

Innovation in the Field of Rural Marketing with reference to Customer in Rural Areas

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ABSTRACT

Marketing and innovation like inseparable couple, so they are interrelated. In the field of marketing the customers are expecting variety of products. So the importance of innovation is unavoidable. Innovation marketing covers all innovation management activities that contribute to the promotion of the market success of new products and services. If one considers that the actual task and mission of innovation of innovation is market success, it becomes clear that innovation marketing involving the significant changes in product design, or packaging, product placement, product promotion or pricing plays an extremely important role in the innovation process. Innovation in the field of rural market mainly related with the objectives of acceptability, affordability, availability and awareness of product. For attaining the objective of the study we used primary and secondary data. The test used for study is percentage and chi-square test. The chi-square test is been used for finding the significant relationship between the income and purchasing pattern of the product. The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to urban sectors. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Rural market is not exploited completely and is yet to be explored.

1. Introduction

Rural India is the next growth destination for MNC companies. Bulk of India population live in villages and with increase in purchasing power and the demand for wide variety of products, the rural market offers new and great opportunities. The rural market is always different from urban marketing. The approach towards rural market is distinct from urban market. This approach needs more understanding. Thus, in a large economy like India, rural marketing has emerged as an important key factor for the marketing discipline.

1.1 Rural Marketing

Rural marketing in India is sometimes mistaken by people who think rural marketing is all about agricultural marketing. 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 consist of agricultural inputs, fast moving consumer goods (FMCG), such as soaps Detergents, Cosmetics and so on. The rural to urban flow consist of agricultural produce such as rice, wheat, sugar and so on.

Rural India contributes 70% of Indian population, 56% of Indian Income, 46% of Indian expenditure and 33% of Indian saving.

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

1.2 Features

- Large and scattered population
- Higher purchasing capacity
- Market growth
- Development of infrastructure
- Low standard of living
- Traditional outlook
- Marketing mix

1.3 Challenges

- Low literacy rate
- Resistance to change
- Seasonal demand
- Lack of infrastructure facilities and proper warehousing facility
- Threat of spurious products
- Communication problems
- Problem related to distributing and channel management.

1.4 Innovation

Innovation can be defined simply as a "new idea, device or method ". Innovation can be defined as something original and more effective and, as a consequence, new, that "breaks into" the market or society.

What does marketing have to do with innovation?

Innovation can only be successful only with marketing. Innovation marketing as a discipline

encompasses marketing activities in the innovation process. 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.

FMCG companies have come with marketing techniques to attract rural customers such as creams and soaps at Rs. 5, hair oil and shampoo at Re. 1, etc.

1.5 4A Approaches to Rural Marketing

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

1. Availability

The first challenge is to ensure availability of the product or service. India's 627,000 villages are spread over 3.2 million sq. Km. Availability measures whether a selling company has enough of a product to match customer demand. Convenience refers to how easy it is for potential customers to acquire a product or service.

2. Affordability

Affordability refers to whether customer in the target market is economically able and psychologically willing to pay a product price.

3. Acceptability

The third component of 4A is acceptability, the most important theme of marketing. The customer should think that they can buy the product by putting extra money on that. They should feel that the product is designed as per their needs and it should deliver a great solution to the customer. They should think that the product give some money value to them, and it should serve the purpose what they are planning to buy for. The customer should feel the comfort with the product and there should not be any hesitation to go for it.

4. Awareness

The final component of the 4A model is awareness, which refers to whether customers are adequately informed about a product's attributes and benefits in a way that persuades potential buyers to give the product a try and reminds existing users why they should continue to purchase a product. The basic ideas have a positive perception of the brand and adequate information regarding the specific product or service.

2. Objectives

- To know the innovation in the field of Marketing
- To study about 4A's of Rural Marketing.

3. Methodology of study

For attaining the objective of the study primary and secondary data are used. The test used for study is percentage and chi-square test. The chi-square test is been used for finding the significant relationship between the income and purchasing pattern.

4. Data analysis and interpretation

TABLE 1.1
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MONTHLY INCOME

S.NO	MONTHLY INCOME	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Below 5000	14	28
2	5000-10000	25	50
3	Above 10000	11	22

Source: Primary data

Inference

- 28% of the respondents are earning below 5000 as their monthly income.
- 50% of the respondents are earning Rs.5000-10000 as their monthly income.
- 22% of the respondents are earning above 10000 as their monthly income.

CHART 1.1
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MONTHLY INCOME

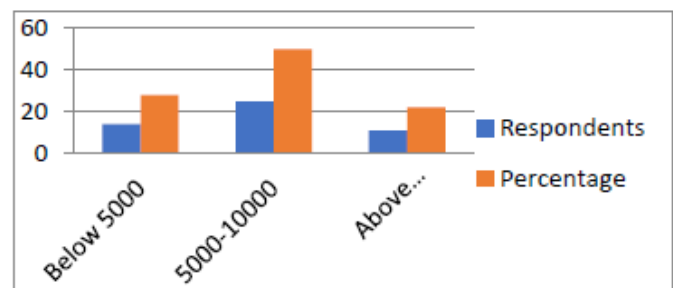


TABLE 1.2
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PURCHASE MADE DURING A MONTH

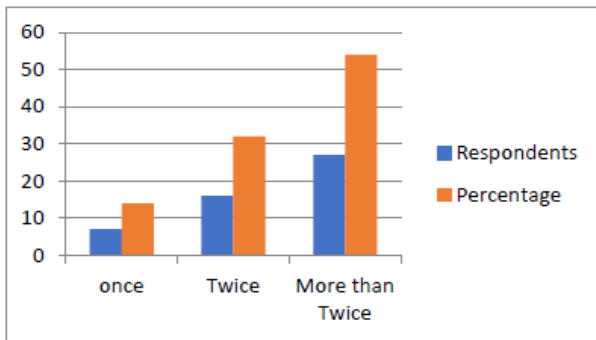
S.NO	TIMES	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Once	7	14
2	Twice	16	32
3	More than Twice	27	54

Source: Primary Data

Inference

- 14% of the respondents purchase once in a month.
- 32% of the respondents purchase twice in a month.
- 54% of the respondents purchase more than twice in a month.

CHART 1.2
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PURCHASE MADE DURING A MONTH



Inference

- 28% of the respondents prefer Single Branded.
- 34% of the respondents prefer Multi Branded.
- 38% of the respondents prefer Scattered Branded.

CHART 1.4
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MODE OF PREFERENCE

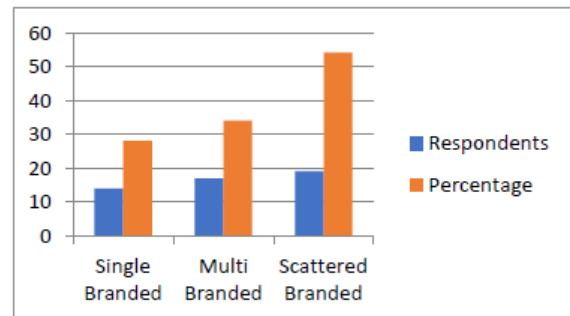


TABLE 1.3
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF TYPE OF SELLER THEY PREFER

S.N O	TYPE OF SELLER	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Single Seller	23	46
2	Multi Seller	19	38
3	Scatter Seller	8	16

Source: Primary Data

Inference

- 46% of the respondents prefer Single Seller.
- 38% of the respondents prefer Multi Seller.
- 16% of the respondents prefer Scatter Seller.

TABLE 1.5
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PREFERENCE OF NEW PRODUCT AVAILABLE IN THE MARKET

S.N O	STATEMENT	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Yes	39	78
2	No	11	22

Source: Primary Data

Inference

- 78% of the respondents prefer new product available in the market.
- 22% of the respondents do not prefer new product available in the market.

CHART 1.3
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF TYPE OF SELLER THEY PREFER

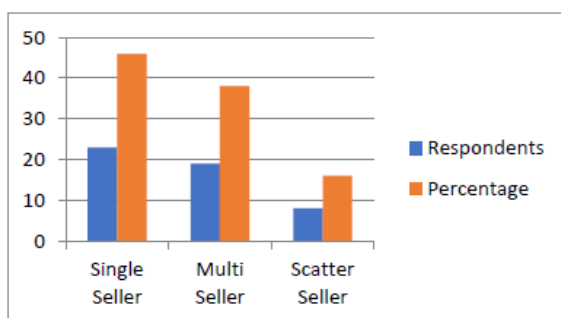


CHART 1.5
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PREFERENCE OF NEW PRODUCT AVAILABLE IN THE MARKET

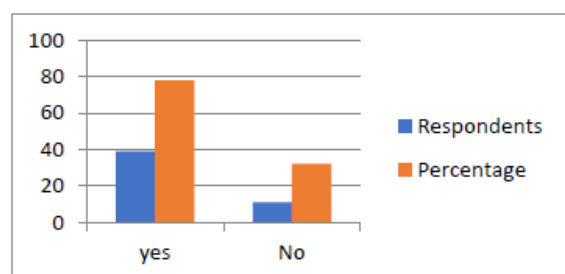


TABLE 1.4
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MODE OF PREFERENCE

S.N O	MODE OF PREFERENCE	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Single Branded	14	28
2	Multi Branded	17	34
3	Scattered Branded	19	38

Source: Primary Data

TABLE 1.6
CLASSIFICATION OF RESPONDENTS ON THEIR OPINION REGARDING AVAILABILITY OF INNOVATIVE/MODIFIED PRODUCT IN THE MARKET

S.NO	STATEMENT	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Always	26	52
2	Sometimes	20	40
3	Rarely	4	8

Source: Primary Data

Inference

- 52% of the respondents have the opinion that the innovative products are always available in the market.
- 40% of the respondents have the opinion that the innovative products are sometimes available in the market.
- 8% of the respondents have the opinion that the innovative products are rarely available in the market.

CHART 1.6
CLASSIFICATION OF RESPONDENTS ON THEIR OPINION REGARDING AVAILABILITY OF INNOVATIVE/MODIFIED PRODUCT IN THE MARKET

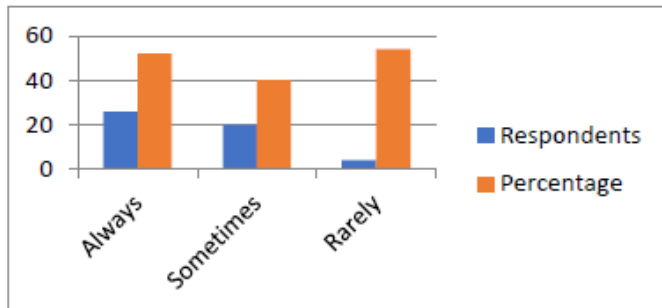


TABLE 1.7
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MODE OF KNOWING ABOUT THE INNOVATIVE PRODUCT

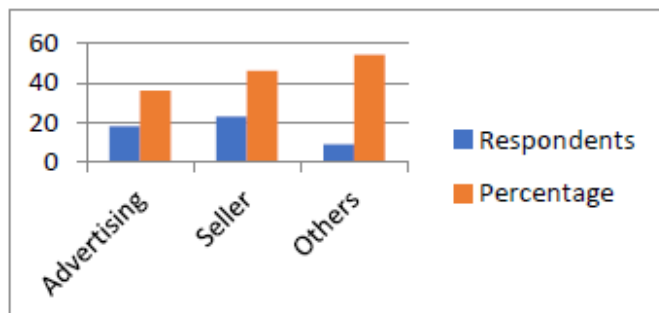
S.NO	SOURCE	NO.OF RESPONDENTS	PERCENTAGE (%)
1	Advertising	18	36
2	Seller	23	46
3	Others	9	18

Source: Primary Data

Inference

- 36% of the respondents came to know about the product through advertising.
- 46% of the respondents came to know about the product through seller.
- 18% of the respondents came to know about the product through other sources.

CHART 1.7
CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MODE OF KNOWING ABOUT THE INNOVATIVE PRODUCT



CHI SQUARE TEST

TO DETERMINE WHETHER THERE IS SIGNIFICANT RELATIONSHIP BETWEEN INCOME AND PURCHASE PATTERN

H0: There is no significant relationship between income and monthly Purchasing Pattern

H1: There is significant relationship between income and monthly purchasing pattern

OBSERVED FREQUENCY

Monthly Income	Purchasing Pattern			Total
	Once	Twice	More Than Twice	
Below 5000	2	2	3	7
5000-10000	5	7	4	16
Above 10000	7	16	4	27
Total	14	25	11	50

EXPECTED FREQUENCIES

$(14*7)/50=1.96$	$(14*16)/50=4.48$	$(14*27)/50=7.56$
$(25*7)/50=3.5$	$(25*16)/50=8$	$(25*27)/50=13.5$
$(11*7)/50=1.54$	$(11*16)/50=3.52$	$(11*27)/50=5.94$

CALCULATION

OBSERVED FREQUENCY (O)	EXPECTED FREQUENCY (E)	(O-E)	(O-E) ²	(O-E) ² -E
2	1.96	0.04	0.0016	0.00816
2	3.5	-1.5	-2.25	-0.64286
3	1.54	1.46	2.1316	1.38416
5	4.48	0.52	0.2704	0.06035
7	8	-1	-1	-0.125
4	3.52	0.48	0.2304	0.06545

			4	
7	7.56	0.56	0.313 6	0.04148
16	13.5	2.5	6.25	0.46279
14	5.94	8.06	64.96 36	10.936
CALCULATED VALUE				12.19053

Calculated value χ^2 = 12.19053

Degree of Freedom = (C-1) (R-1)

$$= (3-1) (3-1) = 4$$

4 degree of freedom at 5% level of significance

Therefore, tabulated χ^2 = 9.488

Since calculated χ^2 is more than tabulated value

(12.19053 > 9.488)

Therefore we accept the H₀ (i.e.,) there is no significant relationship between income and monthly purchase pattern.

5. Future scope for study

In present study an attempt has been made in innovation in the field of rural marketing with special reference to rural customers. The future Scope for study comprises,

- Impact and innovation in Rural Market.
- Opportunities and innovation in rural market.
- Recent innovation in Rural Market.
- Co-operate initiative and innovation in Rural Market in India.

6. Findings

- By Chi Square we find that there is no significant relationship between income and purchasing pattern.

Reference

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5. www.lead-innovatons.com

- Majority of customers purchase goods from Single Seller.
- Rural customers don't purchase single brand products.
- Rural Customers always prefer new and innovative product in the market.
- 52% of the customers have the opinion that new products are available in the market.
- The rural customers are aware of the new products mainly through the sellers.

7. Suggestions

- The sellers can be made available of the products at a reasonable profit so that sellers will purchase those and the customers will be aware of those products.
- There must be new innovations and features added into the branding so that the customers get encouraged to stick to those brands and awareness about the products can also be made to the customers.
- The companies must ensure that all the new products are available in the rural market when its introduced without any delay.

8. Conclusion

Rural customers have a major contribution to the Indian economy. Marketing and innovation are like inseparable couples. The importance of innovation is unavoidable as the customers always expect for a new product. Innovation in the field of rural market mainly related with the objectives of acceptability, affordability, availability and awareness of product. The chi-Square test has found that there is no significant relationship between income and monthly purchasing pattern. The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to urban sectors. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Rural market is not exploited completely and is yet to be explored.