space do not allow him to store numerous brands. He also knows his bargaining power, as consumers do not have any other option except to buy from him.

3. Define the term Rural Marketing Mix.

Ans :

Marketing mix comprises of various controllable elements like product, price, promotion and place. Success of any business enterprise depends on marketing mix and these four elements are like powerful weapons in the hand marketers.



Since behavioral factors of rural consumers are different and almost unpredictable in nature, the marketers have a challenging task to design marketing mix strategies for the rural sectors. Due to considerable level of heterogeneity, marketers need to design specific programs to cater needs and wants of specific groups.

4. Discuss the 4A model of Rural Marketing Mix.

Ans :

Some of the marketing practitioners are adopting the 4As model, which is perceived to be more customer oriented. In the 4As model, all the elements of the 4Ps model are defined from the customer's point of view. The 4As of rural marketing are Affordability, Availability, Acceptance and Awareness, have been now universally accepted both by practitioners and the academia, as touchstone for the success of any product or business strategy in the rural market.

(i) Affordability

The affordability factor does not mean cheaper products, but designing products which match the needs of rural consumers, at a price that they feel, is value for money.

(ii) Availability

Ensuring the reach of the products at the retailer's shelf is one of the most critical functions. Once the product reaches the shelves of the retailers first, it more or less ensures the sale of the product.

(iii) Awareness

In order to build the awareness of a product in rural India, the marketer has to use unconventional media and below the line activities, along with the commercials on the traditional media like TV, radio and the outdoor media. While building awareness, it is important to develop a message which the rural audiences in the different parts of India can relate to and empathize with.

5. Discuss the Objectives behind new product launch.

Ans :

(i) Differentiate Product

Establish how your product is different than competing products. If consumers see product parity – that is, that your product is just one among several other choices that do or offer the same thing – they might try it at first, especially at an introductory price, but there has to be a compelling reason for them to clamor for it and then stick with it. An example of a differentiation objective might be, "Clearly establish three key differences between our product compared to the competitor." Use

research after you launch your product to measure whether your customers remember these differences.

(ii) Promote Solution

Presumably you have developed a product that people need, one that solves a problem or fulfills a desire. Being able to demonstrate to the public how your product is the answer to their problems or unfulfilled wishes is important in your new product introduction. Sometimes it means pointing out a problem to them that they didn't know existed; for example, before smartphones, people accepted that they could only access email from their computers. An objective might be, "Obtain at least three major media endorsements through product demonstrations showing that our product works."

(iii) Acquire Customers

The quicker you can get customers, the closer you are to those customers influencing others. Decide who your early customers — the early adopters — are likely to be and focus your product launch marketing messages on them. Many potential customers will be slow to buy, so don't waste your launch money on them; rather, let the early purchasers influence them through word of mouth. Offer incentives to buy early through sales promotions as well as appealing to a desire to have something new or better than what currently exists. A marketing objective might be, "Sell out of the product within 45 days of product introduction."

6. New Product Development.

Ans :

New product development (NPD) is the process of bringing a new product to the marketplace. Your business may need to engage in this process due to changes in consumer preferences, increasing competition and advances in technology or to capitalise on a new opportunity. Innovative businesses thrive by understanding what their market wants, making smart product improvements, and developing new products that meet and exceed their customers' expectations.

7. Significance of Distribution.

Ans :

Distribution can make or break a company. A good distribution system quite simply means that the company has a greater chance of selling its products more than its competitors. The company that spreads its products wider and faster into the market place, at lower costs than its competitors, will make greater sales, absorb raw material price, rise better and last longer in the tough market conditions. Distribution is critical for any type of industry or service.

8. State the criteria for evaluation of value proposition of a product.

Ans :

The criteria for evaluation of value proposition of a product are as follows,

1. The product must be simple and easy to use.
2. It should satisfy consumer needs without any frills.
3. It should be affordable.
4. It should be easy to store.
5. The usage of product must be according to the rural environment.
6. It should be tough and have solid appearance.
7. The product must have urban representation, comfort and feel.

9. What do you mean by Market Testing?*Ans :*

Market testing of a new product is the most significant part of the process as it decides the performance of product in the market. In case of rural markets, it plays an important role because the risks of failure are always high. Many businesses neglect the fact that market testing expenses are negligible when compared to the actual expense of the product development. The product must also be evaluated in various regions, as customers reactions in different areas may be different due to the socio-economic and physical characteristics of the region.

10. What is Awareness in Rural Marketing Mix?*Ans :*

Awareness is consumers having adequate knowledge about the product and it plays a key role in the successful sales of the product. Without proper knowledge and awareness of product, no consumers can make purchases. So the marketers needs to efficiently advertise their products specially in rural areas to create awareness among customers through TV commercials, radio, internet etc. Alternative rural means of communication also play an important role developing interest among rural consumers. Some points which needs to be considered while creating awareness are,

1. The design, packaging, colours, slogans etc has to be designed as per the rural markets.
2. The use of native language, or simple english can be used.
3. Such logos which easily differentiate the products with another products can be used.
4. For the consumers who are illiterate or who can't read, the product should be design in such a way that these customers can easily identify the products in retail stores.

Choose the Correct Answers

1. A major portion of the rural population consists of _____ income groups. [a]
(a) Low (b) High
(c) Medium (d) All of these
2. Many companies are now turning their attention to _____ markets [b]
(a) Urban (b) Rural
(c) World (d) None of these
3. _____ distribution system can be used to penetrate the rural market. [a]
(a) Satellite (b) Selective
(c) Exclusive (d) Intensive
4. If done through _____ the rural marketing would be more effective. [b]
(a) Fairs (b) Village fairs
(c) Door to door campaign (d) All of these
5. For rural marketing _____ pricing is more suitable. [a]
(a) Penetration (b) Skimming
(c) Going rate (d) None of these
6. The rural marketing is not required because _____ [d]
(a) Rural people do not understand marketing
(b) Its not practical from the cost point of 2 view
(c) It is sheer wastage of time
(d) All are wrong
7. Marketing research is a part of _____ stage of rural marketing strategy. [a]
(a) Planning (b) Execution
(c) Feedback (d) None of these
8. Markets popularly known as haats and shandies are _____ markets. [a]
(a) Rural (b) Urban
(c) National (d) None of these
9. General rural markets where rural /tribal people gather once or twice a week on a fixed day to exchange/to sell their produce is called _____ [a]
(a) Regular periodic market (b) Seasonal market
(c) Daily market (d) Rural market
10. Markets located in the heart of the region specializing in few crops like banana, onions etc are called _____ [b]
(a) Regular periodic market (b) Seasonal market
(c) Daily market (d) Rural market

Fill in the Blanks

1. _____ is a powerful tool of an organization's success.
2. _____ audience is more cautious while purchasing a product that will be seen by others.
3. _____ is the central element of marketing mix,
4. The _____ factor does not mean cheaper products, but designing products which match the needs of rural consumers.
5. _____ of product category is quite imminent.
6. NPD stands for _____
7. The _____ strategy is developed by selecting the media vehicles, unique selling proposition, punch line etc.
8. _____ comprises of various controllable elements like product, price, promotion and place. Success of any business enterprise depends on marketing mix and these four elements are like powerful
9. _____ awareness in the rural areas is fairly high.
10. The decision on _____ is influenced by the characteristics of consumers, affordability, cultural preferences, usage conditions and ability to read.

ANSWERS

1. Product
2. Rural
3. Price
4. Affordability
5. Decline
6. New product development process
7. Promotional
8. Marketing mix
9. Brand
10. Packaging

Very Short Questions and Answers

1. Product Life Cycle.

Ans :

PLC represents the sequence of stages through which a product or product category passes through over a period of time from the moment when it is introduced in the market for the first time to a stage of a decline when it is withdrawn from the market.

2. Characteristics of Growth Stage.

Ans :

- Rapid growth in sales and profits
- Economies of scales for the production
- Even lower prices are possible on account of lower cost of production which lead to additional growth
- Seeing the growth in a product category, the competitors move in the market.

3. Rejuvenate the Product.

Ans :

Revive the Product by Adding Additional Features

4. Commercialization.

Ans :

This is the stage when the new product is actually launched in its target market place, for executing an exchange with the consumers.

5. Test Marketing

Ans :

It demonstrates how the product is competing with the existing direct competitors or substitute products.

6. What are the focus areas in Introduction Stage?

Ans :

The main areas which need to be focused under introduction stage are,

- (i) To focus on creating awareness among the rural customers about the features, advantages, usage of the product.
- (ii) To focus on setting up efficient distribution channels networks.

7. Who are Opinion Leaders?

Ans :

Opinion leaders here can be described as those people whose opinions and thought are capable of convincing the other people around them. So the firms or marketers should focus on targeting and convincing the opinion leader for attracting the.

8. List out the strategies used in developing promotional campaigns.*Ans :*

To develop promotional campaigns, the below strategies can be used,

1. Simplicity and clarity
 2. Think in local idiom
 3. Narrative story style
 4. Think global, act local
 5. Choice of brand ambassador
-

9. Write about Affordability in Rural Marketing Mix.*Ans :*

Affordability is a state where in a customer can easily buy/purchase a product/service within their financial means.

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UNIT III

Rural Market Brand & Channel Management: Brand Loyalty in Rural Market – Regional Brands Vs National Brands – Channel Management – Indian Rural Retail Market – Rural Retail Channel Management – Strategies of Rural Retail Channel Management.

3.1 BRAND LOYALTY IN RURAL MARKET

Q1. What is Brand and Brand Loyalty?

Ans :

(July-18)

Brand

A brand refers to a name, term, sign, symbol or special design or some combination of these elements that is intended to recognize the goods/services of a seller. A brand differentiates a product from the product of its competitors.

If a company treats a brand only as a name, it misses the point of branding. The challenge in branding is to develop a deep set of meanings for the brand.

Brand Loyalty

Brand loyalty is the positive association consumers attach to a particular product or brand. Customers who exhibit brand loyalty are devoted to a product or service, which is demonstrated by their repeat purchases despite competitors efforts to lure them away. Corporations invest significant amounts of money in customer service and marketing to create and maintain brand loyalty for an established product.

Coca-Cola Company is an example of an iconic brand that has resulted in customers demonstrating brand loyalty over the years despite Pepsi's products and marketing efforts.

- Brand loyalty is demonstrated by repeat purchases of a product even when the consumer has choices of competing alternatives.
- Marketing campaigns are designed to nurture brand loyalty.

- Brand loyalty can evaporate when consumer trends change, but the product doesn't.
- Brand loyal customers commit to a brand without respect to price.
- Although the internet presents many choices, it also provides a new opportunity for companies to enhance their image and build meaningful relationships with customers. Loyal customers are the ones who will purchase the same brand regardless of convenience or price. These loyal customers have found a product that meets their needs, and they're not interested in experimenting with another brand.
- Most established brand name products exist in a highly competitive market overwhelmed with new and old competing products, many of them barely distinguishable. As a result, companies employ many tactics to create and maintain brand loyalty. They spend their advertising budgets on messages targeted at the segment of the market that includes their loyal customers and like-minded people who could become loyal customers.
- Marketing departments follow consumer buying trends closely and work to build relationships with their customers through active customer service. Consumer trends are the habits and behaviours exhibited by consumers regularly and over time. Some trends are static, but most trends evolve. Companies collect and analyze data on customer spending habits to better understand how to market their product. Marketers track changes in trends and create a corresponding marketing campaign to help the company acquire and keep the brand's loyal customers.

Q2. What are the factors determining brand loyalty?*Ans :* (Imp.)

Several Researches explained that brand attributes plays important role in a consumers decision-making process seven factors that makes consumers brand loyal towards certain brands. These factors are described by following headings.

1. Product Quality

When a product satisfies stated or implied needs with its features and characteristics it is called product quality (or) we can use the term "fitness for use" (or) "conformance to requirement" to define product quality. The main reason of repeated purchase of single brands or switching around several brands from consumer is due to the tangible quality of the product offers. Factors of product quality include colors, Size, good materials, performance that is claimed by the product. In sportswear industry functional quality can be viewed as it should be lightweight, waterproof, anti smell, anti sweat, anti-microbial and most importantly it should be durable.

2. Price

Cadogan and Foster (2000) in his study viewed that price for the average consumer is probably the most important consideration. Brand loyal consumers tend or willing to pay a high price for their favorites brand. So for this type of consumers, price factor does not affect their purchase intention. Loyal customers are in the position to pay a premium price even if the price has increased because the perceived risk with other brands is very high and they agree to pay a higher price to avoid the risk of any change.

3. Advertising

Advertising is a form of communication with consumers. It includes advertisement, sales promotion, personal selling. Advertising helps to increase a consumers' image towards the brand, change beliefs and their attitude towards the brands and change purchasing

behavior. Advertising helps to deliver the ideas, perceptions in the minds of consumers and products distinction against other brands. So well prepared effective advertising can attract brand switcher or inconsistent consumers to become brand loyal.

4. Service Quality

Service quality involves direct interaction between a seller and buyer. Because of quality of services provided by brand, Consumers ensure they are buying from a particular store. The relationship between sales people-consumer has proved to be great impact, which generally results in long term loyalty of consumers towards the brand or store. Trust and good relationship with sales people shows overall perceptions about the store's service quality that in turn result in the consumer being very satisfied with the stores in the end.

Q3. Describe in detail the concept of brand loyalty in rural markets.*Ans :* (April-23, Dec.-18)

The major factors in making a brand choice decision namely quality, price, availability, packaging and advertisement. The brand loyalty is a function of behavioural and cognitive patterns of a customer. The age and demographic variables affect significantly the behaviour and cognitive patterns of the customers while other demographic characteristics such as gender and marital status are not significantly associated with these behaviour and cognitive patterns of the consumers.

David A. Aaker who sees five levels of brand loyalty and groups customers accordingly into a loyalty pyramid.

The level of involvement and that of perceived differences between the brands Henry.

Assael identifies four brand loyalty driven consumers.

(a) Complex Loyals

Firstly they do research, and then develop beliefs and attitude about the brands and finally make a thoughtful choice.

(b) Dissonance Loyals

They shop around and buy fairly quickly, as they may consider most brands in a given price range to be the same, even though expensive and self-expressive. Even though they experience dissonance noticing certain features or hearing favourable things about other brands, they seek information supporting their choice.

(c) Habitual Loyals:

They make decisions based on brand familiarity and keep buying the same brand out of habit as passive recipients of information conveyed by advertisements.

(d) Variety Seekers:

They switch brands for the sake of variety rather than dissatisfaction, choosing brands with little evaluation, and evaluating them mostly during the consumption.

3.2 REGIONAL BRANDS Vs NATIONAL BRANDS

Q4. Define Regional Brands. State the various reasons for the success of Regional Brands.

Ans :

Meaning

A regional brand is need specific and unique to a particular region. This should not be confused with a national brand that makes slight alterations to suit a regional bias. These regional brands have a marketing approach, which is distinct from the one, adopted by the national brands on one hand and the local brands on the other.

Mass consumption products like tea, soap, detergent and dish washing powder have several regional brands with loyal customers. They are perceived to give value for money at a lower price. In FMCG sector, the market share in rural areas would be between local or regional brands on one side and national brands on the other.

Reasons

Different reasons ascribed to the success of regional brands in the past and the present are like.

(i) Spread of Cable and Satellite Television

With the introduction of multiple local, regional and specific interest channels in different states, advertising costs reduced significantly. This lowered the entry barrier and even the small players were for the first time in position to advertise their products to specific geographical area.

The regional brands armed with comparable products, were offering them at much lower price points at which there was virtually no competition. The advantage of advertising enabled them to create an aspiration value associated with the brand. These lower prices of reasonable quality products, with some aspiration value appealed to value conscious consumers, which gave them exponential growth within a short span of time.

(ii) Understanding of the needs of Regional Consumers

India is culturally diverse and consumers feel the need for offerings that cater to the regional preferences. Reason behind success of regional brand can be attributed to their knowledge of market, consumers, local culture, custom and tradition.

(iii) Low Overheads

Regional brands can offer the promise of value because of their low overheads, lean organization and lower overall cost structure. Regional brands are able to price their products competitively but at the same time add aspirational value to their brands.

(iv) Legacy

Some of the regional brands have a legacy that in some cases runs back to several decades. This association of consumers with the brand is in the form of relationship. It becomes very difficult for a new brand howsoever good to easily challenge them on their turf. Some of these brands have the support of established business houses.

(v) Large Regional Markets

As the consumer profiles across the region are fairly homogeneous and the number of people living in a geographical limit is good

enough for highly populated country like India, the local companies can build regional brands using local advertising media.

(vi) One-to-one Relationship with Channel Partners

They have better one-to-one relation with the trade as they offer better margins and terms to the channel partners. They even offer to take back the products which channel partner will not be in position to sell and thus are able to dump large stocks. Once these products reach the shelf of rural retailer then because of the sheer power of the retailer in the rural areas, they manage to sell good number of them. The personal touch that the entrepreneurs are able to provide is something that the national level companies find it difficult to replicate.

(vii) Entrepreneurial Spirit

Because of the small and entrepreneurial set up, they are able to take quick decisions in response to any change in the consumer demand and competitive scenario. Entrepreneurial zeal of the regional players enables them to respond faster to the challenges in the market and capitalize on the weakness of the national brands. As they have a strong sense of ownership of brands, they are more proactive in their approach.

Q5. Differentiate between regional brands and National brands with illustrations.

(OR)

Examine the limitations in rural marketing research.

Ans :

(April-23, May-19, Dec.-18, July-18)

S.No.	Basis	Regional Brands	National Brand
1.	Meaning	Regional brand is the brand of product that is distributed within a region.	National brand is the brand of product that is distributed nationally within a specific country.
2.	Promotion	They are mostly promoted by	They are promoted by manufacturer
3.	Marketing of Products	Marketing of products is easy for regional brands.	Marketing of products is difficult for national brands.
4.	Customer's Knowledge	In regional brands knowing customers is easy because area covered is not wide.	In national brands, knowing customers is difficult and time consuming because the area covered is very wide.
5.	Strategy	This brand can use any strategy to make their customer aware of the brand.	This brand need to create their own brand strategy to make their customer aware of the brand.
6.	Cost	The cost involved in marketing of these brands is less.	The cost involved in marketing of these brands is high.
7.	Resource	They don't have resource to carry out research about their customer's behaviour.	They have resources to carry out research about their customer's behaviour.
8.	Other Name	Regional brands are also referred as local brands.	National brands are often referred as major brands.
9.	Example	Some example are Gold drop, Balaji Snacks.	Some examples are Hershey Foods, Whirlpool, Ford.

Q6. Illustrate how regional brand and national brand grow loyalty in rural market.

Ans :

Both regional brand and national brand are the one which indicates the culture of a specific geographic area. Cultural references can be seen in brand's visual design i.e., logo, colours, etc and offerings i.e., product names, product lines, etc.

Regional brands grow loyalty in the following ways,

- (i) Understands the local tastes
- (ii) Readily accepts the changing needs of people
- (iii) Reacts in faster and better way to behavioral changes in people.

National brands grow loyalty in following ways,

- (a) Utilizing mass media advertising to build and maintain audience awareness.
- (b) Offer innovative products as extension of product line.
- (c) Availability of product is nationwide through logistic operations and wide market coverage.

3.3 CHANNEL MANAGEMENT

Q7. Define Channel Management. Explain the process of Channel Management.

Ans :

Meaning

Channel management can be defined as a process used by companies to direct and manage various marketing techniques and the parties involved in the channel of distribution. The channel management process is used to reach a broad range of customers through different marketing and sales channels.

Process

1. Identification of sources

The first step of the channel management process is the identification of references. When you are new in the market, then you

are required to do research to identify sources through different methods. For example, you can approach trade associations and take part in trade exhibitions or can enquire in the market to learn about the reputation of distributors and their customers.

On the other hand, a well-established manufacturer is approached by different distributors themselves. Make sure that you do a proper background check of the distributors before signing a contract with them. The things that a manufacturer must verify are views of customers about the distributor, their sales force, and their enthusiasm to sell products.

2. Preparing a selection criterion

The next step of the process of channel management is the preparation of selection criteria. A selection criterion is essential for effective channel management. There are various factors that a manufacturer should consider before selecting channel intermediaries.

These factors are knowledge of the market, knowledge of the product, understanding of customers, competitiveness, market coverage the reputation of intermediaries in the market, and managerial competence, etc. Different intermediaries have different qualities.

For example, a well-established distributor might have a good reputation among the customers, but he might be selling products of your several competitors and might be less enthusiastic about his methods of selling. On the other hand, a smaller distributor might be less popular and have a lower sales force, but he can be more enthusiastic in his approach to selling.

A manufacturer should consider the criteria like reputation in the market, knowledge about market and product, and enthusiasm of carrying the products in the market. In addition to this, also determine that the distributor is not selling the products of your competitors.

3. Selection of intermediaries

The right choice of channel intermediaries is essential for the success of the business. There are several intermediaries of different sizes available in the market. Small-scaled and new intermediaries might be inexperienced, but they can sell your products with enthusiasm and might have better selling skills and resources. In addition to this, these sellers will sell your products at a lower margin and fewer incentives.

On the contrary, you might need to give proper incentives to convince large-scaled and well-established intermediaries to distribute your products in the market. You need to identify the right intermediaries for your business based on your requirements of business and your future goals.

As your channel management partners will be beneficial in realizing your future goals.

4. Providing required training to intermediaries to sell

Once you have selected your channel management partners, the next step that you are required to follow is to provide necessary training to them so that they can sell your products effectively and efficiently. Through training, you can provide essential information about your products and your organization.

So that your channel partners can make the use of that information to sell your products effectively. Make sure that you cover essential areas such as financial management, marketing, sales, personnel management, and stock control, etc. Smaller distributors will appreciate training in these areas as they might not have well-established processes to manage these areas.

5. Motivating intermediaries whenever required

The next step in the process of channel management is to drive your channel partners. Motivation could be in financial

form, or it could be in non-financial form. For example, some distributors will get motivation when you provide them an increased margin on the sales of the products, whereas; some distributors might like to have territorial rights for some areas.

6. Assessment of intermediaries

The last step of the channel management process is the assessment of intermediaries. It is essential to assess the performance of all intermediaries. The output of the evaluation process will help you in deciding which channel partner to retain and who to drop. There are various criteria of assessment of a channel partner such as sales skills, competencies, customer's response, quality of service provided to customers, the quantity of stock purchased, the position of display in-store, etc.

Once you have assessed all these criteria thoroughly, then based on the information obtained, you can decide whether you want to continue business with your channel management partner or not.

Q8. Explain channel management in rural market.**(OR)****What is the role of channel management in rural marketing?****Ans : (Aug.-21)**

- (i)** Proper distribution is a major area of concern for companies. Distribution can make or break a company. A good distribution system means that the company has a greater chance of selling its products as compared to competitors.
- (ii)** A company that can make its product available over wide areas and at lower cost as compared to its competitors will capture larger market share.
- (iii)** The importance of distribution for a company can be explained with an example of pharma marketing. For example, a Doctor prescribes a particular brand to a patient. But the

company representative has failed to make the product available to a number of medical shops of the market prior to promoting the brand. The patient will try to purchase the product but due to non-availability of the product will face problems in acquiring it.

- (iv) The effect of this will be on the sale of the brand in the market as either the patient will give feedback to the doctor regarding non-availability to the product which will lead to the doctor prescribing competitors' brands, or otherwise, if the patient is not very literate, the chemist will try to push the competitors' brands. In both ways, the company will have to face negative impact on sales of its product.

- (v) In rural India, the major road-blocks related to distribution and channel management are identified as:

- Lack of retail infrastructure
- Lack of proper warehousing facility
- Transportation problem
- Large and scattered market
- Lack of Retail Infrastructure

Some problems that are faced by rural retailers are:

- He has to deal in a large number of products which results in large inventory and high inventory costs.
- He cannot charge higher mark-up as the consumers can not afford to pay higher prices.
- Major purchases are done by rural consumers on credit basis.
- Retailers have to travel frequently to feeder town / mandis to collect products. Due to this additional cost of traveling, their total expenditure towards collecting product increases.
- In rural market, the wholesalers play an important role in distribution structure. Wholesalers are based in feeder town / mandis.

- They pick up their stocks from nearest company stock point. Rural people and retailers purchase products from these wholesalers when they visit the mandis.
- The wholesalers usually operate on a cash and carry basis and at a very thin margin and manage a return on investment only by achieving a high inventory turnover. Though the wholesale channel is a low cost channel, there are certain problems with this model. Marketers have lack of control over their operation.
- When it is the question of pushing one product between two substitutable products, the wholesaler generally pushes the one which will earn him higher margin.
- There is high chance that they will push fake or duplicate products as they attract high incentives as compared to those from reputed brands.
- Also, wholesalers are reluctant in pushing new products due to risk factors associated with them.

Q9. Channel management is one of the major task for rural management. Justify.

Ans :

(Dec.-18)

1. Multiple tiers, Higher Cost and Administration Problems

The distribution chain in the rural context requires a large number of tiers as compared to the urban context. In the rural context, at the minimum level the chain needs the village shopkeeper, the wholesaler, etc., whereas at the top level involves the manufacturer's own warehouses, office operations at selected centers. Such multiple tiers make channel management a major problem area.

2. Scope for Manufacturer's own Outlets Limited; Greater Dependence on Dealers

Scope for manufacturer's direct outlets such as depots or showrooms is limited in rural markets unlike in the urban context since it is expensive and unmanageable.

3. Non-Availability of Dealers

There is also a problem of availability of dealers. Suitable dealers are limited even if the firm is willing to start from scratch and try out rank newcomers; the choice of candidates is limited.

4. Poor Visibility of Retail Outlets

Sales outlets suffer from poor viability in the rural market. Scattered nature of market and the multiplicity of tiers in the chain use up the additional funds the manufacturer is prepared to part with. Moreover the business volume is not adequate enough to sustain the profitability of all groups and the retail tier is the worst sufferer.

5. Inadequate Bank Facilities

Due to lack of bank and credit facilities distribution in rural markets is handicapped. Rural outlets need banking support for 3 important purposes;

1. In facilitating remittances to principals and to get fats replenishment of stocks.
2. In receiving supplies 'through bank' (retiring documents with the bank).
3. To facilitate securing credit from banks. It is estimated that there is only one bank branch for every 50 villages.

6. Inadequate Credit Facilities from Banks

Another constraint is the inadequacy of institutional credit. Rural outlets are unable to carry adequate stocks due to lack of credit facilities. The vicious circle of lack of credit facilities leading to inadequate stocking and loss of business, finally result in poor viability of outlets, getting perpetuated.

3.4 INDIAN RURAL RETAIL MARKET

Q10. Explain the concept of retail market.

(OR)

What are the glimpses of Indian rural retail market in India?

Ans :

(Nov.-21)

Meaning

Retail is the sale of goods and services from businesses to an end user (called a customer). Retail marketing is the process by which retailers promote awareness and interest of their goods and services in an effort to generate sales from their consumers. There are many different approaches and strategies retailers can use to market their goods and services

Retail Marketing Mix

Retailers use various advertising and communication tools to grow awareness and considerations with future customers. Finding the right marketing mix can lead to a profitable growth and a higher return on investment. By considering the right advertising strategy retailers can persuade consumers to choose to do business with their retail brand. The fundamental approach used by modern retailers in marketing their products is the Four Ps of Retail Marketing.

I. Product

There are two primary types of merchandise. Hard or durable goods like appliances, electronics, and sporting equipment. And soft goods like clothing, household items, cosmetics, and paper products. Some retailers carry a range of hard and soft items like a supermarket or a major retail chain while many smaller retailers only carry one category of goods, like a boutique clothing store.

II. Price

Pricing is a key element to any retail strategy. The retail price needs to cover the cost of goods as well as additional overhead costs. There are four primary pricing strategies used by retailers:

(i) Everyday low pricing

The retailer operates in thin margins and attracts customers interested in the lowest possible price. This strategy is used by big box retailers like Wal-Mart and Target.

(ii) High/low pricing

The retailer starts with a high price and later reduces the price when the item's popularity fades. This strategy is mainly used by small to mid-sized retailers.

(iii) Competitive pricing

The retailer bases the price on what their competition is charging. This strategy is often used after the retailer has exhausted the higher pricing strategy (high/low pricing).

(iv) Psychological pricing

The retailer sets the price of items with odd numbers that consumers perceive as being lower than they actually are. For example, a list price of \$1.95 is associated with spending \$1 rather than \$2 in the customers mind. This strategy is also called pricing ending or charm pricing.

III. Place

The place is where the retailer conducts business with its customers. The place can be a physical retail location or a non-physical space like a catalog company or an e-store. While most retailers are small, independently owned operations (over 90%), over 50% of retail sales are generated by major retailers often called "big box retailers" (see the list of the top 20 big box retailers below).

IV. Promotion

Promotion is the final marketing mix elements. Promotions include personal selling, advertising, sales promotion, direct marketing, and publicity. A promotional mix specifies how much attention to pay to each tactic, and how much money to budget for each. A promotion can have a wide range of objectives, including increasing sales, new product acceptance, creation of brand equity, positioning, competitive retaliations, or the creation of a corporate image.

Q11. Describe in detail about Indian Rural Retail Markets.

Ans : (Dec.-18)

➤ **Large, Diverse and Scattered Market**

Rural market in India is large, and scattered into a number of regions. There may be less number of shops available to market product.

➤ **Major Income of Rural consumers is from Agriculture**

Rural Prosperity is tied with agricultural prosperity. In the event of a crop failure, the income of the rural masses is directly affected.

➤ **Standard of Living and rising disposable income of the rural customers**

It is known that majority of the rural population lives below poverty line and has low literacy rate, low per capital income, societal backwardness, low savings, etc. But the new tax structure, good monsoon, government regulation on pricing has created disposable incomes. Today the rural customer spends money to get value and is aware of the happening around him.

➤ **Traditional Outlook**

Villages develop slowly and have a traditional outlook. Change is a continuous process but most rural people accept change gradually. This is gradually changing due to literacy especially in the youth who have begun to change the outlook in the villages.

➤ **Rising literacy levels**

It is documented that approximately 45% of rural Indians are literate. Hence awareness has increases and the farmers are well-informed about the world around them. They are also educating themselves on the new technology around them and aspiring for a better lifestyle.

➤ **Diverse Socioeconomic background**

Due to dispersion of geographical areas and uneven land fertility, rural people have disparate socioeconomic background, which ultimately affects the rural market.

➤ **Infrastructure Facilities:**

The infrastructure facilities like cemented roads, warehouses, communication system, and financial facilities are inadequate in rural areas. Hence physical distribution is a challenge to marketers who have found innovative ways to market their products. As part of planned economic development, the government is making continuous efforts towards rural development. In this age of liberalization, Privatization and globalization, rural market offers a big attraction to the marketers to explore markets that are untapped.

Q12. Explain the major features of Indian retail Market.

Ans : (May-19)

The major features of Indian rural retail market are,

1. Indian rural retail markets are governed by kirana stores, melas and haats.
2. These markets are highly diversified and disintegrated, as 2/3 of the Indian population is residing in rural areas.
3. These markets provides wide range of market opportunities.
4. The purchasing power of rural consumers is not consistent, as their income is seasonal and solely depends on agriculture.
5. In these markets consumers prefer to purchase frequently in less quantities due to their low standards of living and conservative perspective.

Q13. What are the challenges in retail market?

Ans :

Following are the Challenges in retail market

➤ **Wide and Scattered Market**

Wide and scattered market is difficult to reach in both the aspects – promotion and distribution. Rural India is spread in the entire county in around 6 lakhs villages of different

sizes while urban population is concentrated in around 3200 cities. Most of villages are extremely small with population less than 500 people. Only one percent (6300) villages have a population of more than 5000. It is challenging tasks to choose target markets and to serve them effectively.

➤ **Problem of Designing Products**

Products sold successfully in urban markets, may not necessarily be successful in the rural markets due to difference in utility value of the products. Mind-set of rural segments seems quite astonishing and different. Existence of considerable heterogeneity among rural folks poses challenges for marketers to incorporate their uneven expectations in the products.

➤ **Transportation Bottleneck**

Transportation is the nerve centre for any type of business. Most of villages are not properly connected with main roads. Every year during monsoon thousands of villages are disconnected for a longer time. Lack of proper transportation hinders marketing activities. Agro-based products cannot be sent to marketing centres, and industrial products cannot be supplied to rural population safely in time. In certain areas, even construction of road or railway is difficult to construct and maintain.

➤ **Seasonal and Irregular Demand**

Rural demand is characterized as seasonal and irregular. So, companies cannot concentrate on rural segments as it is difficult to plan. In the same way, demand depends on income of rural customers, and income is quite uncertain because they depend on agriculture, and agriculture depends on monsoon.

➤ **Uncertain and Unpredictable Market**

Market response is difficult to scale. They don't have stable and predicted behaviour. In such a situation, the effective marketing strategies do not make a sense. Rapid changes are

difficult to incorporate and, hence, there are more chances to suffer. Overwhelming response of rural population to some products experiences sudden fall. Market planning remains ever challenging in rural segments.

➤ **Low Living Standards**

Rural customers have low income, low purchasing power, low literacy rate, and, therefore, low standard of living. But, picture is now changing and marketers can have better opportunities than ever. Low standard of living restricts their buying ability and pace of adopting products.

➤ **Lethargic Life Style**

Lack of desire for a new life style is most critical issue for a marketer. They cannot be easily convinced to try, use and adopt certain products with better qualities and innovative features. Product modification does not create desirable and positive effects on rural folks. Customs, established beliefs, superstitions, etc., restrict their behaviour. Unfortunately, their opinion leaders lack scientific approach. Innovative and superior products are difficult to be introduced successfully in rural areas.

➤ **Language Problem**

Language is a main constraint in communication strategies. Multiplicity of languages spoken in rural areas makes marketing activities difficult. Languages differ from state to state, and area to area in the same state. While designing advertising, personal selling, and publicity strategies, marketers cannot fulfil linguistic expectation of all rural people. Promotion programme always lacks versatility.

➤ **Urban Marketers v/s Rural Customers**

The executives in companies cannot understand the consumer psychology of rural markets. Lack of awareness and understanding about consumer behaviour in rural markets create problems in formulating marketing strategies. Rural and urban

customers significantly differ in terms of habits, tastes, uses, preferences, and other such aspects. So, any attempt to satisfy rural customers with urban mind (marketing executives born and brought-up in urban climate) results into vain endeavour.

➤ **Backwardness**

Rural customers are economically backward. More than 30 per cent of the rural masses live below the poverty line. Poverty confines them to spend even for basic necessities. Backwardness also affects their mentality to change. Their poor purchasing power and rigidity are main constraints for marketers to serve them.

➤ **High Inventory Costs**

Since rural demand is limited and uncertain, an effective inventory management is difficult. Besides, the retailers serving in rural areas don't have adequate knowledge and aptitude to decide optimum inventory. Unnecessary stocks cut their profit margin, and they lose customers in case of inadequate stocks.

➤ **Inadequate Marketing Support**

Normally, producers and wholesalers do not extend full support to rural retailers in terms of liberal credit, financial assistance, and other facilities that they offer to traders of urban areas. In same way, rural customers and retailers are not given adequate space in designing overall marketing programme.

➤ **Distribution problem**

Effective distribution requires village-level shopkeeper, taluka-level wholesaler/dealer, district-level stockist/distributor, and company-owned depot at state level. These many tiers increase the cost of distribution. Rural markets typically signify complex logistical challenges that directly translate into high distribution costs. Bad roads, inadequate warehousing and lack of good distributors pose as major problems to the marketers.

Q14. Discuss in detail some of the rural retail outlets in India.*Ans :*

Rural retail outlets are established in the rural areas in order to develop rural retailing and thereby rural economy. The outlet size and the products available at the outlet solely rely upon the demographic factors such as village population, income and lifestyle of the people etc.,. There exists various types of retail outlets in a village, the type of retail outlet depends on the products on their shelves i.e., different outlets for different products. The following are some of the types of retail outlets in rural areas.

1. General Outlets

The traditional retail outlets in villages are small all-in-one shops. They vary from one location to the other. The location of the village determines the size and the variety of the products offered by the outlet.

2. Van Retailing/Retailing on Wheels

Van retailing is a new method used by 3-A bazaar which found it easy to supply the products on wheel instead of fixed shops/retail outlets. Each van (with orange or blue colour to create a fresh feeling) is filled with nearly 1300 items which includes a wide range of daily necessities and sent to the nearby villages. The timely visit of the vans provide time for the daily wage workers to pool the money to buy their necessities.

3. Service Mans

Mostly automobile companies preferred the service vans to offer service to their customers thereby promoting their sales. A company Mahindra and Mahindra identified the idea of service vans as a profitable one than setting up a body shop for service centres.

4. Government Initiated Rural Retail Outlets

Government of India introduced various initiatives to convert the small and exploitative fair price shops and Indian post offices to malls in order to give creative experience to the rural customers.

(a) Model Fair Price Shops (FPS) or Micro Rural Malls

These are the government initiated outlets which are mostly distributed in and around various areas of Gujarat to allow the FPS to provide wide range of products/services to the village people. These malls provide shopping services to the customers of rural areas at anytime i.e., 24 × 7.

(b) New Age of Indian Post Services

The postal department introduced number of initiatives to update the postal services and offices in villages. Postal services were restructured to provide single window and multi purpose counters to meet diversified needs of the rural customers.

5. Hearty Mart

It is a super market chain established by an entrepreneur, Nadeem jafri in the rural areas of Gujarat. The purpose of these marts is to provide all the necessities in the villages to avoid travelling of the villagers to nearest towns to purchase their necessary goods.

6. Retail Outlets for Agricultural Supplies

Some of the retail outlets for agricultural supplies in the rural areas are,

(a) ITC Choupal Sagar

It is a hub-cum-supermarket and also a warehouse to store the products that are purchased by ITC from e-choupals. Choupal sagar includes number of products ranging from tooth paste to electronics from different and well known brands. Choupal sagar is based on the concept of all products under one roof and provides a one-step destination for farmers.

(b) Tata Kisan Sansar (TKS)

Tata chemicals company established one-stop shops to aid farmers in rural areas to perform agricultural activities using the latest technological advancements. Tata kisan sansar provides agricultural assistance ranging from soil testing to loan financial assistance.

(c) Hariyali Kisan Bazar

Hariyali Kisan Bazar is one of the rural business initiatives established in Rajasthan, UP, Uttarakhand, Punjab and Haryana by DCM Shriram Consolidated Limited (DSCL). HKB provides support to the farmers by supplying agricultural and daily needs, finance and agronomy services. Along with these there exists number of other agricultural retail outlets such as Godrej aadhar and Manthan, Mahindra's Shubh labh, Triveni Khusali Bazar etc.,

7. Retail Outlets of Petro Chemical Companies

The retail outlets for petrochemical products are established by HPCL and IOC. They are,

(a) Rasoi Ghar

As the rural people could not go for LPG cylinders, HPCL through its programme introduced "Community Kitchens/Rasoi Ghars" for rural women to cook food at very low charges i.e., ₹3. HPCL worked in collaboration with forest department of Maharashtra in order to reduce the usage of firewood by setting 32 rasoi ghars in nearly 800-900 villages.

(b) Kisan Seva Kendras

IOC established low cost malls in rural areas called kisan seva kendras to sell fuel and non fuel products on a dealer basis.

3.5 RURAL RETAIL CHANNEL MANAGEMENT

Q15. Explain the concept of Rural Retail Channel Management.

(OR)

What is Rural Retail Channel Management?

Ans :

(April-23)

- It does this by organizing the availability of goods and then supplying them to consumer on relatively small scale.
- Retailing is also defined as all the activities involved in selling goods or services directly to final consumers for their personal non-business use.
- Retail store, a place where the exchange of goods takes place with the customer is defined by Philip kotler as any business enterprise whose sales volume comes primarily from retailing.
- Retail mix is the mix of variables including price, location, communications, merchandise, physical attributes, services and personnel. These components form the overall strategic components of retailing.
- Retail is primarily classified into two sectors as: organized and unorganized retail sectors, depending on how it is undertaken.
- If the organized retail sector has a single organization having large format retail stores providing wide varieties of goods in a host of locations then unorganized sector has conversely the large number of organizations having single, small retail outlets with limited variety at single location.
- Rural markets are relatively virgin markets, which have evolved on their own with very little direct contact with them by the corporate world, but their size is compelling and attractive.
- Market structure in India is dichotomous having rural and urban markets.
- Retail outlets have sprung up practically in all the villages. In interior villages retailing is a part-time chore unlike the case of the retailer in town. In a part of their house, the villagers make a retail counter.
- The maintenance costs for retail outlets in interior villages are also low with most of the cost spent on travelling and transportation. If marketer delivered their product at retailer's
- Retailing is the largest private sector industry in the world economy, with the global industry size.
- The sale of merchandise in small quantities to the ultimate consumer is defined as set of activities that markets products or services to final consumers for their own personal or household use.

doorstep, they might prefer those products or brands because their time and transportation cost were reduced.

- One of the principal reasons behind the explosion of retail outlets and its fragmented nature is that retailing is probably the primary form of disguised unemployment/underemployment.
- The overcrowded agriculture sector, stagnating manufacturing sector, the hard nature of jobs and low wages in both virtually force many Indians to the service sector.
- So, it is almost a natural decision to open a small shop or store depending on the available means and capitals due to the lack of opportunities.
- This phenomenon explains the million of kirana shops and small stores.
- Retail outlets have sprung up practically in all the villages. In interior villages retailing is a part time chore unlike the case of the retailer in town. The villagers make a retail counter.
- The maintenance costs for retail outlets in interior villages are also low with most of the cost spent on travelling and transportation.
- If marketer delivered their product at retailer's doorstep, they might prefer those products or brands because their time and transportation cost were reduced.
- Traditional retailing happening in India, much of the business is handled by local kirana stores. Family run stores comprise of the majority of selling outlets relying on bargaining and negotiation more socialization and human contact whereas the large stores are based on fixed prices.

Q16. Explain the structure of rural retail market.

Ans :

(i) Retailer Profile

There was a time when rural consumers purchased most of their requirements from nearby towns. Recently it has been observed that there has been a greater shift towards purchasing locally. This change has an

important implication for the rural marketer. There is need to access retailer in small towns and larger villages and promote products there. Products that are purchased locally must be available in smaller retail outlet in villages.

(ii) Retailer Spread

The retail profile examined here with the above chart i.e. the rural market comprises small-dispersed village settlements, infrequent retail outlets and low off-take per retailer. The high distribution cost due to the geographical spread and the low volumes result in a barrier to entry of products in the rural market. The high distribution costs become a barrier when volumes are low. To build volumes there is need to invest in distribution frequent visits to rural villages, but high costs make this unviable. The "distribution cost – volume cycle" require a substantial marketing effort to reach the retail shelf. The entry into rural markets requires a long-term perspective rather than a short-term gain, in other words the cost is to be treated as investment and not expenditure.

(iii) Retail Premises

A village retailer operate under a number of infrastructural constraints i.e., lack of sufficient pace, inadequate or no power supply, lack of proper storage system, financial constraints etc. Retail shops in rural areas in India have the lowest retail space per capita in the world; nearly three out of four shops have less than 100 sq. ft. area and its maintenance cost is negligible especially in remote areas; here expense is mainly on travel and transportation.

(iv) Rural Retail Shelves

Mostly retail outlets stock a few product categories and retailers also carried very few items with in a category. No of units per product category is again very low because of these the following two reasons:

1. Want of capital and credit facilities from the marketers or distributors
2. Less Shelf space

(v) **Stock Turnover**

The cash outlay of rural retail outlets is extremely low and most of it is invested in Fast moving brands and high margin commodities. The low off take, low stocks and low stock turnover ratio together pose a challenge to the marketer of a new product. To achieve this goal one should offer consumers a combination of attractive margins, credit facilities.

Q17. State the innovative rural retail marketing channels.

Ans : (April-23)

The following are the innovative marketing channels:

➤ **Apni Mandi / Kisaan Mandi**

In Apni Mandi there is a direct contact between the farmer and consumer without the involvement of middlemen. The main objective of Apni Mandi increasing the profitability of crops by minimizing the marketing costs and middlemen margin. First Apni Mandi as started by Punjab Mandi Board at Chandigarh in 1987. State government provides various facilities like space, water, sheds, counters etc. to the market committee of the area where Apni Mandi is located.

➤ **Hadapsar Vegetable Market**

It is located at Pune and is a model market for direct marketing of vegetables. It has no middlemen or commission agents.

➤ **Rythu Bazar**

It is located in major cities of Andhra Pradesh with basic objective of eliminating middlemen and providing direct link between the farmers and consumers.

➤ **Uzhavar Shandies**

It is located at selected municipal panchayats of Tamilnadu.

➤ **Shetkari Bazar**

Established in Maharashtra for marketing fruits and vegetables.

➤ **Krushak Bazar**

Established in Orissa for marketing fruits and vegetables.

➤ **Mother Dairy Booth**

After the notorious onion and potatoes price crisis, Mother Dairy opened these booths in almost every colonies of Delhi to sell vegetable in retail.

➤ **Contract Farming**

Agro processing companies enter into contract with the farmers that they provide the farmers with the inputs like fertilizers, seeds, pesticides and guidelines to grow crops and buy back the products with a rate specified in advance.

Advantage for Farmers

1. They get the better price for the produce as there is no middle man
2. They have assured markets for their produce
3. They are assured about the quality of seeds and pesticides
4. They received financial support in kind
5. They obtain efficient and timely technical guidance free of cost

Drawbacks of Contract Farming

1. It involves mainly cash crops, which may lead to scarcity of food crops.
2. It may create the danger of imposition of undesirable seeds.
3. Market making outside the country may cause breaking of country market.
4. The temptation of getting profits by cultivating variety of crops may cause permanent damage to the land.

3.6 STRATEGIES OF RURAL RETAIL CHANNEL MANAGEMENT

Q18. What are the different Strategies of Rural Retail Channel Management?

(OR)

The strategies for introducing the rural brands is different. Justify.

Ans. (April-23, Aug.-21, May-19, July-18, Imp.)

1. Effective Utilization of Wholesalers

- There is a great need for revitalization of wholesalers for effective reach. It is necessary to adopt a conservative, go slow approach.
- A separate sales representative must be appointed to take care of nearby rural outlets or a mobile van should be provided to him for rural distribution.
- Avoid direct service plans to rural areas in order to protect the interest of the wholesalers.

2. Effective Utilization of Rural Retailers

- The retail establishment where most rural consumers purchase their day-to-day goods is at a kirana or street shop.
- These small open stalls line the streets and are approximately the size of a living room.
- Consumers purchase everything from bananas to razors at a kirana. With over 2.5 million kiranas throughout India's rural towns and villages, keeping store shelves stocked is one of the main challenges to consumer goods manufacturers (Bullis, 1997). In order to reach these local shops and establish a brand presence in them, companies need substantial amounts of working capital and a large committed sales force (Dawar and Chattopadhyay, 2002).
- The rural customer generally goes to the same retailer to buy goods. Naturally there's a very strong bonding in terms of trust between the two.

As a result the retailer plays a significant role:

- Creditability
- Influence leader
- Brand promoter
- Relationship marketer

(i) Extending Availability

- Rural marketing in India has traditionally revolved around two strategies.
- One focuses on ensuring that the product reaches deep into the countryside, while the other stresses communication of the brand's values to rural consumers. It could be achieved by making use of interactive communication formats such as road shows to build its brand equity among rural consumers.
- The company could simultaneously ply vans that stock its products to create not only sales volumes, but to build up stockists' confidence and improve cash flows.
- Furthermore, the company's mobile distribution network and the executives who operate it could build up considerable clout with the rural sub-stockists and retailers by providing them with useful tips for healthy homes and imparting information on improvements in farming.

(ii) Wall Paintings for Effective Communication on Retail Outlets

- Wall Paintings are an effective and economical medium for advertising in rural areas. They are silent unlike traditional theatre. Retailer normally welcomes paintings of their shops, walls, and name boards.
- Since it makes the shop look cleaner and better. Their shops look alluring and stand out among other outlets. Besides rural households shopkeepers and panchayats do not expect any payment, for their wall to be painted with product messages.

- The greatest advantage of the medium is the power of the picture completed with its local touch. A good wall painting must meet some criteria to generate awareness and remind consumer about the brand

- Extending credit to rural retailers
- Training and Development of rural retailers
- Effective strategy to counter the pass-off, counterfeits and spurious products on retailer shelves

3. Focus on Haats, Bazaars and Shandies

- These markets have different names in different regions. But they are strikingly similar in what they are sell.
- They offer good scope for distribution for the corporate because of its convenience, attractiveness and availability. Melas are also another low cost distribution channel for marketers.
- By participating in haats and melas, the marketer can not only promote the products but also understand the shared values, belief and perceptions of the rural consumers that influence their buying behavior

4. Effective use of PDS

The Fair Price Shops run by government can be utilized to sell consumables and low value durables

5. Petrol Bunks

In India, there are over 15,000 petrol pumps spread across the country, 60% of which are located on highways close to villages. Petrol bunks have become multipurpose distribution centers at some places. Such a concept can be effectively utilized. These pumps apart from selling petroleum products have also started selling consumables like food products and toiletries. Some retailers have also started selling agri inputs and other rural based items. For Ex: Reliance and Shell

6. Agricultural Input Dealers

Fertilizer companies have retail outlets within a range of 5 Kms to any villages. They offer a better scope for marketers

7. NGOs

Another alternative is working with Non Government Organizations, which reach interiors of villages. Ideologies and methods may vary but most NGOs have programmes focusing on sustainable development and empowerment of rural women and eradication poverty etc. Companies may join hands with them to mutual benefit. With NGOs undertaking distribution, companies realizing benefits accruing from infrastructure and gross root level networking. Such association with companies in turn could yield employment opportunities for local residents.

8. Delivery Vans

One of the ways could be using company delivery vans, which can serve two purposes- it can take the products to the customers in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only the bigwigs can adopt this channel. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between noncompetitive marketers can be established to facilitate distribution.

9. Bare Foot Salesmen

Companies may train the local village unemployed youths to operate as barefoot salesmen. Fluency in the local dialect and familiarity with persons and terrain in the area of operation would be among the factors enhancing the efficiency of this approach. Generally he will be appointed as a commission agent plus mobile retailer and also he can be delegated the work of booking orders from the rural retailers especially in the remote locations

10. Other Important Strategies

The in-house sales force tries and creates an urge among the rural shops to push the brand to consumers from the mofussil areas.

- The business model for rural retail can be successful only when integration between the profit and social motive is apparent. The social angle needs to be pronounced for it to be acceptable.
- Empowerment in terms of economic power, purchasing power, knowledge and information dissemination is crucial for rural retail ventures to succeed. The model should empower the rural consumer and at the same time take advantage of this empowerment through creation of demand for its own products and that of its partners.
- **Syndicate Distribution**
There are cases wherein companies or distributors do not have resources for running exclusive vans for delivery of goods to the rural market. In this case, the firm or distributors selling non competitive consumer goods come together and operate delivery van to service the rural retailer.
- **Satellite Distribution**
The Company should appoint stockists in important towns. These stockists are responsible for placing orders with the company, receiving stocks, sorting of stocks and supply the goods in small lots to the rural retailers and merchants.

Q19. Explain various Strategic Options for Effectively Manage of Rural Retail Channel.

Ans : (Imp.)

Retailers are the closet to the purchase and have access to a wealth of information on consumers shopping behavior. Retailers have some unique advantages for managing brands such as continuous

and actionable dialogue with consumers, control over brand presentation at point-of-sale, control over shopping environment, display location or adjacencies and signage. They have used this advantage with tremendous success.

Rural consumers interact directly with the retail salesperson who has a strong conviction power and whose recommendation carries weight. The retailer's relation with the customer is based on the understanding of their needs and buying habits and is cemented by the retailer's extending credit. Therefore, rural areas having a significantly different retail environment require separate marketing strategies in order to penetrate into rural markets. Following strategic options are available with the organization to effectively manage rural retail channel:

1. Understanding Retailer's Behavior

This knowledge will have a critical influence in developing strategies for channel management. In order to develop ability to influence the retailer to stock and promote their products and organization requires identifying the manner in which he performs retailing.

2. Mega Marketing

Organizations need to plan and implement integrated effort for managing the rural retail channel. Stand alone efforts are likely to provide limited success. For example, united phosphorous limited, an Indian crop protection company realized that capital cost of spraying equipment was out of reach of small farmers and most rural retailers.

3. Ensuring Availability

Although, availability is not a substitute for creating purchasing power or driving preference, but it is certainly a first step towards it

4. Provision of Credit

By selecting financially strong distributors and stockiest, organization can ensure provision of credit to the rural retailers through these

channel partners. These channel partners can decide the quantum of credit to be offered to which retailer on the basis of their local knowledge. Availability of credit can make a big difference to provision of the products with rural retailers.

5. Provisions of Quantity Based Discount for the Distributors

By offering quantity based discounts organizations can motivate the distributors to initially lit the stocks in good quality and then to take special efforts to take these goods and services to the rural retailers.

6. Provision of Van Subsidy for Rural Distribution

Organization can provide van subsidy to the distributors who operate the van to distribute the products in the rural areas. These subsidies can be linked with the sales volume generated by the distributors on the mileage basis depending on the market scenario of the region.

7. Placement of Company staff with the Distributors

This strategy can be of great help to monitor and motivate the sales effort of the distributors especially in the rural market. These staff members can be selected locally to have better knowledge of the local terrain and they will also be able to talk with rural retailers in the local dialect. These employees can act as eyes and ears of the company and can conduct formal and informal researches at the retailer and consumer ends. They will also be useful in informing the company on a periodic basis the moves of the competitor in their territory.

8. Appointing Rural sub-stockists

Organization can appoint the sub-stockists in the rural areas itself, in the larger villages. These sub-stockists on the basis of their in-depth knowledge of adjoining villages can distribute the goods to retailers in the smaller, interior and adjoining villages in a cost

effective manner. As the villages are nearby for them, it reduces the transportation cost and they can employ very cost effective transportation means to distribute the goods. They can also serve the retailers in the villages on regular basis.

9. Exclusive Distribution Network for Rural Sector

Some of the organizations are planning and implementing exclusive distribution network for the rural markets. This focused has its own advantages as well as challenges. If the rural markets can get better attention and service and organizations can have deeper penetration and more revenues on account of this then there can be channel conflict because of the consequent overlaps.

Short Questions and Answers

1. What are various steps in forming brand loyalty in Rural Marketing?

Ans :

The steps in forming brand loyalty taken by marketers are as follows,

1. Marketers must create a wareness about the product and make products available in rural markets.
2. Marketer must show sense of caring with customers to develop enduring relationships in rural sector.
3. Marketers must educate customers and enhance their interest in product through interaction.
4. The desire to own new products must be encouraged in rural customers.
5. Marketers must understand preferences of different customer instead of focusing on large group of customers.
6. Building strong relationship with customers results in brand loyalty.

2. Differentiate regional brands vs. National brands.

Ans :

S.No.	Basis	Regional Brands	National Brand
1.	Meaning	Regional brand is the brand of product that is distributed within a region.	National brand is the brand of product that is distributed nationally within a specific country.
2.	Promotion	They are mostly promoted by	They are promoted by manufacturer
3.	Marketing of Products	Marketing of products is easy for regional brands.	Marketing of products is difficult for national brands.

3. What are the factors determining brand loyalty?

Ans :

Several Researches explained that brand attributes plays important role in a consumers decision-making process seven factors that makes consumers brand loyal towards certain brands. These factors are described by following headings.

(i) Product Quality

When a product satisfies stated or implied needs with its features and characteristics it is called product quality (or) we can use the term "fitness for use" (or) "conformance to requirement" to define product quality. The main reason of repeated purchase of single brands or switching around several brands from consumer is due to the tangible quality of the product offers. Factors of product quality include colors, Size, good materials, performance that is claimed by the product. In sportswear industry functional quality can be viewed as it should be lightweight, waterproof, anti smell, antiseat, anti-microbial and most importantly it should be durable.

(ii) Price

Brand loyal consumers tend or willing to pay a high price for their favorites brand. So for this type of consumers, price factor does not affect their purchase intention. Loyal customers are in the position to pay a premium price even if the price has increased because the perceived risk with other brands is very high and they agree to pay a higher price to avoid the risk of any change.

(iii) Advertising

Advertising is a form of communication with consumers. It includes advertisement, sales promotion, personal selling. Advertising helps to increase a consumers' image towards the brand, change beliefs and their attitude towards the brands and change purchasing behavior. Advertising helps to deliver the ideas, perceptions in the minds of consumers and products distinction against other brands. So well prepared effective advertising can attract brand switcher or inconsistent consumers to become brand loyal.

4. Define Regional Brands.

Ans :

In order to have a comprehensive understanding of the branding phenomenon in rural areas, it is very important to understand the concept and the presence of regional brands. Regional brand is a brand whose reach is limited either by the resources at the disposal of the company that owns it, or whose range is constrained by its very provincial appeal.

5. Define Channel Management.

Ans :

Channel management can be defined as a process used by companies to direct and manage various marketing techniques and the parties involved in the channel of distribution. The channel management process is used to reach a broad range of customers through different marketing and sales channels.

6. Retail market.

Ans :

Retail is the sale of goods and services from businesses to an end user (called a customer). Retail marketing is the process by which retailers promote awareness and interest of their goods and services in an effort to generate sales from their consumers. There are many different approaches and strategies retailers can use to market their goods and services

7. Retail Marketing Mix.

Ans :

Retailers use various advertising and communication tools to grow awareness and considerations with future customers. Finding the right marketing mix can lead to a profitable growth and a higher return on investment. By considering the right advertising strategy retailers can persuade consumers to choose to do business with their retail brand. The fundamental approach used by modern retailers in marketing their products is the Four Ps of Retail Marketing.

(i) Product

There are two primary types of merchandise. Hard or durable goods like appliances, electronics, and sporting equipment. And soft goods like clothing, household items, cosmetics, and paper products. Some retailers carry a range of hard and soft items like a supermarket or a major retail chain while many smaller retailers only carry one category of goods, like a boutique clothing store.

(ii) Price

Pricing is a key element to any retail strategy. The retail price needs to cover the cost of goods as well as additional overhead costs. There are four primary pricing strategies used by retailers:

(iii) Place

The place is where the retailer conducts business with its customers. The place can be a physical retail location or a non-physical space like a catalog company or an e-store. While most retailers are small, independently

owned operations (over 90%), over 50% of retail sales are generated by major retailers often called "big box retailers" (see the list of the top 20 big box retailers below).

(iv) Promotion

Promotion is the final marketing mix elements. Promotions include personal selling, advertising, sales promotion, direct marketing, and publicity. A promotional mix specifies how much attention to pay to each tactic, and how much money to budget for each. A promotion can have a wide range of objectives, including increasing sales, new product acceptance, creation of brand equity, positioning, competitive retaliations, or the creation of a corporate image.

8. Rural Retail Channel Management.

Ans :

Retailing is the largest private sector industry in the world economy, with the global industry size. The sale of merchandise in small quantities to the ultimate consumer is defined as set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing the availability of goods and then supplying them to consumer on relatively small scale.

Retailing is also defined as all the activities involved in selling goods or services directly to final consumers for their personal non-business use.

Retail store, a place where the exchange of goods takes place with the customer is defined by Philip kotler as any business enterprise whose sales volume comes primarily from retailing.

9. What are the challenges in retail market?

Ans :

➤ **Wide and Scattered Market:**

Wide and scattered market is difficult to reach in both the aspects – promotion and distribution. Rural India is spread in the entire country in around 6 lakhs villages of different sizes while urban population is concentrated in around 3200 cities. Most of villages are extremely small with population less than 500 people. Only one percent (6300) villages

have a population of more than 5000. It is challenging tasks to choose target markets and to serve them effectively.

➤ **Problem of Designing Products**

Products sold successfully in urban markets, may not necessarily be successful in the rural markets due to difference in utility value of the products. Mind-set of rural segments seems quite astonishing and different.

10. State the innovative rural retail marketing channels.

Ans :

The following are the innovative marketing channels:

➤ **Apni Mandi / Kisaan Mandi**

In Apni Mandi there is a direct contact between the farmer and consumer without the involvement of middlemen. The main objective of Apni Mandi increasing the profitability of crops by minimizing the marketing costs and middlemen margin. First Apni Mandi as started by Punjab Mandi Board at Chandigarh in 1987. State government provides various facilities like space, water, sheds, counters etc. to the market committee of the area where Apni Mandi is located.

➤ **Hadapsar Vegetable Market**

It is located at Pune and is a model market for direct marketing of vegetables. It has no middlemen or commission agents.

➤ **Rythu Bazar**

It is located in major cities of Andhra Pradesh with basic objective of eliminating middlemen and providing direct link between the farmers and consumers.

➤ **Uzhavar Shandies**

It is located at selected municipal panchayats of Tamilnadu.

Choose the Correct Answers

1. Marketing Channels are group of _____ firms involved in the process of making a service or product available for consumption. [a]
(a) Independent (b) Interdependent
(c) Both a and b (d) None of the above
2. The intermediaries that stand between the producers and final users are known as [c]
(a) Trade channels (b) Distribution channel
(c) Both a and b (d) None of the above
3. Wholesalers and retailers belongs to the category of [a]
(a) Merchants (b) Agents
(c) Facilitators (d) None of the above
4. The intermediaries that take title to the goods is known as [a]
(a) Merchants (b) Agents
(c) Facilitators (d) None of the above
5. The brokers, sales agents and manufacturers representatives fall in the category of [b]
(a) Merchants (b) Agents
(c) Facilitators (d) None of the above
6. The intermediaries that do not take the title to the goods but negotiate on the producer's behalf are [b]
(a) Merchants (b) Agents
(c) Facilitators (d) None of the above
7. The independent warehouses, banks, transportation companies that assist in the distribution process are termed as [b]
(a) Merchants (b) Agents
(c) Facilitators (d) None of the above
8. Marketing channels must [c]
(a) Serve markets (b) Make markets
(c) Both a and b (d) None of the above
9. Channel choices depends on the marketing strategy with respect to [d]
(a) Segmentation (b) Targeting
(c) Positioning (d) All of the above
10. Successful value creation demands successful value delivery. [a]
(a) True (b) False
(c) Can't say (d) None of the above

Fill in the Blanks

1. _____ loyalty is the positive association consumers attach to a particular product or brand.
2. _____ can be defined as a process used by companies to direct and manage various marketing techniques and the parties involved in the channel of distribution.
3. _____ is the sale of goods and services from businesses to an end user
4. _____ is the largest private sector industry in the world economy.
5. Brand loyal customers commit to a brand without respect to _____
6. _____ is a form of communication with consumers.
7. _____ quality involves direct interaction between a seller and buyer.
8. The last step of the channel management process is the _____
9. _____ is a key element to any retail strategy.
10. _____ is the final marketing mix elements.

ANSWERS

1. Brand
2. Channel management
3. Retail
4. Retailing
5. Price
6. Advertising
7. Service
8. Assessment of intermediaries
9. Pricing
10. Promotion

Very Short Questions and Answers

1. Define Regional Brands.

Ans :

Regional brand is a brand whose reach is limited either by the resources at the disposal of the company that owns it, or whose range is constrained by its very provincial appeal.

2. Reasons for the success of Regional brands.

Ans :

- (i) Spread of Cable and Satellite Television
- (ii) Understanding of the needs of Regional Consumers
- (iii) Low Overheads
- (iv) Legacy

3. Channel Management.

Ans :

The channel management process is used to reach a broad range of customers through different marketing and sales channels.

4. Retail market.

Ans :

Retail marketing is the process by which retailers promote awareness and interest of their goods and services in an effort to generate sales from their consumers.

5. Promotion.

Ans :

Promotion is the final marketing mix elements. Promotions include personal selling, advertising, sales promotion, direct marketing, and publicity.

6. What is Retailing?

Ans :

Kotler (1998), defined retailing as all the activities involved in selling goods or services directly to final consumers for their personal non-business use.

7. What is a Retail Store?

Ans :

Retail store which is a place where goods are traded with the customer. Kotler defined retail store as any business enterprise whose sales volume comes primarily from retailing.

8. Define Retail Mix.*Ans :*

Retail mix is defined as the mix of variables comprising of location, price, goods, services, communications, personnel and physical attributes. All these variables form the comprehensive strategic marketing elements of retailing.

9. Define Brand Loyalty.*Ans :*

According to 'Jacoby and Chestnut' (1978), "Brand loyalty is the biased behavioural response, expressed over time, by some decision making unit, with respect to one or more alternative brands, out of a set of such brands and is a function of psychological (decision making evaluation) processes".

Rahul Publications

UNIT IV

Rural Market Research: Sources of Information- Factors influencing rural consumers during purchase of products – Rural consumer Life style – Approaches and Tools of Marketing Research - Rural Business Research- Evolution of Rural Marketing Research – Sources and methods of data collection , data collection approaches in rural areas, data collection tools for rural market. Limitation and challenges in rural marketing research, role of rural marketing consulting agencies.

4.1 RURAL MARKET RESEARCH

Q1. What is rural marketing research?

Ans :

(April-23)

- Rural marketing research means the careful and objective study of product design, markets and transfer activities such as physical distribution and warehousing, advertising and sales management in rural areas.
- Rural marketing research helps to know the demographics, psychographic and behavioural characteristics of the target market in rural areas.
- In short we can say that rural marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in the rural market.
- Rural marketing research is carried out in a systematic and scientific manner to make it more effective and useful for marketers.
- The need for any marketing research areas on account of gaps in the existing information, based on which the problem is designed.
- The research leads to insight and a solution for that problem. There are sequential steps that apply to any research – Industrial, Commercial, Public utilities etc.

4.2 SOURCES OF INFORMATION

Q2. How urban market research differ from rural market research?

Ans :

S.No.	Nature	Urban Market Research	Rural Market Research
1.	Meaning	Urban market research is the research conducted to gather information from urban areas.	Rural market research is the research conducted to gather information from rural areas.
2.	Respondents	The respondents in urban market research are literate. They are aware of the brands available in the market.	The respondents are illiterate or semi-literate. They are unaware of the brands.
3.	Responses	In case of urban market research, obtaining individual response is not a difficult task.	In case of rural market research, it is difficult to obtain individual responses. Usually group responses are available.
4.	Accessibility	Urban people are easy to access psychologically and geographically. Many urban people get fed up of research but still they assist in research as they are aware of the value of marketing research.	Rural people are not easy to access due to geographical distances and psychological nervousness. They hesitate to communicate with outsiders and they do not know the value of marketing research.
5.	Time	The respondents in urban areas spend less amount of time for answering research questions as they have shortage of time.	The respondents in rural areas spare sufficient time to answer research questions.

Q3. Discuss the major source of information.*Ans :*

The major sources to gather information to meet the strategic and operational requirements of an organization are,

1. Marketing research
2. Gathering intelligence
3. Internal reporting.

1. Marketing Research

According to 'Philip Kotler', Marketing Research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company. In other words, marketing research a specialized, non-routine task performed with a predetermined objective to collect information required for decision making. Marketing research can be of two types, adhoc and specific problem oriented or continuous to collect information relating to trends. Mostly, information is collected to search solutions for a well-defined managerial problem. Efforts are made by policy makers and research agencies to keep track of marketing environment regularly. Their tracking process includes distributors, consumers or farmers from whom information is gathered at periodic intervals.

2. Gathering Intelligence

The sources and the actions to collect information from such sources are explained below,

(i) Company

The company/organization can gather information even at times from unexpected sources by being a sponsor. It need to take part in development programmers, sponsoring events like sports, music festivals etc., and industrial exhibitions to have access to more information.

(ii) Staff

The main source of information could be the managers and staff members at a company itself provided they need to be encouraged to carryout the following activities.

- (a) Participation in conferences, meetings, workshops and seminars.
- (b) Searching on internet.
- (c) Scanning the publications like magazines, trade journals, dailies, research reports, government reports and so on.

(iii) Sales Force

Sales force can provide information regarding competitors products and their strategies, attitudes and performance of middlemen consumer tastes and preferences and consumer buying behaviour etc,. They are very important people for an organization. As sales force carry out field work, they have access to more information which can be useful to the organization. The sales force is to be motivated and trained by the companies to provide the required information. Intelligence data can be collected from sales force through periodical letters, meetings and seminars.

(iv) Middlemen

The middleman can be motivated to provide information they consider as essential for marketing team. Middlemen act as idea generators and information disseminators as well for the organization.

3. Internal Reporting

The internal records of the organization are the storehouses of information. The internal records such as sales invoices, orders received and stock holdings are very useful in taking marketing decisions. The information that is acquired from sales invoices is as follows,

- (a) Average value and/or sales volume by sales force.
- (b) Average value and/or sales volume by territory.
- (c) Product size, type and pack type by customer.
- (d) Product size type and pack type by territory.

**4.3 FACTORS INFLUENCING RURAL CONSUMERS
DURING PURCHASE OF PRODUCTS**

Q4. Explain the factors influence rural consumers while buying the products.

(OR)

Write a short note on Factors influencing rural consumer purchase.

Ans : **(April-23, Dec.-18, Imp.)**

The factors influencing a rural consumer's purchase decision can be enumerated as following:

1. Socio-Cultural Factors

Buying decisions in rural India are highly influenced by social customs, traditions and beliefs. Caste influences are direct and strong. Rural consumers being conservative in their outlook, take a longer time to be influenced. They discuss the issue of purchase with other villagers considered to be important and knowledgeable. The rural youth are more open to fresh concepts, unlike their elderly family members.

2. Group

Consumers are part of a group to which they belong. In a group, there emerge opinion leaders, those people who by virtue of their acceptability have a direct influence on others. An opinion leaders could be a youth going to town, someone aggressive who is more educated and from the dominant caste, a retired person from the armed forces or government service, a teacher, a bank manager, a village development officer or a social worker or a dominant member of a self-help group. The acceptability of an idea or concept by the group and by the opinion leader is critical in rural areas.

3. Family

It is an important buying decision making organization in consumer markets. Family size and the roles played by family members exercise considerable influence on the purchase decisions. Industry observers are increasingly realizing that at times, purchase of durables has less to do with income, but has more to do with the size of the family and that's where rural India with joint family structures, becomes an attractive proposition.

4. Role and Status

Role refers to the behavior expected of an individual and status refers to the respect given to the individual by the society. Organizations can target individuals enjoying respect and trust, for their product demonstration. Then these opinion leaders can be useful in transforming the opinion of others.

5. Sociability

In the rural areas, individuals are known and identified better. The desire to be accepted by the group makes them agreeable to group and consensus decision making.

6. Economic Factors

The quantum of income and the earning stream are one of the major deciding factors, which determine to a great extent, what the consumer will be able to buy. Many people in the rural market are below the poverty line and for large number of people, agriculture is the primary occupation. These factors affect the purchase decision.

7. Political factors

The philosophy and decisions of the ruling party and the thinking of rival parties greatly influence the fortunes of rural people. The focus of any political party and the

government on the development of the rural population directly and indirectly, impacts the fortunes of the people residing there. This has a direct bearing on the revenues of the companies operating in the rural market.

8. Factors which influence the final choice

There are certain last minute factors that influence the overall decision. The factors that are strong enough to be able to alter even a previously thought-over decision, are as follows:

- Attitude of others
- Advice of the retailer
- Experience at the retail outlet
- Demonstration of products
- Unanticipated situational factors
- Mood swing
- Perceived risk

4.4 RURAL CONSUMER LIFE STYLE

Q5. Explain the elements that determine rural consumer life-style.

(OR)

State the rural consumer life style.

Ans : (April-23, Nov.-20, Imp.)

If an organization has to target the rural consumer and wants to develop its marketing mix according to his needs, it is very important that it understands the lifestyle and daily routine of rural consumers, especially that of the rural Indian male. It is the daily lifestyle of the rural consumers that determines to a great extent, their needs.

The priority of needs is determined by routine and the lifestyle of the rural consumers.

1. Rural Consumer is Very Religious

A marketer can integrate the religious beliefs prevalent in an area into the marketing mix. The promotional material built around

religious themes is not only going to last longer, but will be kept with care by the villagers. Keeping this in mind, Dabur developed religious calendars and gave a Hanuman Chalisa with their products. These gifts were kept by the rural consumers at important places of the home, with care and were used for a long time. Such an association with a brand is of a long-term nature and adds to the image of the brand, both in qualitative as well as quantitative terms.

2. Rural Consumers Prefer to Work Hard Themselves

The virtue of hard work gives meaning and importance to the existence of the villagers. Therefore rural people take pride in the hard work they put in for making things happen and would not like to be replaced by a machine. That's why they are less likely to spend money on products that are costing them money for making their life a bit easier. Such products need to be sold to them on the basis of benefits other than the ones related with comfort and convenience.

3. Strong Family Ties and Respect for Family Values

Rural people are relatively more conservative in their approach towards the different socio-economic issues in day-to-day life. If a rural marketer wants to communicate a promotional message effectively in the rural market, then he has to not only respect their conservatism but also has to depict the family bonding in the message meant for them.

The marketer will create an unnecessary barrier, with the rural consumer believing that the product is meant for the urban markets as according to them, the urban society is relatively more open and less conservative.

4.5 APPROACHES AND TOOLS OF MARKETING RESEARCH

Q6. Define marketing research. Explain the objectives of marketing research.

Ans : (Aug.-21)

Definitions

- (i) **According to The American Marketing Association**, "The systematic gathering, recording and analysis of data about problems relating to the marketing of goods and services"
- (ii) **According to Richard Crisp**, "The systematic objective and exhaustive research for and study of the facts relevant to any problem in the field of marketing."
- (iii) **According to Clark and Clark**, "Marketing research is the careful and objective study of product design, markets, and such transfer activities as physical distribution and warehousing, advertising and sales management."

Objectives

Marketing research is undertaken for attaining the following objectives:

1. To Provide Basis for Proper Planning

Marketing and sales forecast research provides sound basis for the formulation of all marketing plans, policies, programmes and procedures.

2. To Reduce Marketing Costs

Marketing research provides ways and means to reduce marketing costs like selling, advertisement and distribution etc.

3. To Find Out New Markets for The Product

Marketing research aims at exploring new markets for the product and maintaining the existing ones.

4. To Determine Proper Price Policy

Marketing research is considered helpful in the formulation of proper price policy with regard to the products.

5. To Study in Detail Likes and Dislikes of the Consumers

Marketing research tries to find out what the consumers, (the men and women who constitute the market) think and want. It keeps us in touch with the consumers, minds and to study their likes and dislikes.

6. To Know The Market Competition

Marketing research also aims at knowing the quantum of competition prevalent in the market about the product in question. The company may need reliable information about competitor's moves and strategies which are of immense significance for further planning.

7. To Study The External Forces and Their Impact

Marketing research provides valuable information by studying the impact of external forces on the organization. External forces may include conditions developing in foreign markets, govt, policies and regulations, consumer incomes and spending habits, new products entering in the market and their impact on the company's products.

4.5.1 Approaches to Market Research

Q7. Explain various approaches of marketing research.

Ans : (Aug.-21, July-18, Imp.)

The various approaches of marketing research on the basis of purpose, nature of data and sources of data is as follows,

1. On the Basis of Purpose

On the basis of purpose, research approaches are classified into three,

- (a) **Exploratory Research:** Exploratory research is concerned with discovering the general nature of the problem and the variables that are related to it. Exploratory research is characterized by a high degree of flexibility and it tends to rely on secondary data, judgement samples, small-scale surveys or simple experiments, case analyses and subjective evaluation of the results.
- (b) **Descriptive Research:** Descriptive research are undertaken in many circumstances. When the researcher is interested in knowing the characteristics of certain groups such as age, sex, educational level, occupation or income, a descriptive study may be necessary.
- (c) **Causal Research:** Causal research investigates the cause and effect relationship between two or more variables. The design of causal research is based on reasoning along with tested lines. John Stuart Mill formulated a set of principles based on logic for causal research. The principles are: the Method of Agreement, the Method of Negative Agreement and the Method of Concomitant Variation.

2. On the Basis of Nature of Data

On the basis of nature of data, research approaches are classified into two,

- (a) **Qualitative Research:** The qualitative research studies are designed to focus on new products ideas and positioning strategies. These studies are widely used for exploratory research. The nature of qualitative research is 'subjective'.

Qualitative Research utilizes unstructured exploratory techniques like group discussion, in depth interviews which are dependent on small samples to further analyze the problem. This type of research helps in determining attitudes, opportunities, problems that are prevailing in the target market or market segment.

- (b) **Quantitative Research:** The quantitative research studies are designed to analyze the characteristics of target market. The outcomes of this research are used for making strategic marketing decisions. The nature of quantitative research is 'descriptive'. Quantitative Research utilizes deductive approach where in it strives to develop the facts, make predictions and test hypotheses. It is useful in collecting information which can be measured whenever required.

3. On the Basis of Sources of Data

On the basis of sources of data, research approaches are classified into two,

- (a) **Primary Research:** In case of primary research, data is collected freshly from research subjects using methods like survey, experiments and observation. If researcher wants to study the behaviours and opinions of respondents then primary research is best approach. Primary research provides accurate data but it is time and cost consuming process.
- (b) **Secondary Research :** Secondary research involves searching and selecting data from the data collected and published by other research agencies. For secondary research, data is collected from the sources like, trade associations, internet, libraries, media and research organizations. Compared to primary research, conducting secondary research is easy and consumes less time. The two main drawbacks of secondary research are, unavailability of required data and data gaps.

4.5.2 Tools of Marketing Research

Q8. Discuss various tools for marketing research.

Ans :

(Aug.-21, July-18)

Rural consumers are fundamentally different from their urban counterparts. The lower levels of literacy and limited exposure to product and services are well-known, but there are also differences in occupation options, with a direct impact on income

levels and income flows, and a high level of inter-dependency affecting the dynamics of rural community behavior. All contribute to make rural consumer behavior starkly distinct from the urban.

1. Primary Data

It can be collected in five ways: through observation, focus groups, surveys, behavioural data and experiments.

(a) **Observational Research:** Fresh data can be gathered by observing the relevant actors and settings.

(b) **Focus group Research:** A focus group is a gathering of six to ten people who are invited to spend a few hours with a skilled moderator to discuss a product, service, organization or other marketing entity. The moderator needs to be objective, knowledgeable on the issue, and skilled in group dynamics. Participants are normally offered some gifts or incentives for attending. The meeting is typically held in pleasant surroundings and refreshments are served.

The moderator usually starts with a broad question and then helps the group move through various aspects of the entity being discussed, encouraging free and easy discussion. The key role of the moderator is to keep the discussion "focused" on the relevant theme while allowing deep feelings and thoughts to emerge through the group dynamics. The discussion is recorded through note taking, using audiotape or videotape. Sometimes, one-way mirrors are also used for observing and recording the proceedings.

(c) **Survey Research:** Surveys are best suited for descriptive research. Companies undertake surveys to learn about people's knowledge, beliefs, preferences and satisfaction. It requires development of a survey instrument, usually a questionnaire, which the respondents are asked to fill up.

(d) **Behavioral Data :** Customers' actual purchases reflect preferences and are normally more reliable than memory-based statements made in surveys. Observations have shown that many high-income group customers do not buy expensive consumer goods while some low-income consumers end up buying expensive products, contrary to their stated preferences in surveys.

(e) **Experimental Research:** The most scientifically valid research is experimental research. The purpose of experimental research is to capture cause-and -effect relationships by eliminating competing explanations of the observed findings. To the extent that the design and execution of the experiment eliminate alternative hypothesis that might explain the results, research and marketing managers can have confidence in the conclusions.

Experiments call for selecting matched groups of subjects, subjecting them to different treatments, controlling extraneous variables, and checking whether observed response differences are statistically significant. To the extent that extraneous factors are eliminated or controlled, the observed effects can be related to the variations in the treatments.

2. Research Instruments

Marketing researchers have a choice of three main research instruments in collecting primary data: questionnaires, qualitative measures and mechanical devices.

(a) **Questionnaires:** Questionnaires need to be carefully developed, tested and debugged before they are administered on a large scale. In preparing a questionnaire, the researcher carefully chooses the questions and their form, wording and sequence. The form of the question can influence the response. Marketing researchers distinguish between closed-end and open-end

questions. Closed-end questions specify all the possible answers and provide answers that are easier to interpret and tabulate.

- (b) **Qualitative Measures:** Some marketers prefer more qualitative methods for gauging consumer opinion because opinion because consumer actions do not always match their answers to survey questions. Qualitative research techniques are relatively unstructured measurement approaches that permit a range of possible responses, and they are a creative means of ascertaining consumer perceptions that may otherwise be difficult to uncover.

➤ **Shadowing**

Observing people using products, shopping, going to hospitals, taking the train using their cell phones.

➤ **Behavior mapping**

Photographing people with in a space, such as a hospital waiting room, over two or three days.

➤ **Consumer journey**

Keeping track of all the interactions a consumer has with a product, service or space

➤ **Camera journals**

Asking consumers to keep visual diaries of their activities and impressions relating to a product.

➤ **Extreme user interviews**

Talking to people who really know – or know nothing – about a product or service and evaluating their experience using it.

➤ **Storytelling**

Prompting people to tell personal stories about their consumer experiences

➤ **Unfocus groups**

Interviewing a diverse group of people: to explore ideas about sandals, IDEO gathered an artist, a bodybuilder, a podiatrist and a shoe fetishism.

- (c) **Mechanical devices:** Mechanical devices are occasionally used in marketing research. For example, galvanometers can measure the interest or emotions aroused by exposure to a specific ad or picture. The tachistoscope flashes an ad to a subject with an exposure interval that may range from less than one hundredth of a second to several seconds.

Q9. Discuss the uses of marketing research.

Ans : (July-18)

The marketing research is useful in the following ways:

1. Producers

- The producers can easily ascertain the potent of their product in the market.
- Information about the new product can be gathered and understood easily.
- The producer can develop an awareness about the various brands available in the markets.
- Pricing strategies of various companies can be determined.

2. Marketing Research Helps Business and Government

Marketing research helps the business and government in understanding their problems.

- The problems encountered while determining the gross national product, per capita income and price indices.
- The pricing strategies of agriculture.
- Various problems relating to operational and planning of business and industry.

3. Need of Market Research Agencies

Marketing research is used by various professionals during their marketing research studies. Two most prominent studies are:

- (i) British Market Research Bureau
- (ii) Hindustan Thompson Associate Limited.

4.6 RURAL BUSINESS RESEARCH

Q10. Explain the procedure of rural business research.

Ans :

Rural market research is in a nascent stage. Indian market research is of ₹ 40 billion value and out of the total research turnover it forms only 10-15%. In the past 10 years, the rural research business has developed rapidly. It initiated as small sector and is occupying centre stage now because most of the Indian and global companies today are focusing on understanding their consumers needs and offering creative products for them. Not only corporations but even advertising industry is showing interest in rural research. Growing importance of rural markets resulted in an increased demand for rural research business. The main players in rural research business are NCAER (New Delhi) AC Nielsen ORG-MARG Research Limited. Sampark (Hyderabad), MART, Ogilvy Rural Communication Network (New Delhi), Rural Communication and Marketing (New Delhi), Initiative Media, Anugrah Madison (Chennai), IMRB (SRI) and RMAI. A brief description on some of these players is as follows,

1. NCAER

Large-scale sample surveys concerning consumer durables, non-durables and demographics in urban and rural areas are carried out by the National Council for Applied Economic Research (NCAER).

2. IMRB (SRI)

IMRB stands for "Indian Market Research Bureau". This bureau conducts social research in rural areas with the help of Social and Rural Research Institute (SRI). Social research involves research on causes and issues which leads to action and later results in social change.

3. The Nielsen Company

The social research of the Nielsen Company has risen as one of the biggest social research consultancy organizations. It provides services in most of the disciplines of planning, management and development from idea or concept till the final execution.

4. RMAI

RMAI stands for "Rural Marketing Association of India". It is a leading industry contributing to the rural marketing. It is helping marketers in planning and executing their rural marketing activities throughout the country. It even conducts research studies to enhance the knowledge base of the rural marketers.

5. MART

MART was set-up in 1993 and is an initiator in the rural sector. It has grown as a chief consultancy and knowledge based organization in the rising markets. It is popular as an end-to-end solutions provider for the corporate as well as the development sectors. The expertise of MART is in its better understanding about base of pyramid segments and their behaviour and environment. It has carried out numerous studies on haats and melas, rural distribution, spurious products, traditional media, the rural women and youth as buyers etc.

4.7 EVOLUTION OF RURAL MARKETING RESEARCH

Q11. Explain the evolution of rural market research.

Ans :

Prior to 1980s: Thompson Rural Market Index

- The first comprehensive attempt to study the rural market was made by Hindustan Thompson Associates (HTA) who developed the "Thompson Rural Market Index" in 1972.
- This database provides comprehensive information on the Market potential value of a particular district.

- This potential was determined for 335 districts of India on the basis of 11 variables initially and subsequently, 15 more variables were added about it.
- The data with regard to demographic variables, occupational patterns, agriculture based information and availability of commercial banks was incorporated to determine the comparative potential of the different districts of India.
- This tool determined the potential on the basis of demographic factors and the overall agriculture potential of the district.
- This tool was very useful for segmenting the rural market directly for the agricultural inputs and durables and indirectly for other consumables and durables.
- If we analyze it with the current perspective, it has its own share of limitations for FMCG companies planning to penetrate deep into the rural markets.
- This tool provided information only up to the district level and not for individual villages, where the action is going to be in the new millennium.
- Secondly, an increasing share of the rural income is now coming from non-agricultural activities, which it did not take into account.

The Decade 1980-1990

- The Institute of Rural Management, Anand (IRMA) was first to initiate a course on rural marketing in the 1980s. The course included marketing of urban consumer products and services to rural India.
- The characteristics of rural marketing research during the decade 1980-1990 can be summarized as follows:
 1. Knowledge generation was intensive
 2. Knowledge dissemination was low.
 3. Educational programmes on Rural Marketing were available.
 4. Training materials were prepared on marketing consumer products to rural India.

5. The gap between requirements for rural marketing professionals and their availability increased.
6. The chances of tapping the opportunities in rural markets increased with faster percolation of channels of communication in rural India.

The Years Since 2000

- The critical need for training programmes in rural marketing for marketing professionals at all levels, among corporate was strongly felt in the 21st century. International brands reaching urban India, corporate understood the advantages of going rural to gain 'first mover' advantage.
- The need to develop a Rural Marketing Information System from a sectorial point of view emerged.
- The need for a Human Resource Development strategy for rural marketing was realized by the corporate world. As competition grew, predicting consumer behavior came to the forefront of client demand.

4.8 SOURCES AND METHODS OF DATA COLLECTION

4.8.1 Sources

Q12. Explain various sources of collection of data in market research.

Ans :

Sources of Data Collection

There are two sources of information from where data for marketing research can be obtained.

(A) Internal Sources

These refer to the sources of information within the organization. In certain cases internal sources are indispensable without which the researcher cannot obtain desired results. Internal sources include accounting information (Trading Profit & Loss A/c and Balance Sheets of different

years), salesmen's reports, statistics in relation to advertisement expenditure, transportation costs etc. Information from internal sources is easily available and no financial burden is involved in gathering the information.

(B) External Sources

In order to study marketing problems in detail the need of external sources of marketing research arises. External sources are of immense importance and utility in case where research needs detailed and thorough investigation. External sources data can be divided with two categories

- (i) Primary data
- (ii) Secondary data

(i) Primary Data

This refers to the information collected by the researcher from original sources. It is not a published data; it has to be gathered by the researcher himself by tapping various resources. Primary data is usually collected for specific purposes.

The main sources from where primary data can be obtained are (a) Salesmen (b) Dealers; (c) Consumers etc. It is a very slow process of collecting data and involves huge costs. But results obtained from this data are original and tend to be more accurate and reliable.

These sources are explained below:

- (a) Salesmen:** Salesmen are the most important source of providing first hand information. They are appointed by the owners for the sale and promotion of its products. They have a direct link with the consumers understand tastes, preferences and buying habits of the consumers.

They can also know about the dealer's reaction (especially of retailers) towards the firm's products by taking

into consideration price, design, packaging and size etc. of the product. The marketing manager may direct the salesmen to prepare periodical reports containing the information collected by them.

- (b) Dealers:** This is another source of collecting primary data. Valuable information can be collected with regard to demand of the product from retailers. Information about the marketing policies of competitors can also be gathered from the dealers.

It has been observed that sometimes this method does not prove to be fruitful as dealers do not keep proper records and they do not want to waste their time in supplying information.

- (c) Consumers:** This source of collecting primary data is of great importance. Representative samples of consumers may be selected for conducting thorough investigation with regard to price, quality and use of the product. This method of collection data is very reliable as it establishes direct link between producer and the consumer.

(ii) Secondary Data

Secondary data is already existing which has been collected and published by some individuals or institutions. This data is available at a very low cost and it requires lesser time to collect it.

The main sources of secondary data are:

- (a) Periodicals and Newspapers:** Business magazines and journals published periodically contain data which is very useful for marketing research; Newspapers such as Economic Times and Financial Express also contain data regarding business trends and market reports. Important trade journals are Industrial Times, Commerce, Capital, Market, Indian Finance, Business India, Business World and others.

(b) Govt. Publications and Reports:

There are innumerable publications brought by Central and State Govts, which contain valuable data for conducting marketing research. Census reports of the Government of India, Publications of Planning Commission; periodical publication such as Indian Review, various markets bulletins.

Reserve Bank of India bulletin, publication of the Statistical Departments of various State Govts., supply valuable information extensively used in marketing research.

(c) Trade Associations: Various trade associations like Chambers of Commerce, Export Promotion Council etc, publish useful data which is of immense help to the res warmer.**(d) Published Surveys of Markets:**

This is another useful source of supplying secondary data. Market surveys and reports are important instruments in the hands of researcher for conducting marketing research. These are published by business houses or independent research organizations. These pertain to specific lines of products.

(e) Foreign Govts, And Inter- national Agencies: Publications of foreign Govts, with regard to trade and other important aspects of economy of respective countries and information published by UNO, ILO, IBRD (International Bank for Reconstruction and Development) serve useful purpose in making comparison of Indian conditions prevailing in other countries of the world.**(f) Other Sources:** Besides the above mentioned sources of marketing research, there are many other sources of supplying secondary data e.g., colleges and universities stock exchanges and

commodity exchanges, specialized libraries', internal sources such as sales and purchase records, salesman, reports, sales orders, customer complaints and records of other companies.

The secondary data collected from above mentioned sources suffer from certain limitations. The basis undertaken by different agencies for collecting data may not be comparable. In other words, uniform basis may not be adopted for data collection. The data may be based on incomplete records under secondary source; data is collected for purposes other than marketing research.

4.8.2 Methods of Data Collection**Q13. Discuss various methods of data collection in market research.****(OR)****What are the Methods of data Collections?***Ans :***(July-18, Imp.)**

Success of marketing research project depends upon quality and relevance of data. And, quality of data, to a major extent, depends upon methods and techniques used for collecting data. Selection and use of methods for conducting marketing research require a great deal of experience and expertise. Overall suitability of different methods plays a vital role in their selection.

Data Collection Methods

- It is important to note that for collection of the secondary data, no need to use specific methods. They are easily collected from various published sources.
- The problem of method selection arises in case of primary data. So, discussion on data collection methods is relevant to primary data only.

- Practically, sample-based survey methods are used. Selection of an appropriate sample is important decision in almost all the methods for primary data collection.

1. Survey Method or Questionnaire Method

- Survey method is also said as communication method as the data are collected by communicating with the respondents, either by face-to-face oral communication or by other means like telephone, mails, etc.
- This is a widely used method for collecting primary data. It is fit for any kind of research problem.
- Major marketing research projects, more or less, follow survey method. Because of the intensive use of questionnaire in survey method, it is also called as the questionnaire method.
- The unique characteristic of a survey method is that the data are collected by asking questions to the relevant respondents.
- Commonly used options in the survey methods include interview, telephone interview, and mail survey.

i) Interview

- Interview involves a face-to-face interaction with the respondents. Personal interview includes collection of data by personally contacting the respondents.
- Here face-to-face communication and free feedback are possible. It is a very effective and flexible method for conducting survey.
- Interview is conducted using questionnaire, containing different types of questions. Using probe questions like what, why, when, how much, where, with whom, etc., more information can be elicited from the respondents.

ii) Telephonic Interview

- Nowadays, a telephone survey can be easily conducted due to wide spread telephone facilities provided by telephone department and private companies.
- Up-to-date telephone directories (in hard and soft copy format) can make the task easy. However, in urban areas, it can be conducted more effectively.
- Here, interview is conducted by asking questions through telephone (including cell phone), and response of the respondents is recorded systematically.
- This is an ideal method when one wants information on the current/live activities.
- For example, we can get information about the performance of the star cricketers when match is being displayed on television by asking question to viewers through telephone.

iii) Mail Survey

- In this method, data are collected by mail or letter. Well-designed printed copy of questionnaire is sent to known and unknown respondents with a request to return it back dully filled.
- The mail may work as a silent fieldworker. Certain gifts, rewards, or direct benefits are associated with the mail to inspire and prompt the respondents for quick and complete information.
- Sometimes, a coin, coupons, or draw tickets are sent with questionnaire. Follow-up with sweet reminders can create respondents' interest. Newspapers and magazines can also be used as medium for limited survey.

- Internet (putting queries or questions on websites) and E-mail (electronic mail) are the latest computer-based devices to send and collect data on the relevant area. SMS by cell phone is also widely used for the purpose.

2. Observation Method

- This is another type of widely used method for primary data collection. However, it is used as a complementary to survey method. It is used to furnish, revise or complement data collected through the survey.
- Observation can be defined as: The act of carefully recognizing and noting facts or occurrence.
- The distinguished characteristic of this method is that no questions are asked to respondents for collecting data, but their behaviour is observed minutely.
- Under this method, researcher can observe, measure, or note the original behaviour of respondents, mostly consumers and dealers.

Types

There can be various types of observation.

Some popular forms have been stated briefly as under:

- Structured v/s Unstructured Observation:** Structured observation involves a detailed plan regarding what and when to observe; why and how to observe, and where and who is to observe. Printed forms are used to record the behaviour of respondents. Every aspects related to observation is predetermined in advance. It is known as planned or structured observation. Sometimes, the observer watches and notes the behaviour without any specific scheme or plan.
- Lives v/s Record Observation:** In case of the live observation, on-going or live behaviour and activities are observed. The record observation

consists of observing the recorded/ past behaviour of the relevant respondents.

iii) Direct v/s Indirect Observation

Direct Observation involves observing behaviour of the respondents directly. There is no considerable physical distance between observer and respondents. Indirect observation is the distanced observation. Behaviour is observed at the distance place. Direct or indirect observation is applicable to both live as well as record observation.

iv) Natural v/s Contrived Observation

While natural observation is conducted in the original setting or situations, the contrived observation is based on artificially created environment. Artificial situation is created, people are informed, and their behaviour is observed. The natural observation provides more reliable and original information.

v) Human v/s Mechanical Observation

Obviously, human observation involves human being. Human organism is recognizing and noting the respondents' behaviour. On the contrary, the mechanical observation involves certain mechanical or electrical devices, such as movie camera, automatic recording close-circuit camera or robot is used to observe behaviour and activities of people.

vi) Disguised v/s Undisguised Observation

This is a very important classification of observation. Disguised observation is one in which the targeted people do not know that they are being observed. They will behave naturally and originally. Sometimes, the respondents are informed that their behaviour will be observed at a particular time.

Thus, they know that they are being observed. It is a kind of an undisguised observation. Because they are aware, they

may behave differently than regular. Depending upon situations, the suitable method of observation is used.

3. Experimental Method

Under this method of data collection, a cause and effect (i.e., causal) relationship is established. The independent variables are manipulated to measure the effects of such manipulation on the dependent variables.

For example, if marketing manager want to measure the effect of 10% price rise on sales, first, he raises price by 10% (manipulation of independent variable), and then he tries to measure the effects of the price rise on sales volume (impact on dependent variable).

However, along with manipulation of independent variables, the impact of relevant extraneous factors should also be kept in mind to estimate the exact effect of manipulation. Many times, to minimize the effect of uncontrollable factors, the experiment is conducted in the controlled environment.

4. Panel Method

Panel method is a hybrid method. All aforesaid methods are used to collect data from the panel. Panel can be defined as: The fixed and relatively permanent sample/group of respondents to obtain information continuously or intermittently (periodical) basis. In case of panel method, data are collected only from panels of response groups or respondents.

Types

Commonly used panels are as under:

- i) **Consumer Panel:** Such panel involves only consumers. They are consulted for the required data, or they provide data periodically on any issue related to market as per the contract.
- ii) **Dealer Panel:** Dealer panel consists of middlemen, such as wholesalers, retailers, and agents. They can provide valuable information regarding consumers, competitors, and overall market environment.

iii) **Supplier Panel:** Suppliers are those parties who supply necessary inputs like raw materials, provisions, parts, and other inputs required for production and marketing of products. This panel also includes service providers like insurance companies, transporters, bankers, and so forth.

iv) **Continuous or Periodical Panel:** Continuous panel provides information on a continuous basis. They maintain live contact with a company and inform the company as and when they feel that the information is important. Periodical panel, on the other hand, provides detail at a fixed interval.

v) **Permanent or Temporary Panel:** Permanent panel is standing in nature. Such panel serves for relatively a long period to time. On the other hand, the temporary panel is ad-hoc in nature. It is terminated when the time is over.

vi) **Fixed or Variable Panel:** In case of a fixed panel, number and type of respondents are fixed. No changes are made in the panel. While in variable panel, number and types of respondents are subject to change.

4.9 DATA COLLECTION APPROACHES IN RURAL AREAS

Q14. Explain various approaches of data collection in rural areas.

Ans :

- A considerable number of rural people are not aware of the concept of market research. They are also suspicious about the intentions of the market researchers.
- Although they are not short of time like the urban respondents, the investigators need to first build a rapport with them, make them understand the importance of the research that is conducting and break the barrier of hesitation and reluctance to participate in an activity that they are not familiar with and have not done in the past.

The following approaches to successfully collect data from the rural areas:

(a) Ensuring the Support of Opinion Leader

In order to encourage the rural people to respond seriously to the research exercise, the investigator needs to educate the opinion leader. Then with the support of these opinion leaders, would be in a position to get the people of that village to respond to the research.

(b) Behaving so as to be liked by rural people

The investigators should dress, speak, act and behave in a manner that is liked by the rural people. They should do things that make the rural respondents relate to them, so that the respondents become willing to participate in the research endeavour. On the other hand, acting in an urban manner and hurting the sensitivity of any person in the village can devoid the investigator of any response from the whole village.

(c) Being at the right places

The investigator can choose those places which are likely to be visited by a good number of people so that he can attain efficiency in the data collection process. These places could be:

(d) The Village Choupal

Which is visited by people of all ages in good number in their free time. They are willing to express themselves at this platform.

(e) Retail Outlets

The investigator can build a rapport with the retailer by making the purchase of a cold drink. The retailer himself is fully aware of the realities of the village and can also request the people visiting the retail outlet to respond to the queries of the investigator.

(f) Fairs

Through an interactive presence in fairs, companies can collect valuable primary data from the rural populations.

(g) Haats

A large number of people periodically visit the haats. Investigators can have good number of respondents at a single location, from a good number of villages and can collect data very efficiently.

4.10 DATA COLLECTION TOOLS FOR RURAL MARKET

Q15. What are the different data collection tools in marketing research?

(OR)

Discuss the uses of Marketing Research and tools of marketing Research.

(OR)

Discuss in detail about the various approaches and tools in rural marketing research.

Ans : **(May-19, July-18, Dec.-18, Imp.)**

A different set of tools are required to conduct effective research in the rural markets. Conducting research with the typical 5-point or 7-point scales used in the urban markets have not been found that effective in the rural context because they involve a complex understanding on the part of the rural consumer.

Pictorial scales

1. Ladder

When used for ranking, the number of rungs correspond to the number of items ranked. For rating purposes, a typical Likert scale on the ascendancy is achieved by the steps on the ladder. The respondent is asked to place a visual card corresponding to the product or preference on a rung according to his ranking or rating.

2. Images of Faces

The images of faces with varying expressions is another useful tool that is used to ascertain preferences and liking.

3. Color Wheels

Colors are very strong indicators and forms of expressing feelings in the rural areas. The selection of colors is done on the basis of the association of rural people with colors.

4. Dice

Dice are wooden or plastic piece with 6 faces with varying numbers of holes or dots ranging from 1 to 6. They are commonly used in games like Ludo and snakes and ladders. A face value of 1 is the lowest and a face value of 6 is the highest. The respondent is asked to rate the item by assigning the face value of the die to the item.

5. Playing Cards

These are well known, especially among rural men. The face cards with K, Q, J, 10 and 9 respectively sent a descending order in terms of values. They are assigned ranks from 1 to 5 in that order.

6. Pigeon Holes

The measurement kit consists of a plastic egg tray, card board cut-outs with visuals of the items to be compared and white tennis balls. The items are placed along the left side of the crate. The scaling is done using the paired comparison method.

For example, to find the ranking of four brands A, B, C and D. The visuals of the brands are placed on the left side of the crate. The respondent is asked to compare pairs of A and B, A and C and so on and to place the ball in the hole against the one that is preferred. Suppose the results are Brand A is the most preferred one followed by C and B.

Pair	A and B	A and C	A and D	B and C	B and D	C and D
Preference	A	A	A	B	B	C

7. 3-point Rating Scales

Researchers interested in conventional scales may use three-point scales, especially when the respondents are school educated.

4.11 LIMITATION AND CHALLENGES IN RURAL MARKETING RESEARCH

Q16. Discuss limitations and challenges in rural marketing research.

(OR)

Write about the limitations and challenges in rural market research.

(OR)

What are the major challenges in rural marketing research especially agro based rural research?

Ans : (Nov.-21, May-19, Dec.-18, Imp.)

Conducting research in the rural market is not as simple as it might be in the case of urban markets. The challenges that are likely to be faced by the researchers and the limitations that have been observed in conducting rural marketing research are described as follows:

(a) Nature of Rural Market

Rural market is widely scattered, highly heterogeneous and geographically, a very large territory. Therefore, conducting a pan-India research to make statistically significant and relevant conclusions is a costly and time-consuming proposition.

(b) Paucity of Rural Marketing Research Budget

The budget assigned for marketing research is usually very limited and within that too, the share of amount allocated for conducting research in rural market is quite inadequate.

(c) Lack of Uniformity in Secondary Data

There is a great variation in the data that is made available or published about the rural market in secondary sources. This makes it difficult for the decision makers to decide which one of them is correct and which is not.

(d) Accessibility

Getting access to a varied cross-section of the rural population for conducting research is

very challenging. There are many reasons behind this fact:

- Rural people are suspicious and vary of urban researchers.
- Rural people perceive researchers to be government officials or people who indirectly want to sell their products to them under the grab of research.
- Traditional and conservative mindsets makes access to the women population extremely difficulty.
- Lack of infrastructure in the form of all weather roads makes it extremely difficult to access remote villages.

(e) Lack of Facilities in Rural Areas

It might again be somewhat difficult and tough for investigators from urban centers to conduct research in rural areas which do not have the facilities, comfort, convenience and infrastructure of urban areas. That's why researchers might not conduct research in an appropriate manner in the hurry to get back to their comfortable environment, to which they are used.

(f) Comprehension of Research Tools

The typical 5 or 7 point scales that are effective in urban areas may not be that useful in rural areas. Researchers need to employ tools and symbols that the rural people are more familiar with, rather than use the conventional tools.

(g) Sensitivity of Rural People

Being sensitive to the feelings of the rural people is extremely vital for conducting research in the rural market. The researcher should avoid phrases and gestures that can hurt the sensitivity of the rural people. Respondents from rural area should not feel that the researcher is highlighting their ignorance and showing his superiority over them.

4.12 ROLE OF RURAL MARKETING CONSULTING AGENCIES

Q17. Write a short note on Role of rural marketing consulting agencies.

(OR)

What is the significance of rural marketing consulting agencies?

(OR)

Discuss the role of rural marketing consulting agencies to promote the new products in rural areas.

Ans.: **(April-23, Aug.-21, Dec.- 18, July-18, Imp.)**

- Corporate are still apprehensive of going rural. A few focused consultancy agencies have come up for guiding the rural marketing efforts.
- They are trying to create awareness about the rural market and its importance. Rural marketing consulting is slowly but surely evolving into an industry.
- One of the important activities undertaken by the rural network was to educate the clients about the various facets of rural marketing.
- The network has transformed into an industry body called rural marketing agencies association of India, to promote the cause of rural marketing in India.

Following are selected rural marketing consultancy organizations:

(i) Anugrah-Madison Advertising, Chennai

With over 15 years of operation in Southern India and a gross billing of Rs.60 million, it is a sister concern of Sam Balsara's Madison Communications.

(ii) Creative Market Linkers, Jalandhar

Provides video van promotions to introduce brand trials, conducts market studies, carries out integrated sales and marketing campaigns and performs the function of event creation and management.

(iii) Marketing & Research Team (MART), New Delhi

MART implemented project shakti for HLL in the Nalgonda district of Telangana in 2001.

- O & M Rural Communication Network, New Delhi
- Rural Communication & Marketing (RC & M), New Delhi

(iv) Rural Relations, Pune

A rural consumer relations company whose activities span 28,000 villages in western India.

- Sampark Marketing & Advertising Solutions, Hyderabad

Almost all leading advertising agencies also have their separate rural marketing divisions for providing rural marketing solutions. Some of them have creative teams from smaller towns, which can think in the idiom and understand the psyche of the region. Some of such rural market divisions are:

- Lintas Linterland
- Grey worldwide's Mediacom
- O&M's Ogilvy Reach
- WPP's Broadmng

Apart from these leading organizations, there are small set-ups that are providing stand alone services like event organization for the promotion of brands in rural India. Some provide video vans and other services to launch, promote and distribute brands in rural India.

Q18. Describe the steps to select a media strategy.

Ans : (Nov.-20, Imp.)

Step-1: Determination of Reach, Frequency, Impact and Engagement

In the first step, the reach, frequency, impact and engagement is determined.

The percentage of rural population exposed to the advertisement within a given time is called reach. The number of times an

individual of rural market have seen the advertisement is known as frequency. Impact is the effect of advertising media on people and the determination of engagement is measuring engagement with consumers.

Step-2: Selection of Media Mix

In second step, a combination of different media called media mix should be selected to effectively convey the message to the rural audience. The effectiveness, impact and cost of media must be taken into consideration for selecting the media mix. The various types of media from which the media mix should be selected are print media, broadcast media, internet, outdoor media etc.

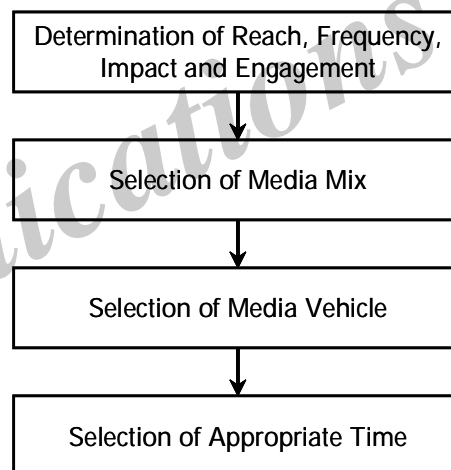


Fig.: Select a media

Step-3: Selection of Media Vehicle

The next step is to select a proper media vehicle. For example, if newspaper is selected as media then in this step, specific newspaper for publishing the advertisement must be selected.

Step-4: Selection of Appropriate Time

The last step is to select appropriate time for advertising. Advertising may be same throughout the year or may change during peak season.

Short Questions and Answers

1. Write a short note on Role of rural marketing consulting agencies.

Ans :

Following are selected rural marketing consultancy organizations:

- (i) **Anugrah-Madison Advertising, Chennai**

With over 15 years of operation in Southern India and a gross billing of Rs.60 million, it is a sister concern of Sam Balsara's Madison Communications.

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Apart from these leading organizations, there are small set-ups that are providing stand alone services like event organization for the promotion of brands in rural India. Some provide video vans and other services to launch, promote and distribute brands in rural India.

2. State the limitations and challenges in rural marketing research.

Ans :

The challenges that are likely to be faced by the researchers and the limitations that have been observed in conducting rural marketing research are described as follows:

- (a) **Nature of Rural Market**

Rural market is widely scattered, highly heterogeneous and geographically, a very large territory. Therefore, conducting a pan-India research to make statistically significant and relevant conclusions is a costly and time-consuming proposition.

- (b) **Paucity of Rural Marketing Research Budget**

The budget assigned for marketing research is usually very limited and within that too, the share of amount allocated for conducting research in rural market is quite inadequate.

- (c) **Lack of Uniformity in Secondary Data**

There is a great variation in the data that is made available or published about the rural market in secondary sources. This makes it difficult for the decision makers to decide which one of them is correct and which is not.

- (d) **Accessibility**

Getting access to a varied cross-section of the rural population for conducting research is very challenging.

- (e) **Lack of Facilities in Rural Areas**

It might again be somewhat difficult and tough for investigators from urban centers to conduct research in rural areas which do not have the facilities, comfort, convenience and infrastructure of urban areas.

3. Explain the managing of rural consumer.

Ans :

The lifestyle analysis enables a business organization to develop a generic profile of the consumers in a rural market segment. This profile should be considered while designing or modifying the marketing mix for that market. The regional and local organizations are in an advantage position as they are fully aware of the consumers profile in a

rural market segment, and they can design an appropriate marketing mix to make a mark in that segment.

4. Define marketing research.

Ans :

Definitions

- (i) **The American Marketing Association.** "The systematic gathering, recording and analysis of data about problems relating to the marketing of goods and services."
- (ii) **Richard Crisp** "The systematic objective and exhaustive research for and study of the facts relevant to any problem in the field of marketing."
- (iii) **Clark and Clark** "Marketing research is the careful and objective study of product design, markets, and such transfer activities as physical distribution and warehousing, advertising and sales management."

5. Objectives of Marketing Research.

Ans :

Marketing research is undertaken for attaining the following objectives:

- (i) **To Provide Basis for Proper Planning**
Marketing and sales forecast research provides sound basis for the formulation of all marketing plans, policies, programmes and procedures.
- (ii) **To Reduce Marketing Costs**
Marketing research provides ways and means to reduce marketing costs like selling, advertisement and distribution etc.
- (iii) **To Find Out New Markets for The Product**
Marketing research aims at exploring new markets for the product and maintaining the existing ones.
- (iv) **To Determine Proper Price Policy**
Marketing research is considered helpful in the formulation of proper price policy with regard to the products.

(v) To Study in Detail Likes and Dislikes of the Consumers

Marketing research tries to find out what the consumers, (the men and women who constitute the market) think and want. It keeps us in touch with the consumers, minds and to study their likes and dislikes.

6. Explain the evolution of rural market research.

Ans :

I) Prior to 1980s: Thompson Rural Market Index

The first comprehensive attempt to study the rural market was made by Hindustan Thompson Associates (HTA) who developed the "Thompson Rural Market Index" in 1972. This database provides comprehensive information on the Market potential value of a particular district. This potential was determined for 335 districts of India on the basis of 11 variables initially and subsequently, 15 more variables were added about it.

The data with regard to demographic variables, occupational patterns, agriculture based information and availability of commercial banks was incorporated to determine the comparative potential of the different districts of India. This tool determined the potential on the basis of demographic factors and the overall agriculture potential of the district.

II) The Decade 1980-1990

The Institute of Rural Management, Anand (IRMA) was first to initiate a course on rural marketing in the 1980s. The course included marketing of urban consumer products and services to rural India.

The characteristics of rural marketing research during the decade 1980-1990 can be summarized as follows:

- (i) Knowledge generation was intensive
- (ii) Knowledge dissemination was low.
- (iii) Educational programmes on Rural Marketing were available.
- (iv) Training materials were prepared on marketing consumer products to rural India.

- (v) The gap between requirements for rural marketing professionals and their availability increased.
- (vi) The chances of tapping the opportunities in rural markets increased with faster percolation of channels of communication in rural India.

III) The Years Since 2000

The critical need for training programmes in rural marketing for marketing professionals at all levels, among corporate was strongly felt in the 21st century. International brands reaching urban India, corporate understood the advantages of going rural to gain 'first mover' advantage.

The need to develop a Rural Marketing Information System from a sectorial point of view emerged. The need for a Human Resource Development strategy for rural marketing was realized by the corporate world. As competition grew, predicting consumer behavior came to the forefront of client demand.

7. Explain various sources of collection of data in market research.

Ans :

There are two sources of information from where data for marketing research can be obtained.

(i) Internal Sources

These refer to the sources of information within the organization. In certain cases internal sources are indispensable without which the researcher cannot obtain desired results. Internal sources include accounting information (Trading Profit & Loss A/c and Balance Sheets of different years), salesmen's reports, statistics in relation to advertisement expenditure, transportation costs etc. Information from internal sources is easily available and no financial burden is involved in gathering the information.

(ii) External Sources

In order to study marketing problems in detail the need of external sources of marketing research arises. External sources are of

immense importance and utility in case where research needs detailed and thorough investigation. External sources data can be divided with two categories

- (i) Primary data
- (ii) Secondary data.

8. Explain various approaches of data collection in rural areas.

Ans :

The following approaches to successfully collect data from the rural areas:

(a) Ensuring the Support of Opinion Leader

In order to encourage the rural people to respond seriously to the research exercise, the investigator needs to educate the opinion leader. Then with the support of these opinion leaders, would be in a position to get the people of that village to respond to the research.

(b) Behaving so as to be liked by rural people

The investigators should dress, speak, act and behave in a manner that is liked by the rural people. They should do things that make the rural respondents relate to them, so that the respondents become willing to participate in the research endeavour. On the other hand, acting in an urban manner and hurting the sensitivity of any person in the village can devoid the investigator of any response from the whole village.

(c) Being at the right places

The investigator can choose those places which are likely to be visited by a good number of people so that he can attain efficiency in the data collection process. These places could be:

(d) The Village Choupal

Which is visited by people of all ages in good number in their free time. They are willing to express themselves at this platform.

9. Write a short note on factors influencing rural consumer purchase.

Ans :

The acceptance of washing machines and rejection of dish washers or the acceptance of Maggi noodles and rejection of Kellogg's cornflakes can only be understood in terms of consumer behavior with regard to the positioning and marketing mix of the organizations. The factors influencing a rural consumer's purchase decision can be enumerated as following:

(i) Socio-Cultural Factors

Buying decisions in rural India are highly influenced by social customs, traditions and beliefs. Caste influences are direct and strong. Rural consumers being conservative in their outlook, take a longer time to be influenced. They discuss the issue of purchase with other villagers considered to be important and knowledgeable. The rural youth are more open to fresh concepts, unlike their elderly family members.

(ii) Group

Consumers are part of a group to which they belong. In a group, there emerge opinion leaders, those people who by virtue of their acceptability have a direct influence on others. An opinion leaders could be a youth going to town, someone aggressive who is more educated and from the dominant caste, a retired person from the armed forces or government service, a teacher, a bank manager, a village development officer or a social worker or a dominant member of a self-help group. The acceptability of an idea or concept by the group and by the opinion leader is critical in rural areas.

(iii) Economic Factors

The quantum of income and the earning stream are one of the major deciding factors, which determine to a great extent, what the consumer will be able to buy. Many people in the rural market are below the poverty line and for large number of people, agriculture is the primary occupation. These factors affect the purchase decision.

10. Rural Market Research.

Ans :

- Rural marketing research means the careful and objective study of product design, markets and transfer activities such as physical distribution and warehousing, advertising and sales management in rural areas.
- Rural marketing research helps to know the demographics, psychographic and behavioural characteristics of the target market in rural areas.
- In short we can say that rural marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in the rural market.

11. Primary Data.

Ans :

This refers to the information collected by the researcher from original sources. It is not a published data; it has to be gathered by the researcher himself by tapping various resources. Primary data is usually collected for specific purposes.

12. Secondary Data.

Ans :

Secondary data is already existing which has been collected and published by some individuals or institutions. This data is available at a very low cost and it requires lesser time to collect it.

13. Experimental Method.

Ans :

Under this method of data collection, a cause and effect (i.e., causal) relationship is established. The independent variables are manipulated to measure the effects of such manipulation on the dependent variables.

Choose the Correct Answer

1. _____ is one of the three major factors of production in classical economy and an essential input for housing and food production [c]
(a) Water (b) Fertilizers
(c) Land (d) Seeds
2. _____ measures the intensity of a media schedule. [c]
(a) Rating (b) Gross impression
(c) Frequency (d) Reach
3. The advertising response curve indicates that _____. [b]
(a) Incremental response to advertising actually diminishes with repeated exposure
(b) Audience fragmentation actually increases effective reach
(c) Repeated exposures to ads actually increase advertising success
(d) Recency planning does not apply to advertising for services
4. Which one of the following is the major concern of farmers at the urban fringe? [d]
(a) Availability of the appropriate resources
(b) Availability of the transportation facilities
(c) Access to the infrastructural facilities
(d) Conflict with nonfarm neighbors& vandalism
5. The rural market presents an exciting opportunity to develop brands into _____. [c]
(a) Valuable possession (b) Generic product association
(c) Goodwill ambassador (d) Hyped goodwill
6. People are sometimes inadvertently exposed to conflicting or confusing messages of familiar products from neighboring states or countries. This issue is referred to as the problem of _____. [b]
(a) Ineffective reach (b) Spillover media
(c) Ineffective frequency (d) Lack of continuity
7. Which one of the following conflict becomes more severe as the urbanization intensifies. [a]
(a) Agricultural and nonagricultural land use conflict
(b) Resource distribution conflict
(c) Development conflict
(d) Infrastructural conflict
8. Which one of the following is NOT a rural pull factor? [c]
(a) Rising affordability (b) Growing acceptance
(c) Fierce competition (d) Improving accessibility
9. Which one of the following is NOT one of the rural marketing strategies? [d]
(a) Management of demand (b) Developmental marketing
(c) Unique Selling Proposition (d) Penetration
10. At the centre of any marketing process is _____. [a]
(a) Target consumers (b) The product
(c) The price (d) The marketing intermediary

Fill in the blanks

1. _____ research helps to know the demographics, psychographic and behavioural characteristics of the target market in rural areas.
2. _____ in rural India are highly influenced by social customs, traditions and beliefs.
3. _____ patterns differ according to income levels.
4. In rural areas a popular form of entertainment is the _____ and _____.
5. Concept of marketing revolves around the customer. Satisfaction of _____ is the main aim of marketing.
6. _____ consumers are fundamentally different from their urban counterparts.
7. _____ need to be carefully developed, tested and debugged before they are administered on a large scale.
8. An efficient _____ system can provide better prices to producers and improve the availability of competitively priced produce to consumers.
9. There are _____ sources of information from where data for marketing research can be obtained.
10. Success of marketing research project depends upon _____ and _____ of data.

ANSWERS

1. Rural marketing
2. Buying decisions
3. Consumption
4. Tamasha and Nautanki
5. Customer
6. Rural
7. Questionnaires
8. Marketing
9. Two
10. Quality and relevance

Very Short Questions and Answers

1. Rural Market Research.

Ans :

Rural marketing research means the careful and objective study of product design, markets and transfer activities such as physical distribution and warehousing, advertising and sales management in rural areas.

2. Reference Group.

Ans :

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'

3. Primary Data.

Ans :

This refers to the information collected by the researcher from original sources. It is not a published data;

4. Secondary Data.

Ans :

Secondary data is already existing which has been collected and published by some individuals or institutions.

5. Dealer Panel.

Ans :

Dealer panel consists of middlemen, such as wholesalers, retailers, and agents.

UNIT V

Applications and Innovations: Marketing of Consumer products, services, social marketing, agricultural marketing, rural industry products - Innovation for Rural Market - Marketing Strategies - e-Rural Marketing - Agricultural Co - operative Marketing - Rural Market Mapping - Corporate Social Responsibility - Organized Rural Marketing - IT for Rural Development - e- Governance for Rural India.

5.1 MARKETING OF CONSUMER PRODUCTS

Q1. What are consumer products? State the classification of consumer products.

Ans :

Meaning

Consumer products, also referred to as final goods, are products that are bought by individuals or households for personal use. In other words, consumer products are goods that are bought for consumption by the average consumer. From a marketing perspective, there are four types of consumer products, each with different marketing considerations.

Classification

There are five different classifications of products available in the market :

(i) Consumer, Intermediate and Industrial Products

- Consumer products are those products which are meant for direct use/consumption of the ultimate consumers such as toiletries, washing and cleaning materials, food and beverages, cosmetics, etc. Industrial products are those products which are used for manufacturing consumer products such as raw materials, chemicals, etc.
- Those products which do not need any processing but are used as it by the users are called Intermediate products such as agricultural inputs, machinery and equipments, etc.

(ii) Durables, Non-durables and Services

- Durable goods are those tangible goods which normally survive many uses.
- Non-durables goods are those goods which normally are consumed in one or a few uses. Services are the activities, benefits or satisfaction which are offered for sales for example, tourism, consultancy, banking, maintenance, etc.

(iii) Convenience, Shopping and Speciality Goods

- This product classification is based upon consumer's effort and shopping habit, i.e., how much effort the consumer puts forth to select and obtain the goods.
- Convenience goods are those goods, which the consumer usually purchases frequently, immediately, and with the minimum of effort in comparison and buying these are also called low investment products.
- Shopping goods may require more shopping efforts covering anywhere from one to several stores to identify or find the appropriate item and here normally the customers make comparisons on such basis as suitability, quality, price, and style.

(iv) Red, Orange and Yellow Goods

The goods are classified on the basis of product characteristics and features. Red goods are goods with a high replacement rate and a low gross margin, adjustment, time of consumption and searching time and orange

goods are goods with a medium score on all five characteristics. Yellow goods are goods with a low replacement rate and a high gross margin, adjustment, time of consumption and searching time.

(v) FMCG Moving Consumer Goods

- FMCGs that penetrate deep down into rural India. "Naturally, staples like tea and toilet soap are the highest - but that doesn't mean that rural consumers only go for the most basic products.
- One of the most startling results: tooth powders were long assumed to be the only sort of oral care product rural markets would buy, yet toothpaste penetration has actually overtaken powders (a similar shift is clearly happening from washing bars to powders).... The overall high penetration of oral care products is also testimony to the effectiveness of public health awareness campaigns - iodized salt is another example.

Q2. Discuss in detail about FMCG industry?

Ans :

The following are the main categories and players in FMCG industry:

1. Personal Care

There are 21 brands in this group including Vicks, Ponds, Lux, Lifebuoy and Fair & Lovely. HUL consists of 11 brands and contributes a sum of 37.99 billion or 54% of the total market value.

2. Foods

The FMCG companies which are dominant players in Godrej, Amul, HUL, Nestle, Britannia, ITC and many more. Nearly 18 main brands are there in this category which are contributing about ` 46.37 billion. One of the top most packaged food company in India is Amul which is well known for its packaged dairy products and eatables like cheese, curd, butter, ice-creams, butter, etc. There has been observed a number of

innovations in the category of foods such as chapatis by HUL, pizzas by GCMF, Godrej Pillsbury, Softies in Ice-creams ready-to-eat rice by HUL, etc.

3. Cigarettes

Among the top 100 sales of FMCG, cigarettes constitute about 17% and is ranked next to personal-care. In India, ITC constitutes around 60% of market share in terms of quantities and 70% in terms of value of all filter cigarettes.

4. Household Care

Godrej and Reckitt are the two dominant players in this category. Godrej with its product Good knight constitute around ` 2.17 billion market value whereas the mortin from Reckitts company constitutes nearly ` 1.499 trillion.

5. Hair Care

With the most selling shampoos Clinic Plus and Sunsilk HUL became one of the dominant player among the top 100 in this category. Even though the head and shoulders and Pantene Shampoos from P&G are also striving hard to reach the top position. Moreover, the market share of Clinic Plus is double the size of Sunsilk.

6. Herbal Products

In India, Dabur is one among the top five of FMCG companies and is said to be an expert in herbal products. Dabur Amla, Dabur Chyawanprash, Real, Vatika, Hajmola are the various well-known brands from Dabur.

7. Confectioneries

Cadbury India ranks second in the whole food and drinks market and is said to be a market leader in chocolate confectioneries market by contributing around 70% of the market share.

Dairy Milk, 5 Star, Gems and Eclairs are the famous brands of Cadbury.

5.2 MARKETING OF SERVICES

Q3. What are services? State 7 Ps of service marketing mix.

Ans :

Meaning

Services are usually intangible economic activities offered by one party to another. Services marketing typically refer to both business to consumer (B2C) and business to business (B2B) services, and include marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services.

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perish ability and inseparability.

Definition

- **The American Marketing Association defines services as** - "Activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods."

Seven Ps of Service Marketing Mix

The first four elements in the services marketing mix are the same as those in the traditional marketing mix. However, given the unique nature of services, the implications of these are slightly different in case of services.

1. Product

In case of services, the „product is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Hence particular care has to be taken in designing the service offering.

2. Pricing

Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in case of services attendant costs such as labor and overhead costs also need to be factored in. Thus a restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided. The final price for the service is then arrived at by including a mark up for an adequate profit margin.

3. Place

Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product assumes importance. Service providers have to give special thought to where the service would be provided. Thus, a fine dine restaurant is better located in a busy, upscale market as against on the outskirts of a city. Similarly, a holiday resort is better situated in the countryside away from the rush and noise of a city.

4. Promotion

Since a service offering can be easily replicated promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

5. People

People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

6. Process

The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

7. Physical Evidence

Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.

Q4. Explore the marketing of cellular services in rural market.

Ans :

In Indian economy, one of the thriving sector is telecom sector as mobiles became a part and parcel of everyone's life. Recently, mobile service providers targeted rural areas as they are accepting 100 million mobile acceptors from rural areas with affordable plans and low cost handsets. The dominant players in cellular services in India who are having attractive plans for rural areas are Bharati Airtel, Spice Telecom, Idea Cellular, Reliance Communications, Vodafone and Tata Teleservices.

Major Players and Initiatives

The importance of rural India is identified by both OEMs and Telecom operators where OEMs are focusing on grabbing a rural mobile market pie. The major players and their initiatives to market their services in rural areas are:

(i) BSNL

BSNL being a state-owned player created a substantial subscriber base by offering low-cost scheme to the rural areas. But the private players are not idle and struggling to occupy the whole market from BSNL.

(ii) Idea Cellular

"Education for all" is a strategy established by Idea cellular of Aditya Birla Group Company, it featured it's brand with bollywood actor Abhishek Bachchan as brand ambassador Idea cellular has grabbed 40 percent of total sales and 40 percent of total sales and 50 percent of total subscribers from rural areas. A variety of distribution systems have been followed by the cellular operators, penetrate and grow in the rural areas. Along with the 3-tier distribution system the service providers, operators, distributors and retailers are adopting rural distribution channel like public distribution system or postal department besides three tier distribution system.

(iii) Spice Mobiles

Spice mobile is the first one who introduced a combo of handset and a spice (Sabka Spice) at a very low price of ₹ 599. The combo has the following attractive features,

- (a) Prepaid connection of one year validity and zero rental for one year with 50 paise call rate.
- (b) Postpaid connection charges are very low for local, STD and roaming calls.
- (c) Long battery life, stand-by-time of 250-300 hours, talk time of 3.5 to 4 hours.
- (d) Audio interface system to assist in operating mobile phones by following the audio alerts.
- (e) Choice of Language Hindi, Punjabi and English.
- (f) Universal charger
- (g) Intelligent LEDs including blue and red led, speed dial and a speaker phone.

5.3 SOCIAL MARKETING**Q5. What is Social Marketing in rural communities?**

(OR)

Write a short note on social marketing.

Ans :

(Dec.-18)

Social marketing is the application of commercial marketing principles for social good

rather than for profit. Social marketing seeks to change people's knowledge, attitudes, and beliefs so that they eventually want to change their behavior. Just as systems of care should be family-driven and youth-guided, the audience you are trying to reach should guide social marketing efforts.

Leaders of children's mental health around the country use social marketing strategies to:

- Raise awareness of mental health needs of children, youth, and young adults.
- Demonstrate that systems of care improve outcomes for youth who have serious emotional disturbances (SED) and their families, and provide an excellent return on investment (ROI).
- Develop community support to create, expand, and sustain the system of care approach in counties, states, tribes, and territories; and
- Create a shared vision of what the system of care can achieve and how the partners will do this collaboratively.

Social marketing is the practice of using commercial marketing strategies to drive behavior change around a social issue. Social marketing follows a strategic process. It is helpful because it encourages you to appreciate and consider the barriers and benefits to behavior change in your audience. What is keeping your audience from thinking, feeling, or acting a certain way?

Q6. What are the common challenges and opportunities in social marketing?

Ans :

Challenges

The most successful social marketing efforts reflect a deep understanding of the intended audience's attitudes and beliefs. Effective social marketing also considers what is preventing an audience from certain actions (barriers), as well as what might motivate them (benefits). While all rural communities are different, many face common challenges related to accessibility, availability, and acceptability of seeking care. Some of these common challenges faced include:

- Limited access to remote areas and lack of transportation
- Limited financial resources
- Limited technology
- A wide range of cultures and beliefs across large geographic areas
- Scarcity of media outlets
- Scarcity of primary care providers, child and adolescent psychiatrists, therapists, and social workers (especially bilingual providers)
- Siloed services and limited collaboration between systems
- Historical skepticism around accessing services and supports through health institutions
- Lack of awareness and understanding of the need to treat children and youth with mental health challenges
- Prejudice and discrimination against people dealing with mental health challenges
- Lack of privacy due to of close social networks

Opportunities

While there are many challenges to reaching rural audiences, there also are unique characteristics that serve as opportunities for social marketing efforts. Strengths of some rural communities that can be leveraged for social marketing may include:

- Tight-knit community that understands the importance of helping neighbors
- The commonality of word of mouth communications
- Existing collaborations and informal communications networks
- Agencies and organizations that are willing to partner, such as the Cooperative Extension System
- Natural community leaders who are easily identifiable (because of the smaller community) and willing to partner

- Audiences that may be more likely to read traditional print publications (such as local newspapers, local magazines, or church bulletins)
- Media coverage may be more accessible because of lower competition (compared to urban areas)

5.4 AGRICULTURAL MARKETING

Q7. Define agricultural marketing. State its functions.

Ans :

Meaning

Agricultural marketing system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. Improvement in the condition of farmers and their agriculture depends to a large extent on the elaborate arrangements of agricultural marketing.

Functions

- (i) Agricultural marketing involves collection of produce to be marketed in larger markets or mandis.
- (ii) Agricultural marketing involves grading or sorting the products based on size, variety, taste, quality, colour etc and standardization of the grades.
- (iii) Agricultural marketing involves processing or converting the farm produce into consumable goods. For example converting wheat into wheat flour, paddy to rice etc.
- (iv) Agricultural marketing involves the transportation of products through various means such as road, rail, air and water.
- (v) Agricultural marketing involves storage of the products right from the production till it reaches the consumers.

Present State of Agricultural Marketing in India

In India four different systems of agricultural marketing are prevalent:

1. Sale in Villages

The first method open to the farmers in India is to sell away their surplus produce to the village moneylenders and traders at a very

low price. The moneylender and traders may buy independently or work as an agent of a bigger merchant of the nearby mandi. In India more than 50 per cent of the agricultural produce are sold in these village markets in the absence of organized markets.

2. Sale in Markets

The second method of disposing surplus of the Indian farmers is to sell their produce in the weekly village markets popularly known as 'hat' or in annual fairs.

3. Sale in Mandis

The third form of agricultural marketing in India is to sell the surplus produce through mandis located in various small and large towns. There are nearly 1700 mandis which are spread all over the country. As these mandis are located in a distant place, thus the farmers will have to carry their produce to the mandi and sell those produce to the wholesalers with the help of brokers or 'dalals'. These wholesalers or mahajans again sell those farm produce to the mills and factories and to the retailers who in turn sell these goods to the consumers directly in the retail markets.

4. Co-operative Marketing

The fourth form of marketing is the co-operative marketing where marketing societies are formed by farmers to sell the output collectively to take the advantage of collective bargaining for obtaining a better price.

Q8. Describe the history of agricultural marketing.

Ans :

The history of growth and development of agricultural marketing is evolutionary, rich and an interesting one. From the available data, a broad picture can be given.

- The problems in marketing of agricultural produce existed for generations. Only the volumes, distances and complexities have changed.
- The study of the past developments help in emphasizing that changes are continually underway.

- New developments from many different sources have always challenged the existing marketing practices and organisations to adapt or reorient these practices.
 - Though agriculture was started by early man around 8,000 B.C., we have evidences of a good agriculture around 2,500 B.C. in Harappa and Mohenjodaro civilization.
 - Early in the development of Indian community, people realised that some were better adapted to certain kinds of activities than others.
 - Thus, they specialised in their work. This is referred to in history as development of Varna and caste systems. This specialization increased the output of agricultural produce. It also removed self sufficiency of the family unit.
 - They began to produce more than the requirement of the family consumption.
 - This facilitated the exchange of surplus commodities. The marketing tasks were evolved and also middlemen who specialise in this work entered.
- The problems faced by them were:
- Transportation at a reasonable time and cost
 - Perishable nature and hence losses
 - Volume and trade qualities were limited and
 - Communication
- Until the fourth quarter of the nineteenth century, the agricultural pattern was one of the small industry with transportation and communication and other marketing problems of a largely local nature.
 - Cotton dispatches to England from India presented earlier transportation, packing, handling and marketing problems. Grading was also a major issue.
 - During the first half of the twentieth century, large famines, droughts and other natural calamities brought the focus of transportation and distribution problems of agricultural commodities in far flung places in India.
 - Many a occasion imports and airlifting of food grains became necessary.
 - After Independence, India gave due importance to agriculture. With the Green Revolution, India had registered the expansion of agricultural produce.
 - This sudden and good development made available vast amount of food grains to feed its large population. In the turbulent two and half decades, the agricultural marketing system was put under great pressure to move this new productive capacity into the hands of the consumer.
 - The 1980s brought a new set of agricultural marketing developments and issues. The struggle to keep agricultural produce supplies and demands in balance at prices acceptable to both farmers and consumers led to government interventions by way of subsidies, taxes, procurement and controls. Being a big vote bank, farmers could at times, dictate their points.
 - The 1990s were marked by consumption preferences by the consumers. Multinational food joints, processed foods, ready to cook, instant and ready-to-eat commodities changed the market demands. Fast food joints started dotting the cities. The large food companies entered the scene in a big way.
 - Changes in agricultural production and agricultural marketing continue at a rapid rate. New marketing challenges and developments are in the area of biotechnology, trade growth, solubilization of markets, organic and natural foods, instant foods, direct marketing, speciality "iche or branded agricultural products.

Q9. Explain the growth of agricultural marketing.

Ans :

(i) Area

India is a vast country and it is commonly believed that it has unlimited area for agriculture purpose. This is not true. Out of the total geographical area, net area sown accounts for 46.6 per cent, out of which irrigated land is around 23 per cent.

(ii) Marketing efforts

The marketing of agricultural produce has fuelled growth since independence. 'Market first, then produce the product' has been the corner stone. Marketing influences, volume, variety and price of agricultural supplies

(iii) Science and Technology

Since the late sixties, there is surge of production due to technology and science inputs. The Green Revolution in India during the period helped the matter. This gave better yields and tended to be labour saving. The agricultural productivity increased to a large extent during the period. Fig. 8.7 on the next page shows the productivity of agriculture trends since 1650 AD. From the graph it may be seen that since 1950, there is a growth of fifty per cent. It is science and not land that has made this possible.

(iv) Improvement in Inputs

Large improvements have taken place in recent years in terms of better seeds, livestock nutrition, fertilisers, pesticides and variety of other inputs. Science has shown that two plants can be grown where one was possible earlier. The plants are healthy and give more yield. The produce has better shelf life. Longer storage helps in reducing spoilage or wastage and give better returns. There is pressure to move agricultural produce and this added production into consumption.

Q10. State the defects of Agricultural Marketing in India.

Ans : (July-18)

Following are some of the main defects of the agricultural marketing in India:

1. Lack of Storage Facility

There is no proper storage or warehousing facilities for farmers in the villages where they can store their agriculture produce. Every year 15 to 30 per cent of the agricultural produce are damaged either by rats or rains due to the absence of proper storage facilities. Thus, the farmers are forced to sell their

surplus produce just after harvests at a very low and un-remunerative price.

2. Distress Sale

Most of the Indian farmers are very poor and thus have no capacity to wait for better price of his produce in the absence of proper credit facilities. Farmers often have to go for even distress sale of their output to the village moneylenders-cum-traders at a very poor price.

3. Lack of Transportation

In the absence of proper road transportation facilities in the rural areas, Indian farmers cannot reach nearby mandis to sell their produce at a fair price. Thus, they prefer to sell their produce at the village markets itself.

4. Unfavorable Mandis

The condition of the mandis is also not at all favourable to the farmers. In the mandis, the farmers have to wait for disposing their produce for which there is no storage facilities. Thus, the farmers will have to take help of the middleman or dalal who take away a major share of the profit, and finalizes the deal either in his favour or in favour of arhatiya or wholesalers. A study made by D.S. Sidhu revealed that the share of middlemen in case of rice was 31 per cent, in case of vegetable was 29.5 per cent and in case of fruits was 46.5 per cent.

5. Intermediaries

A large number of intermediaries exist between the cultivator and the consumer. All these middlemen and dalals claim a good amount of margin and thus reduce the returns of the cultivators.

6. Unregulated Market's

There are huge number of unregulated markets which adopt various malpractices. Prevalence of false weights and measures and lack of grading and standardization of products in village markets in India are always going against the interest of ignorant, small and poor farmers.

7. Lack of Market Intelligence

There is absence of market intelligence or information system in India. Indian farmers are not aware of the ruling prices of their produce prevailing in big markets. Thus, they have to accept any un-remunerative price for their produce as offered by traders or middlemen.

8. Lack of Organization

There is lack of collective organisation on the part of Indian farmers. A very small amount of marketable surplus is being brought to the markets by a huge number of small farmers leading to a high transportation cost. Accordingly, the Royal Commission on Agriculture has rightly observed, "So long as the farmer does not learn the system of marketing himself or in co-operation with others, he can never bargain better with the buyers of his produce who are very shrewd and well informed."

9. Lack of Grading

Indian farmers do not give importance to grading of their produce. They hesitate to separate the qualitatively good crops from bad crops. Therefore, they fail to fetch a good price of their quality product.

10. Lack of Institutional Finance

In the absence of adequate institutional finance, Indian farmers have to come under the clutches of traders and moneylenders for taking loan. After harvest they have to sell their produce to those moneylenders at unfavourable terms.

11. Unfavorable Conditions

Farmers are marketing their product under adverse circumstances. A huge number of small and marginal farmers are forced by the rich farmers, traders and moneylenders to fall into their trap to go for distress sale of their produce by involving them into a vicious circle of indebtedness. All these worsen the income distribution pattern of the village economy of the country.

Q11. State the significance of regulated market to agriculturists.

Ans : (July-18)

1. Regulated markets play a significant role in developing market linkages with the nearby towns to facilitate trading the farm inputs and products.
2. Regulated markets play a key role in developing the market yards for the farmers to market all the agricultural products under one roof.
3. Regulated markets play a key role in facilitating the farmers to market their products in the rural markets i.e., huts, melas etc.
4. Regulated markets established a national grid of rural go-downs to facilitate the storage of farm goods at affordable prices.
5. Regulated markets committee constructed the link roads in the rural areas to facilitate the easy transportation of goods.
6. Regulated markets assists the agriculturists/ farmers in understanding the key concepts of marketing such as grading, standardization and quality control with which they can bargain best price for their products.

Q12. State the various Remedial Measures for Improvement of Agricultural Marketing.

Ans :

Improvement of the agricultural marketing in India is utmost need of the hour.

The following are some of the measures to be followed for improving the existing system of agricultural marketing in the country:

1. Establishment of regulated markets.
2. Establishment of co-operative marketing societies.
3. Extension and construction of additional storage and warehousing facilities for agricultural produce of the farmers.

4. Expansion of market yards and other allied facilities for the new and existing markets.
5. Provision is made for extending adequate amount of credit facilities to the farmers.
6. Timely supply of marketing information's to the farmers.
7. Improvement and extension of road and transportation facilities for connecting the villages with mandis.
8. Provision for standardisation and grading of the produce for ensuring good quality to the consumers and better prices for the farmers.
9. Formulating suitable agricultural price policy by the Government for making a provision for remunerative prices of agricultural produce of the country.

5.5 RURAL INDUSTRY PRODUCTS

Q13. Explain the concept of rural industry products.

Ans :

- In rural industrial sector the marketing practices are traditional which are largely dictated by the traders lobby in the region.
- The most common practice is selling through commission agents on given demand. Some of the specific rural industrial products like basketry, pottery, mat weaving, leaf plate making, etc., are produced on contract and sold through the same contractor's channel.
- These products are procured by itinerant traders in the village itself and further disposed off through wholesalers or commission agents.
- The rural industries products such as paper machine, jute and coir articles, metal products, bamboo products, laces etc. have good export potential.
- The contractors procure the products on given demand by paying wages to the artisans and get high marketing margin by selling to wholesalers and export agents.
- The broad perspective of the marketing network of rural industries can be in two dominant sectors namely private sector and cooperatives.
- The private sector comprises of trader, commission agent, master craftsman, forwarding agent, exporter, wholesaler and retailer.
- Apart from cooperatives, there are government corporations and development agencies which promote the marketing activities.
- The pressure on marketing is created often by the private sector on the rural artisans, exploiting their economic condition such as debt trap, low income and their dependency on the private marketing agents for marketing of their products.
- The market organization for most of the rural industrial products does not vary. The middlemen, who form the core of procuring agencies in the private sector, dominate the trade.
- The government corporations and cooperatives despite several efforts could not establish their objectives properly to a large extent, being unable to compete with the private sector.
- There are some dimensions on which the status of middlemen or contractor can be behaviorally analyzed.
- In broad sense they are the status of being middleman as a promoter of the enterprise and as a trader for the products of the entrepreneur.
- Production is a resultant of material and financial inputs and labour, while marketing is an act of exchange of products of money or barter for income generation, or fulfilling other requirements.
- Exchange is a specific phenomenon of economic life, which reflects the underlying socio-economic organization of production.

- Exchange relations are not general, but particular to the different modes of economic organization that shapes there.
- The demand and supply ratios for various rural products have also moved up alongside the increase in population in rural and urban areas. The transformation of rural markets in the country has developed well with the growing monetization and techniques of exchange. High risks and low-profit margin – these were the twin conditions of Indian trade in rural areas.
- The growing awareness of the importance of cost-benefit ratios on the part of the rural producers and state intervention in farm and non-farm trade have resulted in several sophisticated changes, regulation of trade, establishing assured markets and strong alternative channels, price support, speculation control, backward and forward linkages and marketing extension approaches.
- The major outcome of the change in rural market structure that has emerged is regulation of agricultural markets, in wide unorganized rural productive sector. It has decreased the influence of middlemen, on one hand, and helped farmers to get better price for their produce to some extent on the other.

Q14. Discuss the problems of rural artisans face in marketing their products and how these can be surmounted.

Ans : (Nov.-20)

Though the artisans continue their work but there are some reasons which restrict them to market their products successfully. They are as follows,

(i) Product Side Problems

The products made by artisans have become less competitive as the skills of rural artisans is old and the technology used is traditional. The factory goods produced in bulk are preferred due to their standardization, modernity and less cost.

Moreover, the rural artisans possess less knowledge regarding product design, product development, demand in the market etc. The artisans are more product oriented than customer oriented due to unavailability of market research facilities and urban exposure.

(ii) Price-Side Problems

Most of the artisans face price disadvantages. For example, plastic products of cheap quality have occupied the market of earthenware. Artisans cannot charge prices lower than the products that are made by mills due to high raw material costs and high interest rate.

(iii) Place-Side Problems

The craftsmen who live in small distant villages face problems in accessing urban areas and metro cities which are now considered as the main markets for craft products. Besides this, craftsmen are exploited by the middlemen who are interested only in maximizing the profits.

(iv) Promotion-Side Problems

Most of the artisans lack in strong communication and promotion skills. They have below satisfactory level economic status, low level education and lack exposure to information and communication technology. Their weak communication, shyness, willingness to remain silent and satisfied are most critical barriers to personal selling. Therefore, heavy competition from modern and large industries decreases their chances of promotion.

Institutional Framework for Development

Some of the institutions that are set up to promote rural artisans are as follows,

1. R&D Institutions

Indian Agricultural Research Institute (IARI), National Institute of Science, Technology and Development Studies (NISTADS), Advanced Materials and Process Research Institute (AMPRI), Central Institute of Agricultural Engineering (CIAE), Central Leather Research Institute (CLRI) etc, are some of the R&D institutions.

2. Financial and Marketing Institutions

Central Co-operative Bank (CCB), District Industries Centre (DIC), Khadi Village and Industries Commission (KVIC) and National Bank for Agricultural and Rural Development (NBARD) marketing institutions.

3. Technical Training Institutions

The technical training institutions, includes Indian Agricultural Research Institute (IARI), Central Institute of Agricultural Engineering (CIAE) Central Leather Research Institute (CLRI) etc.

4. Advisory Boards

Various boards were set-up in order to provide guidance to governments in policy making. They are the All India Handicrafts Board, All India Handloom Board, Central Silk Board and Jute Advisory Board.

5. Government Offices

Office of the development commissioner for Handlooms and for Handicrafts was made to promote.

6. All India Associations

The all-India organizations were formed for India's three famous handicrafts such as hand printed textiles, carpets and zari. Moreover, these associations act as platforms to have interaction between manufacturers and exporters and for handicrafts board. However, the board make use of some associations like All India Carpet Manufacturers Association, Varanasi District, UP, All India Federation of Zari Industry, Gujarat, All India Textile Hand Printing Industries Federation, Mumbai, to circulate the information which is useful to craftsmen.

7. State and Union Territories Corporation

The central government gives loans and grants to motivate the states to increase the production and sale of their handicrafts. In turn, the states help the handicraft producers and products based on the number of people associated with them and the market potential of the product.

Q15. What are the measures undertaken to develop rural artisans? Discuss the initiatives by government and NGO's to promote rural artisan products.

Ans :

In development of rural artisans, two pronged approaches are required i.e., enhancing the socio-economic conditions of artisans and reinforcing. The production and marketing of their units.

1. Inclusive Development Programmes

The government rural development programmes must consider and include rural artisans to improve their standard of living.

(a) Participatory Approach in all Rural Development Programmes: The government policies must consider those approaches which would focus on people from all perspectives and get information about opportunities and barriers that describes the lives of artisans. This will enhance the effectiveness of various developmental measures undertaken by the government for the rural artisans.

(b) Social Security Support: As weaker sections are given relief and support through subsidies, loan waivers and pension schemes. Similarly, artisans must be considered for the same support.

2. Organizing Artisan Groups

The organized artisans can be in good position if an effective business plan is made to take support from financial institutions and marketing agencies. The alternative approaches to organizing are,

(a) Organizing into Self-Help Groups (SHGs): The village artisans can be organized into self-help groups. This effort facilitates them to develop better produce and avail the benefits of economies of scale.

(b) Formation of Co-operative Societies of Craftsmen: Craftsmen can unite together in order to form a registered co-operative societies to secure and encourage their interests.

(c) Formation of a Trust: The formation of a trust helps the artisans in marketing and production. The trust can also help in the formation of an organized group with a different organizational structure when the group members become efficient and resourceful.

3. Technical Education and Training

The main aim of training and education is to improve the craft skills, entrepreneurial skills of rural artisans. The training programmes are conducted by various government agencies and co-operative organizations. Moreover, the rural artisans are trained under the Training of Rural Youth for Self- Employment (TKYSEM) scheme.

4. Credit Facilities

Credit facility is said to be important for the creative artisans to overcome technological problems and undertake quality production. Commercial banks must offer two types of instruments i.e., collateral free loan facilities and Artisan's credit cards to rural artisans.

5.6 INNOVATION FOR RURAL MARKET

Q16. Define innovation. Elaborate the need for Innovation for Rural Market.

Ans : (Dec.-18)

Definition

According to Peter Drucker "innovation is the specific function of entrepreneurship, whether is an existing business, a public service institution, or a new venture started by alone individual". Moreover, Druckers says that "innovation is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth.

Need

- As the competition increases in the rural market there might be the need for competitively priced products that are developed as per the needs of the rural consumers.
- Developmental marketing effort of the organizations can increase disposable income in the hand of villagers, which can spur the Indian rural market.
- Non-consumers of yesteryears are entering into the rural market as first time buyers for a large number of products in a large number.
- This calls for shift in management thinking from gross margin to higher profit, from high value unit sales to game of high volumes, capital efficiency and from one solution fits all thinking to market innovation.

Q17. State the Principles of Innovations for Rural Market.

Ans :

The principles and practices of innovation to be adopted in rural market have to take into consideration needs, lifestyles and consumer behavior of the rural population. It is extremely important that the product, pricing, promotion and distribution strategy are not just innovative alone but they must make product value proposition attractive and relevant for rural consumers. Some of the principles to develop innovative for tapping the rural markets are as follows:

1. Speed of the Innovation

Time from conception of a product to delivery to the retailer's shelf need to be shortened. It will make the organization more responsive to the fast changing environment. Organizations will have to find ways to anticipate, meet and exceed customer needs faster than ever before. It is important to be first on the retailer shelf in the rural market.

2. Scale of Innovation

Solutions that are developed must be scalable across regions, cultures and languages with slight modification as per the variations of different parts of India. This is a key consideration for gaining scale. Rural markets of India can be good labs to export the successful products and business models to other bottom of the pyramid markets.

3. Process Innovation

Process innovations are just as critical in rural markets as product innovations. Innovation must focus on building a logistics infrastructure, including manufacturing that is in accordance with the prevailing conditions and can deliver solutions in a cost effective manner.

4. Product Innovation

Product development must start from a deep understanding of functionality, not just for marginal changes to products developed for customers in the towns might not be that effective in rural market. The infrastructure and environment, in which the rural consumers live and work in, demand a rethinking of the functionality a new.

5. Price Innovations

Conserving resources is the mantra, the product meant for rural market must eliminate or reduce, the various recurring costs and thus should reduce resource intensity. The option to reuse, refill and recycle is critical principles in product development for rural market as they reduce the overall cost of the product.

6. Promotional Innovation

Changing demographics and spending profiles present countless opportunities for a creative response by the corporate sector. Marketers see hints of change with the kids under twelve asking for brands by name. Promotional campaigns have to be innovative to target the youngsters by engaging them through combination of media options.

Education of customers on product usage is the key. Innovations in educating a semilliterate group on the use of new products can pose interesting challenges. Promotional campaign such as video mounted on trucks and travelling low cost theatrical productions need to be undertaken for any serious promotional effort in rural areas.

Q18. What are the recent innovations in rural marketing?**(OR)****Brief on new innovations in marketing of services in rural markets.***Ans :***(April-23, May-19)**

1. A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.

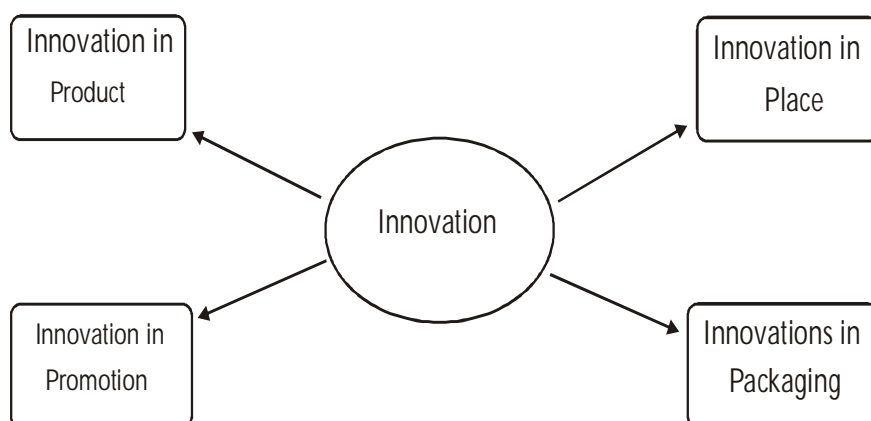


Fig.: Innovation in Rural Markets

1. Innovations in Products

The following are the recent product innovations in rural markets.

- Rasoi Ghar introduced by HPCL, a community kitchen for number of households.
- Green PHABLET powered by Green SIM is recently introduced by ICRISAT in collaboration with Airtel and IKSL to assist farmers in purchasing the farm inputs at best price.
- Under the initiative of Mera Gao Power, Nikhil Jaishinghai introduced the low cost solar powered micro grids to provide low cost lighting services to rural areas.
- Consumable goods producer such as Samsung developed and introduced stabilizer free refrigerator.
- Nokia introduced the mobile covers which are pest resistant.

2. Innovations in Price

The following are the recent innovations in rural marketing practices with respect to pricing.

- FMCG companies are introducing the products at low prices.

Example: Coca-cola introduced 200 ml bottles at just ₹5.

- Sinochem, Dupont, syngenta introduced free price coupon scheme for their dealers and distributors.

3. Innovations in Promotions

The following are the innovations with respect to the promotion of the products.

- Google launched the internet bus i.e., Google bus to promote the importance of internet to the offline population.
- TATA company launched a Haat Hungama campaign for the interactive brand games by creating a set of flash cards to convey the entertainment along with education.
- 3A Bazaar is a mobile retailing initiative introduced for rural areas.

4. Innovations in Packaging

The following are the recent innovations in the packaging of the products.

- s-pac is a packing innovation introduced by syngenta to deliver the products with high safety and ease-of-use.
- Dupont dual compartment pouch mix pack.

Role of IT in Rural Marketing

The following points highlight the role of IT (Information Technology) in rural marketing.

1. IT enables the marketers to overcome the infrastructural barriers in the rural markets through e-commerce, e-choupal etc.
2. IT allows the local and national customers to access the global markets.
3. IT reduces the cost of executing the sale transactions.
4. IT allows greater visibility of products at the customer's end.
5. IT enhances the transparency in the marketing activities.
6. IT offers customized services.
7. IT allows easy availability of the customer feedback and their database.
8. IT minimizes the intervention of the middlemen and agents in rural marketing.
9. IT enables the computerization of the land records in rural areas. Example Project Bhoomi.

5.7 MARKETING STRATEGIES FOR INDIAN RURAL MARKET

Q19. Discuss in detail competitive strategy and product strategy to be adopted in rural market.

Ans :

(Imp.)

Competitive Strategy

The companies that want to enter rural market should develop a strategy by considering the Michael Porter's five force model. It is important for the company to analyze how the below five forces can affect its activities in rural areas.

1. Consumer Power

Before entering rural market, the company should become aware of the fact that rural consumer is becoming more knowledgeable and empowered so, the products of good quality should be offered to them. The

company can promote its brand through word-of-mouth factor because this way company can win complete village without any promotional effort.

2. Competitors

Competition in rural market is different from the competition in urban market. In rural areas, less number of options are available to consumers. Brands hardly compete with each other.

3. Substitute Products

There are many substitute and fake products available in rural market because rural consumers are mostly illiterate and dependent on retailers. To combat this problem, companies must adopt a suitable strategy of brand promotion, packaging and identity. Rural consumers should be educated so that they can distinguish original brand from fake brand.

4. Potential Entrants

Companies must always keep an eye on the market and develop entry barriers for new entrants. It is a good idea to maintain healthy relation with retailers so that new entrants can be avoided. The company should also offer products at low prices with other benefits which cannot be offered by other competitors/new entrants.

5. Supplier

The company should sell the quality products at cheap price by employing good suppliers who can provide low price products with good quality. Backward integration is another option available to the company in achieving economies which ensure success in the rural market.

Product Strategy

Every marketer is well aware of the fact that tapping rural market is not an easy task. Appropriate product strategies should be adopted to meet the requirements of rural customers.

1. Understanding the Valued Product

A company cannot be successful if it doesn't understand the value conscious customers in the rural market. Products of superior value should be delivered to rural customers at a reasonable price. By considering the requirements of rural customer, Britannia come up with the concept "Sawast Kaho tan man jagao" (Eat healthy, Think better). This strategy helped the company succeed in rural market.

2. Packaging

The company can deliver products in different size of packaging so that rural customer can pick the product at the price which he/she can afford. Although small packs give higher margin per unit when compared to larger packs, overall profit reduces with this strategy.

3. Emotional Attachment

A brand should evoke emotional attachment to succeed in rural market. A customer may not purchase the same product again if the brand evokes only the fore front appreciation of the consumer. To emotionally attach the customer to the brand, TATA company advertised its product i.e., TATA salt with tagline "Maine desh ka namak khaya hai".

4. Branding Strategy

A company can build its brand in the rural market by offering the products that meet the rural requirements in terms of price, communication and packaging. Many FMCG companies have adopted a strategy of reducing several number of brands and establishing only one master brand to serve many segments by brand extensions or product variety. In this way one can save cost of building several brands by developing few master brands and promoting them for different but related products.

5. Symbols and Logos

Companies should try to influence the customer by using symbols like lightening for Rin, Muscle Man for MRF etc. (Otherwise, the Retailer will sell fake and counterfeit

version of the brand to the customer. Using symbols and logos is very important to help the consumer identify the brand during selection. As most of the rural consumers are illiterate, the company should highlight logos and symbols in different sizes and colours.

Q20. Explain in detail about aamarketing strategies for Indian Rural Market.*Ans :***(April-23, Imp)**

The various marketing strategies for rural market are discussed as follows,

1. Segmenting the Rural Market

A company should segment the rural market before designing and implementing any strategy. Earlier, companies never segmented rural market and the whole rural market was considered as one. This resulted in mismatch between the expectations of rural consumers and the company's strategy in different regions.

Therefore, the marketer should make efforts in phases step by step, when the initial steps work successfully, further steps can be taken in rural market. Segmentation should be done carefully because different product categories fulfill the demands of different rural markets. In the initial phase, the company should focus on select brands, select markets, select villages.

2. Competitive Strategy

The companies that want to enter rural market should develop a strategy by considering the Michael Porter's five force model. It is important for the company to analyze how the five forces (i.e., consumer power, substitute products, competitors, suppliers and potential entrants) can affect business activities in rural areas.

3. Product Strategy

Every marketer is well aware of the fact that tapping rural market is not an easy task. Appropriate product strategies should be adopted to meet the requirements of rural customers. Some of the product strategies include,

- (i) The company should offer products of maximum value to the rural consumer in return for the money they spent.
- (ii) The products should be delivered in different size of packaging so that rural customer can pick the product at the price which he/she can afford.
- (iii) The company should make sure that rural customers are emotionally attached to the brand.
- (iv) The company should use logos and symbols to attract the customer and to distinguish its brand from fakes and counterfeits.

4. Pricing Strategy

- i) A company should set low prices for the products and provide value for the money spent by the consumer. For this, an appropriate cost structure should be designed. Products should be redesigned to maintain low cost in rural market. For example, refill packs.
- ii) The decision related to price should be made by considering the income received, how it is received and when it is received. One can become successful in the rural market by adopting a strategy of penetration pricing. Marketing tools like coupons and offers donot work in rural market. Therefore, the price of the product should be kept as low as possible.
- iii) In case of FMCG products, cost can be down by reducing the net weight of the products to maintain the price points. Capital investment should also be reduced by taking initiatives such as outsourcing, streamlining supply chains, manufacturing, managing receivables etc.

Q21. 'Rural marketing is real marketing' Do you agree? Justify with suitable examples.

Ans :

(Nov.-20, Dec.-18)

Yes, I agree that Rural marketing is real marketing as the rural markets are creating number of market opportunities to both domestic and global companies in the present context. In India, rural economy contributes to nearby 50% of the national total income. Now-a-days most of the marketers have shifted their focus towards rural markets as they have high market potential and growing opportunities when compared to the urban markets. The following are the reasons for the increased importance of rural markets over the urban markets.

1. Large Population

In India, as most of the population resides in rural areas, they are said to have a high market potential than the urban areas.

2. Increased Income

With the advent of technology in agricultural processes, the income of the farmers has been increasing. Thereby, increasing purchasing power of the rural people which is attracting the marketers towards the rural markets.

3. High Competition and Saturation of Urban Markets

As the urban markets are highly saturated with the advanced products and are loaded with number of competitors, marketers are moving towards the rural markets.

4. Increased Financial Assistance

The purchasing power of the rural people is increasing with the financial assistance from the co-operative society at a nominal rate of interest. This again creates an opportunity to the marketers to exploit the advantage from the rural markets.

5. New Employment Opportunities

Government initiated number of programmes to train and provide employment opportunities to the rural youth and women in the non-agriculture sector. The self employment and increased employment changed the life style and purchasing behaviour of the rural people thereby increasing the potential of rural markets.

All these factors contribute to the increased preference to the rural markets over the urban markets. Number of FMCG companies and consumer durable companies were launched. Successful innovations in different aspects of marketing mix to tap the rural markets in India.

Examples

Hindustan Unilever Limited (HUL) initiated 'Operation Bharat' to tap the rural markets. The company introduced a large number of household products in a low priced packets to cater the short term and daily needs of the rural people. This initiative contributes nearly 45% of the total sales from the rural markets.

5.8 E-RURAL MARKETING

Q22. What is e-Rural Marketing?

(OR)

Discuss internet as medium of marketing communication for rural market.

Ans :

(Nov.-20, July-18)

E-Marketing in Rural areas

E-Marketing can be defined in broader terms as not only trade in goods and services across internet but also new ways of conducting business and communicating with customers, suppliers and colleagues. One of the motivators for doing business in urban areas is greater commercial variety and access to technology. Moreover, the hindrance in choosing rural areas for doing business is distance e.g. proximity to the nearest airport or dock which can be necessary for some companies, location constraints e.g. skilled labor, and ready availability of information. One of the assumptions we would be taking in this paper would be the ready availability of infrastructure, especially telecom.

This is something which government is working on, but the process needs to be speeded up.

i) E-Chou pal Concept

ITC Limited is one of India's leading diversified conglomerates. Traditionally a tobacco and cigarette producer, it has grown into a conglomerate dealing in hotels, packaging, agribusiness, information technology, and fast moving consumer goods (FMCGs). ITC initiated its e-Chou pal project in 2000 to streamline its dealings with Indian farmers. This is a project on a massive scale that ultimately aims to cover every sixth Indian village. Each Chou pal covers around six villages and 36,000 villages have been covered to date in Madhya Pradesh, Uttar Pradesh, Maharashtra, Rajasthan, Karnataka, and Andhra Pradesh.

Objectives and Goals

E-Choupal aims to provide Indian farmers ready access to crop-specific real-time information and customized knowledge in their native language. By doing so, ITC wants to improve the farmers' decision-making ability, thereby helping them to better align their farm output to the projected demand in Indian and international markets.

Technologies

Typically, the Choupals use Pentium computers along with a dot matrix printer and a UPS (500VA). ITC had initially upgraded telephone exchanges by using RNS (RAX Network Synchronization) kits, but eventually in most of the e-Choupals, wireless VSAT links have been installed by bypassing the exchanges. Even with these improvements, the bandwidth often remains limited. Hence, e-Choupals have started compensating by caching static content locally. ITC also uses a specially designed template for managing data combined with new imaging techniques in order to speed up downloads and to optimize bandwidth use. To overcome the problem of sporadic electricity, several kiosk computers use back-up batteries recharged with solar panels.

ii) TARA haat

TARA haat.com is a web-portal designed by TARA (Technology and Action for Rural Advancement) which is the information and communication wing of Development Alternatives (DA). The main objective behind this initiative is to bring the advantages of ICT enabled development to rural India. The various services provided under this portal include weather forecasts, opportunities for education, career or medical advice, e-mail service, current prices of commodity, government schemes. These services are provided to rural customers at just few rupees worth of net connectivity.

Q23. What are the implications of electronic rural marketing?

Ans :

(May-19)

Marketers see an untapped potential in the rural segment of the country due to the economic shifts which in turn led to rise in purchasing power of the rural community.

The companies are facing huge challenges to meet the needs of rural people and this brings rural marketing to grow faster than that of urban marketing.

Lately, introductions of schemes by major telecom players such as cutting down cost of data packs have resulted in significant rise in number of internet users in the rural segments.

Also in-situ, launching of cheap range smart phones has contributed to the cause.

In a way now this untapped potential in rural markets can also be targeted via digital means.

5.9 AGRICULTURAL CO-OPERATIVE MARKETING

Q24. What do you mean by Agricultural Co-operative Marketing?

Ans :

(Dec.-18)

Introduction

- The establishment of co-operative marketing societies was another step which has been taken to overcome the problems arising out of the present system of marketing agricultural produce.

- The objectives of economic development and social justice can be furthered by channelising agricultural produce through cooperative institutions.
- Private agencies dominate the Indian food grains trade. Farmers complain of the marketing system because they get lower prices, due mainly to high marketing charges and the prevalence of malpractices.
- The efforts of the government to improve the marketing system of agricultural commodities have been only partially successful in creating healthy conditions for scientific and efficient marketing. Moreover, the progress of regulated markets is not uniform in all areas.
- The need for strengthening co-operative organization has, therefore, been recognized for the marketing of the produce of farmers and for making inputs available for them at the right price and time.
- The co-operative institutions are expected to function as competitors of private traders in the market. These organizations pool the produce of the small farmers having a small surplus to market and improve their bargaining power.
- They have also helped government agencies in the execution of the policy decisions bearing on the procurement and distribution of food grains and other essential commodities.

Meaning

- A co-operative sales association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit. It is governed by democratic principles, and savings are apportioned to the members on the basis of their patronage.
- The members are the owners, operators and contributors of the commodities and are the direct beneficiaries of the savings that accrue to the society. No intermediary stands to profit or loss at the expense of the other members.

- Co-operative marketing organizations are associations of producers for the collective marketing of their produce and for securing for the members the advantages that result from large-scale business which an individual cultivator cannot secure because of his small marketable surplus.
- In a co-operative marketing society, the control of the organization is in the hands of the farmers, and each member has one vote irrespective of the number of shares purchased by him.
- The profit earned by the society is distributed among the members on the basis of the quantity of the produce marketed by him.
- In other words, co-operative marketing societies are established for the purpose of collectively marketing the products of the member farmers.
- It emphasizes the concept of commercialization. Its economic motives and character distinguish it from other associations.
- These societies resemble private business organization in the method of their operations; but they differ from the capitalistic system chiefly in their motives and organizations.

Q25. What are the major features of co-operative marketing?

Ans :

(Nov.-21, May-19)

The main features of co-operative marketing are:

- (i) To market the produce of the members of the society at fair prices
- (ii) To safeguard the members for excessive marketing costs and malpractices
- (iii) To make credit facilities available to the members against the security of the produce brought for sale
- (iv) To make arrangements for the scientific storage of the members' produce
- (v) To provide the facilities of grading and market information which may help them to get a good price for their produce

- (vi) To introduce the system of pooling so as to acquire a better bargaining power than the individual members having a small quantity of produce for marketing purposes
- (vii) To act as an agent of the government for the procurement of foodgrains and for the implementation of the price support policy
- (viii) To arrange for the export of the produce of the members so that they may get better returns
- (ix) To make arrangements for the transport of the produce of the members from the villages to the market on collective basis and bring about a reduction in the cost of transportation; and
- (x) To arrange for the supply of the inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides.

Q26. Explain the history of co-operative marketing?

Ans :

- The history of co-operative marketing in India dates back to 1912, when the Co-operative Marketing Societies Act, 1912 was passed. The first Co-operative Society was formed in Hubli in 1915 to encourage cultivation of improved cotton and to sell it collectively.
- In 1918, The South Canara Planters Co-operative Sale Society was formed in the then Composite Madras Province for joint sale of arecanut. The Royal Commission on Agriculture (1928) stressed the need for group marketing instead of individual marketing.
- The Central Banking Enquiry Committee (1931) also underlined the need for organized marketing. The XI Conference of Registrars of Co-operative Marketing also emphasized the need for cooperative marketing.
- In 1945, the Co-operative Planning Committee recommended that at least 25 per cent of the marketable surplus should be channelised through Co-operative societies within the next 10 years by forming one society for a group of 200 villages.

- The All India Rural Credit Survey Committee (1954) brought to light the dismal performance of the existing marketing co-operatives. In a sample of 75 districts surveyed, there was no co-operative marketing society in 63 districts.
- In remaining districts only around one per cent of the total sale of agricultural produce was done through the societies. The committee suggested the establishment of primary co-operative marketing societies and linking of credit with marketing.
- The First Five Year Plan (1951-56) laid stress on the establishment of agricultural marketing and processing co-operative societies. In 1958, the National Agricultural Co-operative Marketing Federation (NAFED) was established as the apex body of co-operative marketing.
- In 1963, the National Co-operative Development Corporation (NCDC) was set up for promoting programmes relating to co-operative societies.
- The Mirdha Committee (1965) recommended that the membership of agricultural marketing societies should be restricted to the agriculturists and traders should not be allowed to join agricultural marketing societies.
- The Dantwala Committee (1966) stressed the need for co-operation and integration among the various co-operative organizations after reviewing the pattern of co-operative marketing, distribution of inputs to farmers and supply of consumers products.
- Based on the survey of the co-operative marketing societies in 1968, the Reserve Bank of India recognized that effective linking of credit with marketing was necessary.
- The All India Rural Credit Review Committee, 1969 also recommended the strengthening of co-operative marketing, with a view to helping the government agencies in the execution of price support programmes. There is a multi-state cooperative marketing Act in place now.

Q27. State the problems of agricultural cooperative marketing.

Ans :

1. Poor Warehousing Facilities

The Indian farmers lack proper warehousing facilities for storing the agriculture produce. The facilities are so poor that the crops are spoiled in the warehouses. Cultivators fail to get good price for its product.

2. Poor Transportation Facilities

The roads are unusable in many villages. The connectivity of the village roads with the main roads is still missing in many parts of the country. Thus it is difficult to take output to the markets.

3. Problem of Distress Selling

The poverty and indebtedness reduce the capacity to wait for better prices of crops. The cultivators are forced to sell the output to the moneylenders at the cheap price to clear off the debts.

4. Infrastructure Bottlenecks and Corruption in Mandis

The farmers may have to wait before selling its produce in the mandis. In some states mandis are very far from the villages. The warehousing facilities are not well-developed in these mandis. The intermediaries charge their own commission from the farmers. The unnecessary deductions are made on the pretext of low quality of produce.

5. Lack of Awareness of Future Market

The volume in the commodity market forms a very small percentage of total agriculture trading in India. There is an urgent need to educate farming communities to use commodity markets.

6. Lack of agro-Processing at Large Scale

Processing of agricultural products especially perishable commodities forms only a small percentage of the total production. The major part of the total production is sold in raw form so farmers get lower prices for their products.

Q28. State the various Government Measures to improve Agricultural Marketing in India.

Ans :

1. Grading and Standardization

The grading stations have been established to grade and standardize many agricultural goods. The graded goods are stamped with the seal of the Agricultural Marketing Department-'AGMARK'. The goods bearing the 'AGMARK' command better prices in the market.

2. Provision of Warehousing Facilities

The warehousing facilities have been provided in the villages to prevent distress sale by the farmers. Apart from Central and State Government, Food Corporation of India has constructed its godowns and warehouses.

3. Marketing Surveys

The market survey of agriculture products are conducted and published to benefit farmers. The surveys also discuss the problems and measures to tackle the problems associated with the marketing of agro-products. The prices of agriculture products in major markets are published widely. Further, for dissemination of information all sorts of media like radio, television, display board etc are used.

4. Cooperative Movement in Agriculture Marketing

Government has helped to establish multi-purpose cooperative societies with emphasis on credit and marketing. NAFED has been established as an apex cooperative marketing society at national level. Funds and credit facilities are provided to these cooperatives. The training facilities are provided for cooperative personnel.

5. Encouragement of Exports of Agricultural Products

The export of agricultural products has shown an increasing trend in the recent years. The trade policy of the Government has evolved various schemes to improve agro exports. The Agro Export Zones are established to encourage agriculture exports.

6. Setting up of Special Boards

The Government has set up number of special commodities boards like rice, pulses, jute etc to specifically formulate policies for these commodities. The exports councils have been established to suggest measures to improve exports of agricultural commodities.

7. Setting up of Regulated Markets

The government has set up markets for agriculture products which are regulated under the Agricultural Produce Market Act. The management of these markets rest with the committees on which different interests are represented so that cultivators get fair price for their produce.

Q29. State the Measures for the improvement of agricultural co-operative marketing.

Ans :

i) Integration of Domestic Markets with International Markets

The barriers in free marketing across different states especially for foodgrains should be dismantled. This calls for dismantling of restrictions on pricing, trading, distribution and movement of agricultural products within the country. Further, India, being a signatory to the World Trade Organisation (WTO) Agreement, should do away with physical barriers, both for imports and exports, on various agricultural commodities. Simultaneously, it should reduce tariff barriers within a time frame. These steps could facilitate the integration of domestic markets with international markets in due course.

(ii) Strengthening Co-operative Marketing Societies

The progress made by co-operative marketing societies so far, though noteworthy, is not wholly satisfactory. Co-operatives have yet to cover a substantial part of the total agricultural produce. It is, therefore, essential that these co-operatives develop at a faster speed and along right lines. Marketing societies need to be more closely intertwined with other societies dealing with farming inputs,

credit, etc. The best way to do so is to establish multipurpose societies to look after all the aspects of agricultural marketing. These societies, apart from organizing the sale of agricultural produce, should undertake construction of their own storage capacity, provide for their own transport, arrange for the processing of produce, grade their goods, organize exports, etc.

(iii) Strengthening of Regulated Market Structure

The management of regulated markets is entrusted to agricultural produce marketing committees (APMC) on which different interests are represented. There is an urgent need to make these market committees viable and managerially competent in keeping with liberalized trade atmosphere. The market committees should be headed by marketing professionals. Further, the present number of regulated markets is not enough to meet the growing requirements of the country. There is also an urgent need to develop rural periodic markets in a phased manner with necessary infrastructural amenities to have a strong grass-root level link in the marketing chain.

(iv) Re-framing Price Stabilization Policy

With a view to provide remunerative price to the farmer, food at affordable price to the consumer and sustained growth of marketable surplus, all undesirable restrictions on agricultural trade has to be removed. Public procurement, storage and distribution of foodgrains need to be managed efficiently on commercial lines.

(v) Developing Efficient Commodity Futures Markets

In order to strengthen the future market Government should set up more commodity exchanges, improve the regulatory and supervisory systems, modernize clearinghouse operations, upgrade training facilities and establish an enabling legal framework to develop vibrant commodity futures market in India.

(vi) Promoting Direct Marketing

Promotion of direct marketing as one of the alternative marketing structures is beneficial for the farmers as well as the buyers as it enables the former to meet the specific requirements of the latter. Direct marketing enables farmers and buyers to economize on transportation costs, handling charges, market fees, etc., to improve price realization considerably. In direct marketing, the market will operate outside the purview of Agricultural Produce Marketing Act and will be owned by professional agencies, such as wholesalers, trade associations, NGOs or self-help groups (SHGs).

(vii) Improving Transport Infrastructure

The traditional rural transport system should be improved. The public investments in the road, railway and waterways should be developed.

(viii) Improving Storage Facility

The private sector needs to be encouraged to enter the warehousing and storage in a big way by extending proper incentives to it. Experiment of the creation of decentralised rural godowns also needs to be pursued more vigorously. Village Panchayats, co-operatives, SHGs, farmers organisations, NGOs, etc., should also be encouraged to undertake warehousing activity under the scheme. In case of perishable commodities like fruits, vegetables and flowers, the complete cold chain comprising pre-cooling, grading, packaging, cold storage and refrigerated vans should be developed.

(ix) Providing Processing, Packaging and Grading Facilities

Proper cleaning, grading and packaging of primary products will need greater attention not only in the physical markets, but also in the villages from where produce is brought to the market for sale. Besides, there is a need to educate the farmers for proper grading and packaging before they bring the produce to the market. In the changed context, new technologies of packing like tetra packs, aseptic packing, pouches, etc. need to be introduced.

(x) Making Available Credit for Marketing

Provision of credit by the organized financial system to support agricultural marketing has to grow further. Considerable amount of institutional financing for agricultural marketing is directed towards public organizations. The credit facility available to private traders is quite limited.

(xi) Promoting Agricultural Marketing Research

The agricultural marketing research in the areas of agri-business management, post-harvest management, grading, standardization, quality assurance, export promotion and information technology should be promoted. The agriculture research institutes and universities should be further strengthened to undertake applied and operational research in agricultural marketing, impart training to market functionaries and provide consultancy services to the public as well as private organizations engaged in agricultural marketing. Further, conferences, seminars, and workshops should be conducted from time to time on current and relevant issues to facilitate exchange of views among various market functionaries.

5.10 RURAL MARKET MAPPING**Q30. Explain the concept of Rural Market Mapping.***Ans :***(Nov.-20, May-19)**

The advertising agencies and rural marketing consultancy organizations now have developed significant databases on the rural market in the electronic form. These databases are integrated in softwares, which generate reports for selection of villages to be targeted on the basis of select parameters. They provide classified information to clients with the help of which an organisation can make a decision where to invest its resources in the rural market.

Market Mapping Tools

Some of the information technology based tools available for mapping the rural market are explained below:

1. Thompson Rural Market Index

- Although presently large numbers of data base management based tools are available with the advertising and research organizations, the first such attempt to map the rural market potential was made by Hindustan Thompson Associates (HTA) by developing Thompson Rural Market Index in 1972.
- This database provides comprehensive information on market potential value of different districts. This potential was determined for 335 districts of India on the basis of first 11 variables and then 26 variables.
- The data with regard to demographic variables, occupational pattern, agriculture based information and availability of commercial banks was incorporated to determine the comparative potential of the different district of India.
- This tool determined the relative potential for the different district on the basis of demographic factors and the overall agriculture potential of the district.
- This tool was effective for segmenting the rural market directly for the agricultural inputs and durables and indirectly for other consumables and durables.
- It had some limitations, because now when FMCG companies are planning to penetrate deep into the rural market, it initially provided information only up to the district level and not for the rural income, which comes from non-agricultural activities.

- The following market mapping indices have been recently developed by some advertising and research based organizations.

i) MICA Rural Market Rating

It ranks districts according to seven parameters like population, fertilizer consumption etc. It also depicts census data in digital maps, where one can zero in on district level details. It was priced at Rs.35,000 in 1999.

ii) Linquest

Market mapping tool from AP Lintas was the predecessor of Lincompass. It ranked districts on 42 variables. It was available for Rs.75,000 in the year 1999.

iii) Indian Market Demographics

This comprehensive information based study is compiled by NCAER on regular basis. The findings of this are based on largest research sample. Its 10 year white book gives detailed information on income-classes, durable trends etc.

iv) Business Intelligence Unit

This Chennai based research unit has introduced a purchasing potential based ranking of 500 districts. It correlated agriculture zones with the purchasing power.

2. Lincompass

- Lintas has developed a specialized rural marketing division named Linterland and it also has developed a software tool that does the mapping of the rural market named Lincompass.
- Software has calculated a fixed market potential for a district. This geographical information system based software has data on 6,26,000 villages from all over the country barring Jammu and Kashmir.
- Each of these districts can be analysed with 256 parameters of which 32 are considered key to avoid overlaps.

- The parameters included are: agriculture, literacy, civic amenities, village composition, income and distance from national and regional highways. It facilitates the user to analyse and design the route on three different databases organized in modules.
- The first is market prioritize, with which villages can be chosen with the weightages assigned to each of these parameters. The module also helps to determine the relative potential of different states. It identifies the potential villages or towns in selected districts for marketing and then priorities villages in selected districts.
- Along with that it can identify, index, rank and compare districts based on 256 variable to check the media accessibility and then classifies areas as media dark, media grey and media plus. A part from these clients can add up to 52 custom fields to help focus their plans.
- The second module maps highways and roads throughout the country with an accuracy of 99.9 percent including information on all weather roads. It facilitates selection of villages or towns along the highway on the basis of their potential. It generates automatic circular or linear route plan as per the requirement and designs optimal route map for efficient scheduling.
- This helps in creating the route plan reports by mapping out key villages in the sector and assigning base towns with the distribution and stockiest. It helps to keep fuel costs in check since one knows the exact distance that is likely to be covered in a day.
- The third module provides information on melas and mandis examining 60,000 of these across the country and focusing on to a 50 key ones. It identifies and located melas in the desired months for marketing.

3. ARCVIEW

- This knowledge based intelligence system depicts the 5,87,962 villages as digitized points on the maps depicting the market potential of an area as a cluster.
- It generates maps of different kind: agricultural maps, socio-cultural maps, national and state highway maps and river maps.
- This tool can be used for optimal decisions for distribution and logistics applications, territory planning and dealer development. It identifies potential markets from state to district to village or town. It also analyses accessibility, coverage and penetration enabling cost-effective transportation planning.

5.11 CORPORATE SOCIAL RESPONSIBILITY

Q31. Define Corporate Social Responsibility. Explain the role of CSR in rural development.

Ans :

Introduction

During the last decades, the concept of CSR has evolved from the idea of terms meeting legal and regulatory obligations with their employees, customers, suppliers, and the closely related society, towards a more pro-active role for terms by getting involved in environmental and societal strategies, collaborating with governmental and civil institutions as well as with international organizations.

Meaning

Rural development oriented CSR strategies, the empirical research identifies some of the main motives encouraging terms' participation, which include: securing the provision of labor and part of the necessary resources from the rural communities neighboring their operation sites; managing potential risks through dialog and cooperation with local representatives; gaining a positive social image and recognition from specific groups (customers, industry associations, NGOs, or authorities); and,

principally for agro-food and natural processing terms, developing small and independent rural producers to enhance their value chain. It was also found that there exists a similarity with in the applied development initiatives. The activities could be grouped according to their characteristics and scope, identifying activities related to dialog and agreements with locals, provision of training and education, preservation of natural resources, actions related to health and nutrition, preservation of local culture and identity, provision of housing or communitarian infrastructure, as well as provision of roads and communication infrastructure.

Role of corporate social responsibility in Rural Development

- Corporate social responsibility in Indian companies is now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal.
- In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. However, the concept of CSR is not new in India.
- The idea of social responsibility in the Indian society, bounded by notion of caste and fate, dates back to the time of British Rule when Indian reformers launched reform movements which slowly became more socially responsible.
- During the independence struggle Indian companies, which began to proliferate and proper from the mid 19th century, throw in their lot with Mahatma Gandhi and the resulting concern for the nations caused many of them to be involved in providing education, health service and even clean water.
- As part of the survey, over 100 companies ranging from large to mid-sized corporations responded to questionnaires sent to around

1,000 companies during September-October 2002. Besides, a group of researchers conducted an in-depth study of CSR programmes in top business houses.

- The respondents unanimously acknowledged that social responsibility was no longer an exclusive domain of the government and CSR is much more than "passive philanthropy". Beyond the private sector, corporate players in India's public sector too have been actively involved in corporate social responsibility initiatives.
- Most public sector units in the heavy engineering industry have not only set up a township around the plant, but also established a school, a hospital and several other civic facilities for its employees and those that live in that area.
- Private sector companies have been encouraged to undertake rural development programmes down the years through fiscal incentives by the government.
- For instance, special benefits are offered in the industrial policy to companies that set up industries in backward areas and tax incentives are also offered to companies that set up water purification projects.

5.12 ORGANIZED RURAL MARKETING

Q32. How to organize rural retail marketing? (OR)

Is the Organized rural marketing strong in India? Explain.

Ans :

(Aug.-21)

Organized Rural Retail Marketing or Organized Rural Retailing refers to activities of trade performed by licenced rural retailers who have registered their business for income tax and sales tax. Some of the examples include retail chains, privately owned large retail business and hyper markets.

Organized retailing is growing in rural India with the increase in consumer income level and improved lifestyle of consumers.

Examples

i) Hariyali Kisaan Bazaar

- It is the division of DCM Shriram Consolidated Limited (DSCL)'s Agri-Business. The company (DSCL) operates in two lines of business Agri/Rural, Chemicals and polymers.
- The company initiated a Rural Retailing initiative with the objective to move towards providing total solutions to the farmers. Hence, it can be said one-stop shop for meeting farming and family needs of the rural population.
- It has 264 outlets in many villages of eight different states - Haryana, Punjab, Uttar Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Maharashtra and Andhra Pradesh.

Range of Products and Services in 'Hariyali Kisaan Bazaar'

- Retailing
- Agri-inputs - Fertilizers, Pesticides, Diesel and Petrol (under alliance with BPCL)
- Farming - Farming instruments, Contract farming
- Others - FMCG, durables, apparels, Seed Processing etc.
- Services
- Insurance Agriculture, Agronomy advisory, Insurance, Credit etc.
- Others Output Procurement & Trading

ii) Aadhaar Retailing

- Started in December 2003, Aadhaar Retailing was Godrej Agrovet's rural retail initiative catering to the growing consumption demand in rural India.

- Godrej Agrovet Ltd., a part of the Godrej Group, is a market leader in animal feeds, branded chicken, innovative agri-products & oil palm development in India.
- In March 2008, Aadhaar Retailing entered into a joint-venture between Future Ventures India Limited (FVIL) which held 70 percent stake and Godrej Agrovet which held rest of the 30 percent stake in Aadhaar Retailing Limited.
- FVIL is part of Future Group an established leader in Indian retail sector. It had purchased the stake for Rs 30.18 crore from its promoter Godrej Agrovet.

Range of Products and Services in 'Aadhaar'

- Retailing
- **Agri-inputs** - Fertilizers and Pesticides
- **Durables** - Mobile phones & accessories, appliances, Kitchenware etc.
- **Others** - Furniture from Godrej Interio, Toys, Cosmetics, Stationery and gift items, fresh fruits & vegetables etc.
- Services
- **Credit and Financing** - Agnloans to the farmers (by HDFC Bank), Life insurance (ICICI Prudential) etc.
- **Others**-food-court, Soil testing and provide advice to farmers.

iii) ITC Choupal Sagar

- ITC launched the Choupal Sagar In 2004 and It is one of the first organized retail forays into the hinterland. Choupal Sagar is a rural hypermarket which is managed by ITC's agri-business division.

- Farmers can sell their commodities and can buy almost everything including cosmetics, garments, electronics, appliances and even tractors.
- Currently, there are 24 Choupal Sagais: 11 in Madhya Pradesh, 5 in Maharashtra and 8 in Uttar Pradesh. With the success of e-Choupal (world's largest rural digital infrastructure ctiex), ITC is engaged in scaling up the rural retailing initiative to establish a chain of 100 Choupal Sagars in the near future.
- Local soixing of vegetables and fruits allows the company to deliver fresh and save on the expense of a cold chain.

ITC ChoupalSagar

- Moreover, ITCs procuement centres functions to provide farmers the option of selling their produce directly to ITC instead of bringing it to the mandi.
- ITC s Agri Business Division conceived e-Choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis.
- It ts an initiative to link directly with rural farmers for procurement of agricultural/ aquaculture produce like soybeans, wheat, coffee and prawns.

Tata Kisan Sansar

- Tata kisan sansar is a dedicated network of retail stores created by Tata Chemicals that act as a one stop shop for farm solutions.
- TKS objective is to provide the farmer with a package of inputs and services for optimum utilization of balanced primary nutrients, plant protection chemicals, waters, seeds, post harvest services, and to develop a genuine partnership with farmers.
- They operate in northern and eastern India-Punjab Haryana, Uttar Pradesh, Bihar, West Bengal.

- Over 820 TKS stores in India that reach out to approximately 2.3M farmers.

Kasti Society

In Maharastra, "Kasti" society has established organized co-operative rural retailing near Ahmednagar which consists of 70 villages. Many stores were set up in the format of shopping centre with 3 super markets having a total retail space of 5000 square feet with sales productivity of ?7000 per square feet.

5.13 IT FOR RURAL DEVELOPMENT

Q33. State the role of IT for Rural Development.

(OR)

Discuss IT is a medium of marketing communication for rural market.

Ans : (May-19, July-18)

- Information technology or IT has become the buzzword in India these days. One hears about it everywhere from stock markets to government corridors across the country. Everybody wants to do something connected with IT – be it a school student or a politician.
- They are looking at IT as the ultimate panacea. The ever-growing media attention on success stories are fuelling this appetite for IT. And within this craze for IT, the focus is on the internet or the World Wide Web. Generally, there is an IT – friendly atmosphere in the country.

Scope of IT in Rural Development

- Recent developments in Information and Communication Technology (ICT) have introduced a plethora of opportunities for development in every conceivable area. ICT as an enabler has broken all bounds of cost, distance and time.
- The fusion of computing and communications, especially through the internet has reduced the world indeed into global village creating new actors and new environments.

- One of the major components and driving force of rural development is communication. Conventionally, communication includes electronic media, human communication & now information technology (IT).
- All forms of communications have dominated the development scene in which its persuasive role has been most dominant within the democratic political frame work of the country.
- Persuasive communication for rural development has been given highest priority for bringing about desirable social and behavioral change among the most vulnerable rural poor and women.
- Initially, the approach lacked gender sensitivity and empathy of the communicators and development agents who came from urban elite homes. Added to these constraints is political will that still influences the pace and progress of rural development.
- Technological changes further compounded the direction of rural development as information and communication technology (ICT) has been thought by communication and development workers as a panacea for other ills that obstructs the development process.
- It has lead to indiscriminate applications and use of ICT in every aspect of information dissemination, management & governance of development.
- While there are few shining examples of achievements of ICT in development, there are a large number of failures and unauthenticated claims.

Expected Role of IT in Rural Development

Since the dawn of independence, concerted efforts have been made to ameliorate the living standard of rural masses. So, rural development is an integrated concept of growth, and poverty elimination has been of paramount concern in all the five year plans. Rural Development (RD) programmes comprise of following:

1. Provision of basic infrastructure facilities in the rural areas e.g. schools, health facilities, roads, drinking water, electrification etc.
2. Improving agricultural productivity in the rural areas.
3. Provision of social services like health and education for socio-economic development.
4. Implementing schemes for the promotion of rural industry increasing agriculture productivity, providing rural employment etc.
5. Assistance to individual families and Self Help Groups (SHG) living below poverty line by providing productive resources through credit and subsidy.

Communication has been seen by a large number of development planners as a panacea for solving major social evils and problems.

Apart from development, the introduction of communication in the educational process for open and distance learning is seen as step towards improving the quality of education and bridging the social and educational gap. ICT can be used towards betterment of education, agriculture, social awareness and health and hygiene.

5.14 e-GOVERNANCE FOR RURAL INDIA

Q34. Explain the concept of e-Governance for Rural India.

(OR)

Explain the role of e-governance for rural India with reference to rural marketing.

Ans :

(April-23, Dec.-18)

- India's democratic experience of the past six decades has clearly established that good governance must aim at expansion of equal social opportunities and development in rural areas.
- Good governance means securing justice, empowerment, employment and efficient delivery of services.
- Good governance is efficient and effective management of country's resources and affairs in a manner that is open, accountable, equitable and responsive to people's needs.

- Good governance minimises corruption. It helps bring the voices of the society heard in decision-making and is also responsive to the present and future needs of society. Good governance helps create an environment in which sustained economic growth becomes achievable. Conditions of good governance allow citizens to maximize their returns on investment.
- An essential part of good governance is Electronic Government (e-government)

Development of Rural e-government Projects

Here, initially two-dimensional e-government implementation framework, design phases and implementation phases has been used. Then, each of the ten e-government projects to assess the progression of rural e-government projects has been synchronized. The following provides description of the design and implementation dimensions.

The design dimension includes three phases:

1. Initiation

This phase emphasizes on informing citizens by providing them with a single point of access to government information through web portals by individual agencies. Services provided by the individual agencies are confined to people residing in the areas where the kiosks are set up as these kiosks are not connected.

2. Infusion

It is characterized by adopting the principles of e-government (citizen centric, accessibility, accountability and transparency) and installing online payment applications. Information kiosks are all connected and thus offer similar services to citizens.

3. Customization

Citizens have electronically maintained personal profiles of their financial transactions with government. Emphasis is on maximising the value of government to citizens, for which the delivery process of services is re-engineered and customer relationship management techniques are implemented. Also facilitates the users to buy/sell online.

The implementation dimension includes three phases:

1. Publish

This phase involves publishing the government information online. These sites offer a wide range of services with local language support. The emphasis of these sites is on diffusing information.

2. Interact

In this phase, communication flows from citizens to government and vice versa. These sites provide feedback forms, email facilities or conduct public meetings where people can share their ideas.

3. Transact

This phase offers online e-commerce services apart from other services. This phase is quite useful for businessmen, farmers, unemployed, students, etc., to conduct their transactions.

E-Governance for Improving Rural Livelihood

The most important promises and opportunities of E-Government are increased efficiency of government services and operations; increased quality and the number of services to be offered; increase integration of government services across different ministries, focusing on those being served; help achieve targeted outcomes and broader policy objectives; contributed to government reform, especially anticorruption and waste; build democratic interactions between government and its citizens by increasing the ease of communication and feedback.

E-Governance is one of the most promising uses of ICT. In practice, it involves two distinguishable activities:

1. It is the computerization of government functions like registrations, legal proceedings, land records, state offices, police detp. etc. And linking up the district levels with the state level.
2. E-governance many mean government-to-citizen and citizen-to-government connections whereby people obtain direct access to

records, rules, and information about entitlements that they need or want in their daily lives, make payments online for availing a service etc.

The benefits from the rural e-Government projects are categorized into economic and social. Typically, economic benefits are achieved through employment of the rural youth, better prices for the farmers produce, reduction of produce loss. Social benefits are obtained through knowledge acquisition for farmers, advice on agriculture, health, weather forecasting, crop patterns, education, finance, and insurance, and citizen's enablement to be part of government decision making.

Q35. What are the recent approaches to rural distribution? Give examples.

Ans : (Nov.-20)

The recent approaches to rural distribution.

1. Ensuring Reach and Visibility

The companies planning to have rural marketing must emphasize on growing their brand image. They need to be present at the right place, 'Jo Dikhta Hai, Wo Bikta Hai' (what is seen, sells) as most of the brands are forming strong rural bases without much advertising support. In this environment, competitive advantage can be gained by being first on shelf in the product category and maintain good relation with retailer. It becomes difficult to remove the brands which are first on shelves as they become synonymous with product category'.

2. Targeting Larger Villages

Companies face difficulty in distribution of FMCGs as distributors in the towns need to have supply network of hundred plus outlets in 50 odd locations that cover villages with nearly 2000 plus population. Many well known companies reached more than 20 lakh retail outlets with the help of trains, trucks, bullock drawn carts etc and at the same time companies claim to service once in a week in those outlet.

3. Understanding of Peak Seasons

In India, different rural parts have different peak seasons of demand. Huge demand for the consumer durables is observed in these seasons i.e., festivals, harvest and marriage seasons. Moreover, the organizations need to make sure that their products are available as per the requirement of increased demand. Companies can offer quantity discounts to rural stockists and gift schemes for big shops to encourage distributors in taking goods to rural retailer's shelf.

4. Collaboration for Distribution

Organization with lesser distribution reach can collaborate with organizations which has attained higher penetration levels in rural areas. These collaborations are beneficial for both the organizations as it facilitates them good return on their sales effort and instant reach to million of retail outlets.

5. Sales Women Network

Sales women network is a unique method of distribution to expand availability in the rural market. Wherein women can personally sell products to different houses. For example, TTK group started an integrated strategy to market its prestige brand by means of self employed saleswomen.

6. Converting Unorganized Sector Manufacturers Into Distributors

Small scale manufacturers are facing difficulties at the time of competition from domestic and international products. They maintain good relationship with the retailers and consumers and have good knowledge of the territory and sales network, so it better to convert these small scale manufactures in unorganized sector to become dealers.

7. Pilgrim Site

In most of the religious places, even basic or branded item are hard to find. Adequate marketing efforts increase the turnover. Due to periodic demand mobile supply van can move to different sites on different days depending on availability of pilgrims.

Strengthening the distribution network and serving religious customers provides good opportunity for selling and promoting the brand.

8. **Jobbers**

Mobile trades who sell FMCG's from house to house in rural areas can be encouraged to transform into jobber and company brands. Jobbers are high involvement, touch feel and demonstration channels that provide possibility of convincing rural consumers who are not well informed and lacks confidence to purchase the product.

9. **Continuous Availability of the Brand**

Organizations must ensure that their brand is always available in retailers shelves by servicing rural retailer regularly. If brand is missing then customer may shift to competitive brand and retailer shelf is occupied by a new brand. It becomes difficult for brand to regain its previous position.

10. **Gift a Coupon Promotion Schemes for Retailers in Feeder Villages**

Retailers in feeder villages does not maintain large quantity of stock so offering them quantity discount is not appropriate. Hence, gifts and lucky coupons based promotions must be offered to them.

11. **Internet**

In rural sector, wireless internet can be used by corporations as it is inexpensive means of developing marketing and distribution channel in rural areas. The portal developed by one organization can be utilized by other to market their products in rural areas.

In vast country like India, developing distribution networks of dealers and wholesalers to have effective distribution is a key for success.

products, embroidery and clothes etc., are good for the rural marketing. The reasons are,

1. Rural products are innovative, attractive and unique.
2. Wide variety of rural industry products are offered for sale in urban markets.
3. The handicraft items made by rural artisans not only attract urban markets but also international markets.
4. Craft sector in rural areas have major contribution in foreign exchange earnings.
5. Investment in rural industry products results in additional earnings opportunities for rural people.
6. Rural art showcase the culture of a region and attract urban population.
7. Rural industry products have good utility and values.

Thus, from the above points we can conclude that rural industry products assist in rural marketing. They are good for the rural marketing.

Q36. Rural industry products are good for the rural marketing. Why?

Ans :

(Aug.-21)

Rural industry products such as handicraft items, food products, agriculture and household

Short Questions and Answers

1. Elaborate the need for Innovation for Rural Market.

Ans :

- As the competition increases in the rural market there might be the need for competitively priced products that are developed as per the needs of the rural consumers.
- Developmental marketing effort of the organizations can increase disposable income in the hand of villagers, which can spur the Indian rural market.
- Non-consumers of yesteryears are entering into the rural market as first time buyers for a large number of products in a large number.
- This calls for shift in management thinking from gross margin to higher profit, from high value unit sales to game of high volumes, capital efficiency and from one solution fits all thinking to market innovation.

2. What is e-Rural Marketing?

Ans :

E-Marketing can be defined in broader terms as not only trade in goods and services across internet but also new ways of conducting business and communicating with customers, suppliers and colleagues. One of the motivators for doing business in urban areas is greater commercial variety and access to technology. Moreover, the hindrance in choosing rural areas for doing business is distance e.g. proximity to the nearest airport or dock which can be necessary for some companies, location constraints e.g. skilled labor, and ready availability of information. One of the assumptions we would be taking in this paper would be the ready availability of infrastructure, especially telecom.

3. What are the implications of electronic rural marketing?

Ans :

- Marketers see an untapped potential in the rural segment of the country due to the

economic shifts which in turn led to rise in purchasing power of the rural community.

- The companies are facing huge challenges to meet the needs of rural people and this brings rural marketing to grow faster than that of urban marketing.
- Lately, introductions of schemes by major telecom players such as cutting down cost of data packs have resulted in significant rise in number of internet users in the rural segments.

4. What are consumer products?

Ans :

Consumer products, also referred to as final goods, are products that are bought by individuals or households for personal use. In other words, consumer products are goods that are bought for consumption by the average consumer. From a marketing perspective, there are four types of consumer products, each with different marketing considerations.

5. Explain how different is rural market for consumer goods.

Ans :

In order to sell consumer goods it is better to revise again the rural marketing scenario in which efforts are being made to sell modern goods.

(i) Rural Income

Around 75% of the rural income is generated from agriculture produce and related functions. This means the income is seasonal and there is no steady or regular income flow. This also means whenever the crop is good in quality and quantity, the cash flow is good and the trend reverses if crop fails partly or fully.

(ii) Demand is Irregular

With the rural population's demand being too agro related, the demand for goods is not steady. It will be more in season and very little or nil in off season.

6. What is Social Marketing in rural communities?

Ans :

Social marketing is the application of commercial marketing principles for social good rather than for profit. Social marketing seeks to change people's knowledge, attitudes, and beliefs so that they eventually want to change their behavior. Just as systems of care should be family-driven and youth-guided, the audience you are trying to reach should guide social marketing efforts.

Leaders of children's mental health around the country use social marketing strategies to:

- Raise awareness of mental health needs of children, youth, and young adults.
- Demonstrate that systems of care improve outcomes for youth who have serious emotional disturbances (SED) and their families, and provide an excellent return on investment (ROI).

7. Explain the concept of agricultural marketing.

Ans :

The term agricultural marketing include all those activities which are mostly related to the procurement, grading, storing, transporting and selling of the agricultural produce. Thus Prof. Faruque has rightly observed: "Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer. Thus, agricultural marketing includes the operations like collecting, grading, processing, preserving, transportation and financing."

8. Explain the growth of agricultural marketing.

Ans :

(i) Area

India is a vast country and it is commonly believed that it has unlimited area for agriculture purpose. This is not true. Out of the total geographical area, net area sown accounts for 46.6 per cent, out of which irrigated land is around 23 per cent.

(ii) Marketing efforts

The marketing of agricultural produce has fuelled growth since independence. 'Market first, their produce the product' has been the corner stone. Marketing influences, volume, variety and price of agricultural supplies.

9. What do you mean by Agricultural Co – operative Marketing?

Ans :

A co-operative sales association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit. It is governed by democratic principles, and savings are apportioned to the members on the basis of their patronage. The members are the owners, operators and contributors of the commodities and are the direct beneficiaries of the savings that accrue to the society. No intermediary stands to profit or loss at the expense of the other members.

Co-operative marketing organizations are associations of producers for the collective marketing of their produce and for securing for the members the advantages that result from large-scale business which an individual cultivator cannot secure because of his small marketable surplus.

10. Explain the concept of Rural Market Mapping.*Ans :*

The advertising agencies and rural marketing consultancy organizations now have developed significant databases on the rural market in the electronic form. These databases are integrated in softwares, which generate reports for selection of villages to be targeted on the basis of select parameters. They provide classified information to clients with the help of which an organisation can make a decision where to invest its resources in the rural market.

11. Corporate Social Responsibility.*Ans :*

Rural development oriented CSR strategies, the empirical research identifies some of the main motives encouraging terms' participation, which include: securing the provision of labor and part of the necessary resources from the rural communities neighboring their operation sites; managing potential risks through dialog and cooperation with local representatives; gaining a positive social image and recognition from specific groups (customers, industry associations, NGOs, or authorities); and, principally for agro-food and natural processing terms, developing small and independent rural producers to enhance their value chain. It was also found that there exists a similarity with in the applied development initiatives.

12. Explain the concept of E-Governance for Rural India.*Ans :*

India's democratic experience of the past six decades has clearly established that good governance must aim at expansion of equal social opportunities and development in rural areas. Good governance means securing justice, empowerment, employment and efficient delivery of services.

Good governance is efficient and effective management of country's resources and affairs in a manner that is open, accountable, equitable and responsive to people's needs. Good governance minimises corruption. It helps bring the voices of the society heard in decision-making and is also responsive to the present and future needs of society. Good governance helps create an environment in which sustained economic growth becomes achievable. Conditions of good governance allow citizens to maximize their returns on investment. An essential part of good governance is Electronic Government (e-government)

Choose the Correct Answers

1. _____ is one of the three major factors of production in classical economy and an essential input for housing and food production. [c]
(a) Water (b) Fertilizers
(c) Land (d) Seeds
2. _____ measures the intensity of a media schedule [c]
(a) Rating (b) Gross impression
(c) Frequency (d) Reach
3. The advertising response curve indicates that [b]
(a) Incremental response to advertising actually diminishes with repeated exposure
(b) Audience fragmentation actually increases effective reach
(c) Repeated exposures to ads actually increase advertising success
(d) Recency planning does not apply to advertising for services
4. Which one of the following is the major concern of farmers at the urban fringe? [d]
(a) Availability of the appropriate resources
(b) Availability of the transportation facilities
(c) Access to the infrastructural facilities
(d) Conflict with nonfarm neighbors& vandalism
5. The rural market presents an exciting opportunity to develop brands into _____ [c]
(a) Valuable possession (b) Generic product association
(c) goodwill ambassador (d) hyped goodwill
6. People are sometimes inadvertently exposed to conflicting or confusing messages of familiar products from neighboring states or countries. This issue is referred to as the problem of [b]
(a) Ineffective reach (b) Spillover media
(c) Ineffective frequency (d) Lack of continuity
7. Which one of the following conflict becomes more severe as the urbanization intensifies [a]
(a) Agricultural and nonagricultural land use conflict
(b) resource distribution conflict
(c) Development conflict
(d) Infrastructural conflict
8. Which one of the following is NOT a rural pull factor? [c]
(a) Rising affordability (b) Growing acceptance
(c) Fierce competition (d) Improving accessibility
9. Which one of the following is NOT one of the rural marketing strategies? [d]
(a) Management of demand (b) Developmental marketing
(c) Unique Selling Proposition (d) Penetration
10. At the centre of any marketing process is, [a]
(a) Target consumers (b) The product
(c) The price (d) The marketing intermediary

Fill in the Blanks

1. _____ products, also referred to as final goods, are products that are bought by individuals or households for personal use.
2. _____ is the application of commercial marketing principles for social good rather than for profit.
3. _____ system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price.
4. IARI stands for _____.
5. The _____ agencies and rural marketing consultancy organizations now have developed significant databases on the rural market in the electronic form.
6. _____ are usually intangible economic activities offered by one party to another.
7. The fourth form of marketing is the _____.
8. A company should segment the _____ before designing and implementing any strategy.
9. The companies that want to enter rural market should develop a strategy by considering the _____.
10. APMC stands for _____.

ANSWERS

1. Consumer
2. Social marketing
3. Agricultural marketing
4. Indian Agricultural Research Institute
5. Advertising
6. Services
7. Co-operative marketing
8. rural market
9. Michael Porter's five force model
10. Agricultural produce marketing committees

Very Short Questions and Answers

1. Convenience goods

Ans :

Convenience goods are those goods, which the consumer usually purchases frequently, immediately, and with the minimum of effort in comparison and buying these are also called low investment products.

2. Shopping goods

Ans :

Shopping goods may require more shopping efforts covering anywhere from one to several stores to identify or find the appropriate item and here normally the customers make comparisons on such basis as suitability, quality, price, and style.

3. Specialty goods.

Ans :

Specialty goods are goods with unique attributes and/or brand identification for which the buyers are habitually willing to make a special purchasing effort, are also known as high involvement products.

4. Non-durables goods

Ans :

Non-durables goods are those goods which normally are consumed in one or a few uses.

5. Co-operative Marketing?

Ans :

A co-operative sales association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit.

Internal Assessment (Mid Examinations)

In CIE, for theory subjects, during a semester, there shall be two mid-term examinations. Each MidTerm examination consists of two parts i) Part – A for 10 marks, ii) Part – B for 20 marks with a total duration of 2 hours as follows:

1. Mid-Term Examination for 30 marks:
 - (a) Part - A: Objective/quiz paper/Short Note questions for 10 marks.
 - (b) Part - B: Descriptive paper for 20 marks.

The objective/quiz paper is set with multiple choice, fill-in the blanks and match the following type of questions for a total of 10 marks. The descriptive paper shall contain 6 full questions out of which, the student has to answer 4 questions, each carrying 5 marks. The average of the two Mid Term Examinations shall be taken as the final marks for Mid Term Examination (for 30 marks). The remaining 10 marks of Continuous Internal Evaluation are distributed as:

2. Assignment for 5 marks. (Average of 2 Assignments each for 5 marks)
3. PPT/Poster Presentation/ Case Study/Video presentation/Survey/Field Study/Group discussion /Role Play on a topic in the concerned subject for 5 marks before II Mid-Term Examination.

While the first mid-term examination shall be conducted on 50% of the syllabus, the second mid-term examination shall be conducted on the remaining 50% of the syllabus.

Five (5) marks are allocated for assignments (as specified by the subject teacher concerned). The first assignment should be submitted before the conduct of the first mid-term examination, and the second assignment should be submitted before the conduct of the second mid-term examination. The average of the two assignments shall be taken as the final marks for assignment (for 5 marks).

PPT/Poster Presentation/ Case Study/Video presentation/Survey/Field Study/Group discussion /Role Play on a topic in the concerned subject for 5 marks before II Mid-Term Examination.

UNIT - I

Part - A

Multiple Choice Questions

1. _____ involves the selling of rural products (like agribased) in urban/rural areas and urban products in rural areas. [a]
 - (a) Rural marketing
 - (b) Urban marketing
 - (c) Business
 - (d) NGOs
2. A major portion of the rural population consists of _____ income groups. [a]
 - (a) Low
 - (b) High
 - (c) Medium
 - (d) All of these

3. Many companies are now turning their attention to _____ markets. [b]
(a) Urban (b) Rural
(c) World (d) None of these

Fill in the Blanks

4. The speed of _____ improvement increases the buying capacity in people. (Technological)
5. A large part of the population in rural areas lies below _____. (Poverty line)
6. _____ marketing becomes an outstanding characteristic of the strategy of local economic development. (Urban)

Short Notes

7. Define Rural Marketing. (Unit-I, SQA - 1)
8. Nature of Rural Market. (Unit-I, SQA - 2)
9. Define urban marketing. (Unit-I, SQA - 6)
10. State various parameters of urban market. (Unit-I, SQA - 8)

Part - B

1. Elucidate the evolution of rural marketing. (Unit-I, Q.No. 3)
2. Describe the Nature and Characteristics of Rural Market. (Unit-I, Q.No. 4)
3. Explain the concept of rural marketing in Indian Economy. (Unit-I, Q.No. 6)
4. Explain the different models in rural marketing. (Unit-I, Q.No.10)
5. Examine the differences in consumer behaviour of rural and urban markets (Unit-I, Q.No.20)
6. Explain how the rural initiatives introduced by the government of India benefit the corporate? (Unit-I, Q.No.21)

UNIT - II**Part - A****Multiple Choice Questions**

1. Many companies are now turning their attention to _____ markets [b]
(a) Urban (b) Rural
(c) World (d) None of these
2. _____ distribution system can be used to penetrate the rural market. [a]
(a) Satellite (b) Selective
(c) Exclusive (d) Intensive
3. For rural marketing _____ pricing is more suitable. [a]
(a) Penetration (b) Skimming
(c) Going rate (d) None of these

Fill in the Blanks

4. _____ is a powerful tool of an organization's success. **(Product)**
5. _____ audience is more cautious while purchasing a product that will be seen by others. **(Rural)**
6. The _____ factor does not mean cheaper products, but designing products which match the needs of rural consumers. **(Affordability)**

Short Notes

7. What are the Additional Ps in Rural Marketing? **(Unit-II, SQA - 2)**
8. Discuss the 4A model of Rural Marketing Mix. **(Unit-II, SQA - 4)**
9. New Product Development. **(Unit-II, SQA - 6)**
10. Enumerate the stages of Product Life Cycle. **(Unit-II, SQA -1)**

Part - B

1. Elaborate the various components of rural marketing mix with suitable examples. **(Unit-II, Q.No. 2)**
2. What are the Additional Ps in Rural Marketing? **(Unit-II, Q.No. 3)**
3. Discuss the 4A model of Rural Marketing Mix. **(Unit-II, Q.No. 4)**
4. What are the stages of rural market product life cycle? **(Unit-II, Q.No. 7)**
5. What are the major objectives behind launching of new product in rural areas. **(Unit-II, Q.No. 8)**
6. Illustrate the various stages of new product development process for rural markets. **(Unit-II, Q.No.11)**

UNIT - III**Part - A****Multiple Choice Questions**

1. Marketing Channels are group of _____ firms involved in the process of making a service or product available for consumption. **[a]**
(a) Independent (b) Interdependent
(c) Both a and b (d) None of the above
2. Channel choices depends on the marketing strategy with respect to **[d]**
(a) Segmentation (b) Targeting
(c) Positioning (d) All of the above
3. Successful value creation demands successful value delivery. **[a]**
(a) True (b) False
(c) Can't say (d) None of the above

Fill in the Blanks

4. _____ can be defined as a process used by companies to direct and manage various marketing techniques and the parties involved in the channel of distribution. **(Channel management)**
5. _____ is the sale of goods and services from businesses to an end user **(Retail)**
6. Brand loyal customers commit to a brand without respect to _____ **(Price)**

Short Notes

7. What are various steps in forming brand loyalty in Rural Marketing ? (Unit-III, SQA - 1)
8. What are the factors determining brand loyalty ? (Unit-III, SQA - 3)
9. Define Channel Management. (Unit-III, SQA - 5)
10. Retail market. (Unit-III, SQA - 6)

Part - B

1. What are the factors determining brand loyalty? (Unit-III, Q.No. 2)
2. Describe in detail the concept of brand loyalty in rural markets. (Unit-III, Q.No. 3)
3. Differentiate between regional brands and National brands with illustrations. (Unit-III, Q.No. 5)
4. Explain the concept of Rural Retail Channel Management. (Unit-III, Q.No.15)
5. State the innovative rural retail marketing channels. (Unit-III, Q.No. 17)
6. The strategies for introducing the rural brands is different. Justify. (Unit-III, Q.No.18)

UNIT - IV**Part - A****Multiple Choice Questions**

1. _____ measures the intensity of a media schedule. [c]
(a) Rating (b) Gross impression
(c) Frequency (d) Reach
2. Which one of the following conflict becomes more severe as the urbanization intensifies. [a]
(a) Agricultural and nonagricultural land use conflict
(b) Resource distribution conflict
(c) Development conflict
(d) Infrastructural conflict
3. _____ is one of the three major factors of production in classical economy and an essential input for housing and food production [c]
(a) Water (b) Fertilizers
(c) Land (d) Seeds

Fill in the Blanks

4. _____ research helps to know the demographics, psychographic and behavioural characteristics of the target market in rural areas. (Rural marketing)
5. _____ patterns differ according to income levels. (Consumption)
6. _____ consumers are fundamentally different from their urban counterparts. (Rural)

Short Notes

7. Rural Market Research. (Unit-IV, SQA - 10)
8. Primary Data. (Unit-IV, SQA - 11)
9. Secondary Data. (Unit-IV, SQA - 12)
10. Experimental Method. (Unit-IV, SQA - 13)

Part - B

1. What is rural marketing research? (Unit-IV, Q.No. 1)
2. Write a short note on Factors influencing rural consumer purchase. (Unit-IV, Q.No. 4)
3. Explain the elements that determine rural consumer life-style. (Unit-IV, Q.No. 5)
4. Explain various approaches of marketing research. (Unit-IV, Q.No. 7)
5. Write about the limitations and challenges in rural market research. (Unit-IV, Q.No. 16)
6. What is the significance of rural marketing consulting agencies? (Unit-IV, Q.No. 17)

UNIT - V**Part - A****Multiple Choice Questions**

1. _____ is one of the three major factors of production in classical economy and an essential input for housing and food production. [c]
(a) Water (b) Fertilizers
(c) Land (d) Seeds
2. Which one of the following is NOT a rural pull factor? [c]
(a) Rising affordability (b) Growing acceptance
(c) Fierce competition (d) Improving accessibility
3. Which one of the following is NOT one of the rural marketing strategies? [d]
(a) Management of demand (b) Developmental marketing
(c) Unique Selling Proposition (d) Penetration

Fill in the Blanks

4. _____ is the application of commercial marketing principles for social good rather than for profit. (Social marketing)
5. _____ system is an efficient way by which the farmers can dispose their surplus produce at a fair and reasonable price. (Agricultural marketing)
6. The _____ agencies and rural marketing consultancy organizations now have developed significant databases on the rural market in the electronic form (Advertising)

Short Notes

7. What is e-Rural Marketing? (Unit-V, SQA - 2)
8. What are consumer products? (Unit-V, SQA - 4)
9. Explain the concept of Rural Market Mapping. (Unit-V, SQA - 10)
10. Corporate Social Responsibility. (Unit-V, SQA -11)

Part - B

1. State the defects of Agricultural Marketing in India. (Unit-V, Q.No.10)
2. Discuss the problems of rural artisans face in marketing their products and how these can be surmounted. (Unit-V, Q.No.14)
3. Brief on new innovations in marketing of services in rural markets. (Unit-V, Q.No. 18)
4. State the role of IT for Rural Development. (Unit-V, Q.No. 33)
5. Explain the concept of e-Governance for Rural India. (Unit-V, Q.No. 34)
6. What are the recent approaches to rural distribution? Give examples. (Unit-V, Q.No.35)

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A II Semester Examinations

MODEL PAPER - I

R22

RURAL MARKETING

Time : 3 Hours]

[Max. Marks : 60

Note : This question paper contains two parts **A** and **B**.

Part A is compulsory which carries 10 marks. Answer all questions in **Part A**.

Part B consists of 5 Units. Answer any **One** full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (10 × 1 = 10 Marks)

ANSWERS

- | | |
|--|-------------------|
| 1. (a) Define Rural Marketing. | (Unit-I, SQA-1) |
| (b) Characteristics of Rural Market. | (Unit-I, SQA-3) |
| (c) What are the Additional Ps in Rural Marketing? | (Unit-II, SQA-2) |
| (d) Define the term Rural Marketing Mix. | (Unit-II, SQA-3) |
| (e) What are various steps in forming brand loyalty in Rural Marketing ? | (Unit-III, SQA-1) |
| (f) What are the factors determining brand loyalty? | (Unit-III, SQA-3) |
| (g) Define marketing research. | (Unit-IV, SQA-4) |
| (h) Primary Data. | (Unit-IV, SQA-11) |
| (i) What is e-Rural Marketing? | (Unit-V, SQA-2) |
| (j) What do you mean by Agricultural Co – operative Marketing? | (Unit-V, SQA-9) |

PART - B (5 × 10 = 50 Marks)

- | | |
|--|---------------------|
| 2. Elucidate the evolution of rural marketing. | (Unit-I, Q.No.3) |
| OR | |
| 3. What are the differences between urban marketing and rural marketing. | (Unit-I, Q.No.13) |
| 4. Elaborate the various components of rural marketing mix with suitable examples. | (Unit-II, Q.No.2) |
| OR | |
| 5. The new product development process is critical for rural marketing. | (Unit-II, Q.No.12) |
| 6. What are the factors determining brand loyalty? | (Unit-III, Q.No.2) |
| OR | |
| 7. What are the challenges in retail market? | (Unit-III, Q.No.13) |

8. Explain the factors influence rural consumers while buying the products. (Unit-IV, Q.No.4)

OR

9. Discuss various tools for marketing research. (Unit-IV, Q.No.8)

10. Discuss the problems of rural artisans face in marketing their products and how these can be surmounted. (Unit-V, Q.No.14)

OR

11. Discuss internet as medium of marketing communication for rural market. (Unit-V, Q.No.22)

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A II Semester Examinations

MODEL PAPER - II

R22

RURAL MARKETING

Time : 3 Hours]

[Max. Marks : 60

Note : This question paper contains two parts **A** and **B**.**Part A** is compulsory which carries 10 marks. Answer all questions in **Part A**.**Part B** consists of 5 Units. Answer any **One** full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (10 × 1 = 10 Marks)**ANSWERS**

- | | |
|--|-------------------|
| 1. (a) Nature of Rural Market. | (Unit-I, SQA-2) |
| (b) Define urban marketing. | (Unit-I, SQA-6) |
| (c) Significance of Distribution. | (Unit-II, SQA-7) |
| (d) Discuss the 4A model of Rural Marketing Mix. | (Unit-II, SQA-4) |
| (e) Define Channel Management. | (Unit-III, SQA-5) |
| (f) Rural Retail Channel Management. | (Unit-III, SQA-8) |
| (g) Rural Market Research. | (Unit-IV, SQA-10) |
| (h) Secondary Data. | (Unit-IV, SQA-12) |
| (i) What are consumer products? | (Unit-V, SQA-4) |
| (j) What is Social Marketing in rural communities? | (Unit-V, SQA-6) |

PART - B (5 × 10 = 50 Marks)

- | | |
|---|------------------|
| 2. Describe the Nature and Characteristics of Rural Market. | (Unit-I, Q.No.4) |
|---|------------------|

OR

- | | |
|--|-------------------|
| 3. Analyze the parameters that differentiate Rural Marketing and Urban Marketing. | (Unit-I, Q.No.16) |
| 4. What do you mean Product Life Cycle and what are the different pricing strategies to be followed in each stages in rural marketing. | (Unit-II, Q.No.7) |

OR

- | | |
|--|--------------------|
| 5. What are the Additional Ps in Rural Marketing? | (Unit-II, Q.No.3) |
| 6. Differentiate between regional brands and National brands with illustrations. | (Unit-III, Q.No.5) |

OR

7. State the innovative rural retail marketing channels. (Unit-III, Q.No.17)

8. Explain the elements that determine rural consumer life-style. (Unit-IV, Q.No.5)

OR

9. Discuss various methods of data collection in market research. (Unit-IV, Q.No.13)

10. Brief on new innovations in marketing of services in rural markets. (Unit-V, Q.No.18)

OR

11. Explain the concept of Rural Market Mapping. (Unit-V, Q.No.30)

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A II Semester Examinations

MODEL PAPER - III

R22

RURAL MARKETING

Time : 3 Hours]

[Max. Marks : 60

Note : This question paper contains two parts **A** and **B**.**Part A** is compulsory which carries 10 marks. Answer all questions in **Part A**.**Part B** consists of 5 Units. Answer any **One** full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (10 × 1 = 10 Marks)**ANSWERS**

- | | |
|---|--------------------|
| 1. (a) Discuss the challenges in Rural Market. | (Unit-I, SQA-10) |
| (b) State various parameters of urban market. | (Unit-I, SQA-8) |
| (c) New Product Development. | (Unit-II, SQA-6) |
| (d) Enumerate the stages of Product Life Cycle. | (Unit-II, SQA-1) |
| (e) Retail market. | (Unit-III, SQA-6) |
| (f) State the innovative rural retail marketing channels. | (Unit-III, SQA-10) |
| (g) Objectives of Marketing Research. | (Unit-IV, SQA-5) |
| (h) Experimental Method. | (Unit-IV, SQA-13) |
| (i) Corporate Social Responsibility. | (Unit-V, SQA-11) |
| (j) Explain the concept of Rural Market Mapping. | (Unit-V, SQA-10) |

PART - B (5 × 10 = 50 Marks)

- | | |
|---|-------------------|
| 2. Explain the different models in rural marketing. | (Unit-I, Q.No.10) |
|---|-------------------|

OR

- | | |
|--|-------------------|
| 3. Evaluate the influence of differences in consumer behaviour of rural and urban markets on marketing strategies. | (Unit-I, Q.No.20) |
| 4. What are the major objectives behind launching of new product in rural areas. | (Unit-II, Q.No.8) |

OR

- | | |
|---|--------------------|
| 5. Discuss the 4A model of Rural Marketing Mix. | (Unit-II, Q.No.4) |
| 6. Channel management is one of the major task for rural management. Justify. | (Unit-III, Q.No.9) |

OR

7. What are the different Strategies of Rural Retail Channel Management? **(Unit-III, Q.No.18)**
8. Explain various approaches of marketing research. **(Unit-IV, Q.No.7)**

OR

9. Discuss in detail about the various approaches and tools in rural marketing research. **(Unit-IV, Q.No.15)**
10. Explain in detail about aamarketing strategies for Indian Rural Market. **(Unit-V, Q.No.20)**

OR

11. Explain the role of e-governance for rural India with reference to rural marketing. **(Unit-V, Q.No.34)**

RURAL MARKETING

Time : 3 Hours]

[Max. Marks : 75

Note: This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answer all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (5 × 5 = 25 Marks)

ANSWERS

- | | |
|---|-------------------|
| 1. (a) Write about Rural Marketing Vs Urban Marketing. | (Unit-I, SQA-7) |
| (b) Explain the role of consulting agencies in rural marketing. | (Unit-IV, SQA-1) |
| (c) Enumerate the stages of Product Life Cycle | (Unit-II, SQA-1) |
| (d) What is brand loyalty? | (Unit-III, SQA-1) |
| (e) What is e-Rural Marketing? | (Unit-V, SQA-2) |

PART - B (5 × 10 = 50 Marks)

- | | |
|--|-----------------------|
| 2. What do you understand by consumer behavior and discuss the differences in Consumer Behaviour in rural and urban markets. | (Unit-I, Q.No. 18,20) |
| OR | |
| 3. Explain the different models in rural marketing. | (Unit-I, Q.No. 10) |
| 4. Discuss the uses of Marketing Research and tools of marketing Research. | (Unit-IV, Q.No. 8, 9) |
| OR | |
| 5. What are the Methods of data Collections? | (Unit-IV, Q.No. 13) |
| 6. Write the Strategic considerations in the rural market Product Life Cycle concept? | (Unit-II, Q.No. 7) |
| OR | |
| 7. Discuss the objectives behind new product launch and brief on new product development process. | (Unit-II, Q.No. 8) |
| 8. Differentiate regional brands Vs national brands with illustrations. | (Unit-III, Q.No. 5) |
| OR | |
| 9. Explain the channel management strategies in Indian rural retail market. | (Unit-III, Q.No. 18) |
| 10. Write a detailed note on problems of regulated market and its significance to the agriculturists. | (Unit-V, Q.No. 14) |
| OR | |
| 11. Discuss IT is medium of marketing communication for rural market. | (Unit-V, Q.No. 33) |

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I-Semester Examinations

December-2018

R17**RURAL MARKETING**

Time : 3 Hours]

[Max. Marks : 75

Note: This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answer all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (5 × 5 = 25 Marks)**ANSWERS**

- | | |
|--|-------------------|
| 1. (a) Explain the scope of Rural Marketing. | (Unit-I, SQA-4) |
| (b) Briefly describe the limitations and challenges in the rural marketing research. | (Unit-IV, SQA-2) |
| (c) Explain the various stages of Rural Market Product Life Cycle | (Unit-II, SQA-1) |
| (d) Differentiate National brands Vs Regional brands. | (Unit-III, SQA-2) |
| (e) Elaborate the need for innovation for rural markets. | (Unit-V, SQA-1) |

PART - B (5 × 10 = 50 Marks)

- | | |
|---|--------------------|
| 2. (a) Analyze the parameters that differentiate Rural Marketing and Urban Marketing. | (Unit-I, Q.No. 16) |
| (b) Write a short notes on Rural Marketing Models. | (Unit-I, Q.No. 10) |

OR

- | | |
|---|-----------------------|
| 3. (a) Describe the nature and characteristics of Rural Marketing. | (Unit-I, Q.No. 4) |
| (b) Evaluate the influence of differences in consumer behaviour of rural and urban markets on marketing strategies. | (Unit-I, Q.No. 20) |
| 4. Discuss in detail about the various approaches and tools in rural marketing research. | (Unit-IV, Q.No. 7, 8) |

OR

- | | |
|--|---------------------|
| 5. Write a short note on | |
| (a) Factors influencing rural consumer purchase | (Unit-IV, Q.No. 4) |
| (b) Role of rural marketing consulting agencies. | (Unit-IV, Q.No. 17) |
| 6. Elaborate the various components of rural marketing mix with suitable examples. | (Unit-II, Q.No. 2) |

OR

7. (a) Illustrate various stages of new product development process for rural markets. **(Unit-II, Q.No. 10)**
(b) Describe the objectives for a new product launch. **(Unit-II, Q.No. 8)**
8. Channel management is one of the major tasks of rural management. Justify. **(Unit-III, Q.No. 9)**

OR

9. Describe in detail about the concepts of
(a) Brand loyalty in rural markets **(Unit-III, Q.No. 3)**
(b) Indian rural retail markets. **(Unit-III, Q.No. 11)**
10. "Rural marketing is real marketing " Do you agree ? Justify with suitable examples. **(Unit-V, Q.No. 21)**

OR

11. Write a short note on
(a) Social Marketing **(Unit-V, Q.No. 5)**
(b) Agricultural Cooperative Marketing **(Unit-V, Q.No. 24)**
(c) E-governance for rural India **(Unit-V, Q.No. 34)**

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I-Semester Examinations

April / May-2019

R17**RURAL MARKETING**

Time : 3 Hours]

[Max. Marks : 75

Note: This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answer all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

PART - A (5 × 5 = 25 Marks)**ANSWERS**

- | | |
|---|-------------------|
| 1. (a) What is rural marketing the light of ago based economy of rural? | (Unit-I, Q.No. 9) |
| (b) What are the factors influencing rural consumers during purchase of products? | (Unit-IV, SQA-9) |
| (c) What are the additional Ps in Rural Marketing? | (Unit-II, SQA-2) |
| (d) What are various steps in forming brand loyalty in the rural marketing ? | (Unit-III, SQA-1) |
| (e) What are the implications of electronic rural marketing? | (Unit-V, SQA-3) |

PART - B (5 × 10 = 50 Marks)

- | | |
|--|------------------------|
| 2. Explain the profile of rural consumers and how it is differ from their urban counterpart. What is importance of identifying the profile of rural consumers while marketizing the products in rural areas? | (Unit-I, Q.No. 17) |
| OR | |
| 3. Illustrate the differences in consumer buying behaviour in rural and urban market. | (Unit-I, Q.No. 20) |
| 4. What are the different data collection tools in marketing research ? | (Unit-IV, Q.No. 15) |
| OR | |
| 5. What are the major challenges in rural marketing research especially agro based rural research. | (Unit-IV, Q.No. 16) |
| 6. What do you mean product life cycle and what are the different pricing strategies to be followed in each stages in rural marketing. | (Unit-II, Q.No. 7) |
| OR | |
| 7. What are major objectives behind launching of new product in rural areas and how to marketing such product? | (Unit-II, Q.No. 8, 10) |

8. What are the different strategies of rural retail channel management? **(Unit-III, Q.No. 18)**

OR

9. Explain the major features of Indian Rural Retail Market and brief on regional brands Vs National brands. **(Unit-III, Q.No. 12, 15)**

10. What are the recent innovations in rural marketing and state the role of IT in rural marketing. **(Unit-V, Q.No. 18, 33)**

OR

11. Explain the major features of agricultural co-operative marketing and explain rural market mapping. **(Unit-V, Q.No. 25, 30)**

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA II-Semester Examinations**October / November - 2020****R19****RURAL MARKETING**

Time : 2 Hours]

[Max. Marks : 75

Note: Answer any five questions

All questions carry equal marks.

ANSWERS

1. Write a brief on rural marketing models. (Unit-I, Q.No. 10)
2. Explain how the rural initiatives introduced by the government of India benefit the corporate? (Unit-I, Q.No. 21)
3. State the rural consumer life style. (Unit-IV, Q.No. 5)
4. (a) Describe the steps to select a media strategy. (Unit-IV, Q.No. 18)
(b) What are the recent approaches to rural distribution? Give examples. (Unit-V, Q.No. 34)
5. Discuss the 4-A model of rural marketing mix. (Unit-II, Q.No. 4)
6. (a) Discuss internet as medium of marketing communication for rural market. (Unit-V, Q.No. 22)
(b) Do you agree with the decision of the company to enter the rural market ? Why or Why not? (Unit-I, Q.No. 20)
7. Discuss the problems of rural artisans face in marketing their products and how these can be surmounted. (Unit-V, Q.No. 14)
8. What do you know about product promotions in Rural Market? And brief on rural market mapping. (Unit-II, Q.No.2, Unit-V, Q.No. 30)

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA II-Semester Examinations

R19

July/August - 2021

RURAL MARKETING

Time : 2 Hours]

[Max. Marks : 75

Note: Answer any five questions
All questions carry equal marks.

ANSWERS

1. What are the differences between rural and urban markets? (Unit-I, Q.No. 13)
2. Define marketing research approach and narrate about the tools of research approaches. (Unit-IV, Q.No. 6, 7, 8)
3. What is the significance of rural marketing consulting agencies? (Unit-IV, Q.No. 17)
4. The new product development process is critical for rural marketing. Illustrate with contemporary examples. (Unit-II, Q.No. 12)
5. What is the role of channel management in rural marketing? (Unit-III, Q.No. 8)
6. The strategies for introducing the rural brands is different. Justify. (Unit-III, Q.No. 18)
7. Is the Organized rural marketing strong in India? Explain. (Unit-V, Q.No. 32)
8. Rural industry products are good for the rural marketing. Why? (Unit-V, Q.No. 36)

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA II-Semester Examinations**R19****October / November - 2021****RURAL MARKETING**

Time : 3 Hours]

[Max. Marks : 75

Note: Answer any five questions

All questions carry equal marks.

ANSWERS

- | | |
|---|----------------------|
| 1. Define rural marketing and write about its evolution. | (Unit-I, Q.No. 13) |
| 2. Write about different rural marketing models. | (Unit-I, Q.No. 10) |
| 3. Write about the limitations and challenges in rural market research. | (Unit-IV, Q.No. 16) |
| 4. What are the objectives of business firms for launching new products in rural markets? | (Unit-II, Q.No. 8) |
| 5. What are the stages of rural market product life cycle? | (Unit-II, Q.No. 7) |
| 6. What are the strategies of rural retail channel management? Explain. | (Unit-III, Q.No. 18) |
| 7. What are the glimpses of Indian rural retail market in India. | (Unit-III, Q.No. 10) |
| 8. What is the importance of Co-operating marketing in rural marketing? | (Unit-V, Q.No. 25) |

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**MBA II-Semester Examinations****March/April - 2023****R19****RURAL MARKETING**

Time : 3 Hours

Max. Marks : 75

Note :

- (i) Question paper consists of Part A, Part B.
- (ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.
- (iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART - A**Answers**

- 1. (a) Describe the rural marketing models? (Unit-I, Q.No. 10)
- (b) Examine the limitations in rural marketing research? (Unit-IV, Q.No. 16)
- (c) What are the additional Ps in rural marketing? (Unit-II, SQA-2)
- (d) Brief on regional brands vs national brands. (Unit-III, Q.No. 5)
- (e) What is e-rural marketing? (Unit-V, SQA-2)

PART - B

- 2. (a) What is rural marketing? Explain the nature and characteristics of rural market. (Unit-I, Q.No. 1, 4)
- (b) Examine the differences in consumer behavior in rural and urban market. (Unit-I, Q.No. 20)

OR

- 3. (a) Discuss the parameters differentiating urban and rural market. (Unit-I, Q.No. 16)
- (b) Explain the new trends in Indian rural economy. (Unit-I, Q.No. 6)
- 4. What is rural marketing research? Explain the factors influencing rural consumers during purchase of products. (Unit-IV, Q.No. 1, 4)

OR

- 5. (a) Discuss the role of rural marketing consulting agencies to promote the new product in rural areas. (Unit-IV, Q.No. 17)
- (b) Explain the rural consumer lifestyle with illustrations. (Unit-IV, Q.No. 5)
- 6. (a) What is rural marketing mix ? Explain the 4As of rural marketing mix. (Unit-II, Q.No. 1, 4)
- (b) Illustrate the rural product life style in brief. (Unit-II, Q.No. 7)

OR

7. What are the objectives for launching the new product? Explain the process of new product development. (Unit-II, Q.No. 8, 11)
8. (a) Describe the innovative channel suitable for Indian rural markets. (Unit-III, Q.No. 17)
- (b) What is rural market brand? Explain the brand loyalty in rural market. (Unit-III, Q.No. 1, 3)

OR

9. What is rural retail channel management? Explain the strategies of rural retail channel management. (Unit-III, Q.No. 15, 18)
10. (a) What is the significance of innovation for rural market? Explain the rural marketing strategies. (Unit-V, Q.No. 16, 20)
- (b) Describe the agricultural marketing strategies suitable to the Indian rural markets. (Unit-V, Q.No. 24)

OR

11. (a) Explain the role of e-governance for rural India with reference to rural marketing. (Unit-V, Q.No. 34)
- (b) Brief on new innovations in marketing of services in rural markets. (Unit-V, Q.No. 18)