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## **“PRICING, DISTRIBUTION AND PROMOTION STRATEGIES ADOPTED AND TO BE ADOPTED IN RURAL MARKET – A CASE STUDY OF SHIROL TALUKA.”**

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### **Abstract:**

*In urban to rural market generally, the manufacturing goods are included and for this type of goods low pricing policy may be effective as earning level is uncertain of rural people. The company may adopt penetration-pricing policy. While distributing the goods and services of the fast moving consumable goods (FMCG) it may be made available at their proper places and as far as capital goods or luxurious goods is concerned it may be made available at reasonable distance from their place and if possible it should be made available at their proper place. For promoting the products the companies should take support of the folk media, radio, television, jatra, yatra etc., as advertising media.*

*Rural to urban marketing is suffering from many weaknesses, owing to these weaknesses farmers are not getting benefits hence, the marketing effort should involve solutions for such problems.*

### **KEYWORDS:**

pricing policy, weaknesses, opportunity, distribution strategy.

### **INTRODUCTION :**

India is land of villages. Around 800 million people are live in 627000 villages in rural areas. Agriculture and agricultural activities contribute 75% of the income in rural areas. Villages are a main suppliers of raw material e.g. cotton, sugarcane, groundnuts, food grains etc. However, majority of agriculture land is depend upon the monsoon. It means income earning capacity of rural people is uncertain. i.e. who are engaged in agriculture and agricultural activities and therefore pricing, promotion and distribution policy plays a crucial role in rural market.

We can look at a rural market in two ways i.e.

- i) Urban to Rural market ( garments, television etc.)
- ii) Rural to Urban market ( agricultural products i.e. paddy, wheat, cotton, fruits, vegetables etc.).

### **STATEMENT OF THE PROBLEM:**

The aim of the present study is critically examine the pricing, distribution and promotion strategies adopted and to be adopted in the rural markets in India.

### **OBJECTIVES OF THE STUDY:**

Title : “PRICING, DISTRIBUTION AND PROMOTION STRATEGIES ADOPTED AND TO BE ADOPTED IN RURAL MARKET – A CASE STUDY OF SHIROL TALUKA.” Source: Indian Streams Research Journal [2230-7850] MANSINGH S. DABADE yr:2013 vol:3 iss:1

- i) To provide theoretical background to the concept of pricing, distribution and promotion policy.
- ii) To evaluate the pricing, distribution and promotion policy adopted in rural markets.
- iii) To suggest the pricing, distribution and promotion policy to be adopted in rural market.

#### **SCOPE OF THE STUDY :**

For the purpose of detailed investigation a case of Shirol Taluka was considered as ideal example. It consists of fifty three villages. The study takes into account a one year data i.e. for the year 2011-2012.

#### **Sampling Design:**

The sampling methods used for the study is quota sampling. The researcher has identified forty economic activities. While collecting the data proper care has taken to cover all the economic activities. Thus, the primary data has collected for main study.

#### **Procedure of data collection:**

A well thought and systematic procedure was adopted to collect the required data from different villages of Shirol Taluka. For respondents from different areas different questions were asked.

#### **REVIEW OF LITERATURE:**

- (i) Prof. R.V.Badi & Prof. N.V.Badi, (2004)., mentioned in his book that rural marketing is much talked and less practiced subject needing serious attention from all stake holders. In their book main focus on rural environment, socio cultural values, problems associated with rural sector and changing scenario strategies for marketing of consumer goods in rural sector., strategies for marketing of rural produce in towns, cities and exports, marketing of out put of Agro-industries, forestry, poultry, animal husbandry and handicrafts etc.
- (ii) Sawant Kumar Sahu, try to explain the concept of rural marketing in India, opportunities in rural marketing, market research, market analysis, strategies to be adopted etc.
- (iii) H. Bargal, A.Sharma, Dr. V.Pithadia, discussed in their study the promotion of brand in rural market of India. The main findings of the study are – the language and contact must be according to the suitability of rural environment, special promotion measures are the strong applicable factors in this regard.

#### **PROFILE OF SHIROL TALUKA:**

Shirol Taluka is situated in Kolhapur district (Maharashtra). The Taluka lies in the Krishna-Panchganga river basin. It is influenced by the Crowning Heroic personality of late Chhatrapati Rajarshi Shahu Maharaj then the rural of the erstwhile princely State of Kolhapur. Shirol and its surrounding area are endowed with two major flowing rivers viz. Krishna and Panchganga, water supply lift irrigation schemes in co-operative, collective and private sector were already in operation.

#### **RURAL MARKETING ENVIRONMENT:**

An environment means the total surroundings. It is sum total of external factors and made up of tangible factors – both controllable and uncontrollable. The environment outlines opportunities and threats of the market. The rural marketing environment is changing continuously. The marketing strategies of any organisation should be as per changing environment of the market. An organisation that makes its effective marketing plans and its own strategies or a creative one will prosper and creates opportunities in the changing environment.

Pricing, Promotion and Distribution – A Conceptual framework.

#### **Pricing :**

Price is the market value of a product or service. Price determination is a process by which the broad forces of supply and demand. Price discovery is a process by which buyers and sellers arrive at a specific price for a given lot of produce in a given tone and location. Pricing is one of the most critical

component that can make or break a brand. The wrong pricing can push a brand right out of the market. The pricing and branding need to be in the same line to ensure a product's success. There are four objectives of pricing i.e. sales objective, competition objective, profit objective and development objective. There are two types of pricing policy i.e. skimming pricing policy and penetration pricing policy. Pricing policy in rural market is on the low side as low income level and poor cash inflow in rural market.

#### **DISTRIBUTION :**

Distribution policy includes the supply chain of goods and services. It makes available goods and services to the people at their convenient place. Quick supply may fulfill the needs of customers. For this purpose supply chain should be strong of every organisation.

#### **PROMOTION POLICY :**

Promotion policy is very important to increase the sale of goods and / or services. It plays crucial role in today's changing environment where production of goods become easy job but selling of goods and services is very difficult job. There are two techniques of advertisement

- i) Traditional e.g. mock advertisement, folk media, yatra, jatra, cinema hall etc.
- ii) new techniques includes radio, television, print media, hoardings, telephone, computer (inter-net) cell phones etc.

**Table No. 1**  
**Secondary Market in Rural Areas in Shirol Taluka**

| <b>Sr. No</b> | <b>Economic Activities</b> | <b>No. of shops</b> |
|---------------|----------------------------|---------------------|
| 1             | General stores             | 845                 |
| 2             | Pan shop                   | 519                 |
| 3             | Bakery                     | 63                  |
| 4             | Hotels                     | 150                 |
| 5             | Tea stall                  | 90                  |
| 6             | Cloth center               | 135                 |
| 7             | Ladies shoppy              | 16                  |
| 8             | Flour mill                 | 269                 |
| 9             | STD booth                  | 160                 |
| 10            | Medical                    | 129                 |
| 11            | Steel center               | 57                  |
| 12            | Hardware                   | 83                  |
| 13            | Carpenter                  | 162                 |
| 14            | Mason                      | 229                 |
| 15            | Black smith                | 59                  |
| 16            | Foot ware                  | 66                  |
| 17            | Shoemaker                  | 99                  |
| 18            | Potter                     | 38                  |
| 19            | Gents saloon               | 273                 |
| 20            | Beauty parlor              | 25                  |
| 21            | Cycle repairs              | 145                 |
| 22            | Garage                     | 94                  |
| 23            | Motor repairs              | 93                  |
| 24            | General repairs            | 30                  |
| 25            | Electrician                | 120                 |

|    |                       |             |
|----|-----------------------|-------------|
| 26 | Decorators            | 52          |
| 27 | Fabrication           | 53          |
| 28 | Fertilizers           | 38          |
| 29 | Photo studio          | 52          |
| 30 | Paper agent           | 16          |
| 31 | Xerox                 | 28          |
| 32 | Saw mill              | 30          |
| 33 | Brick maker           | 64          |
| 34 | Two wheelers showroom | 04          |
| 35 | Doctors               | 200         |
| 36 | Veterinary            | 55          |
| 37 | Tailor                | 281         |
| 38 | Private dairy         | 199         |
| 39 | Meat shops            | 80          |
| 40 | Hawkers               | 130         |
|    | <b>TOTAL</b>          | <b>5231</b> |

(Source : Primary data)

**Table No.2**  
**Village Wise Total Numbers of Shops in Shirol Taluka.**

| <b>Name of villages</b> | <b>1</b> |
|-------------------------|----------|
| Agar                    | 21       |
| Akiwat                  | 125      |
| Alas                    | 39       |
| Arjunwad                | 77       |
| Aurwad                  | 96       |
| Bastwad                 | 65       |
| Bubnal                  | 45       |
| Chinchwad               | 71       |
| Chipari                 | 58       |
| Danoli                  | 89       |
| Danwad                  | 63       |
| Dattawad                | 175      |
| Dharangutti             | 54       |
| Ganeshwadi              | 83       |
| Gaurwad                 | 60       |
| Ghalwad                 | 83       |
| Ghosarwad               | 126      |
| Haroli                  | 46       |
| Hasur                   | 58       |
| Herwad                  | 128      |
| Jainapur                | 35       |
| Kanwad                  | 38       |
| K.Guland                | 78       |
| Kavathesar              | 79       |
| Khidrapur               | 83       |
| Kondigare               | 40       |
| Kothali                 | 69       |

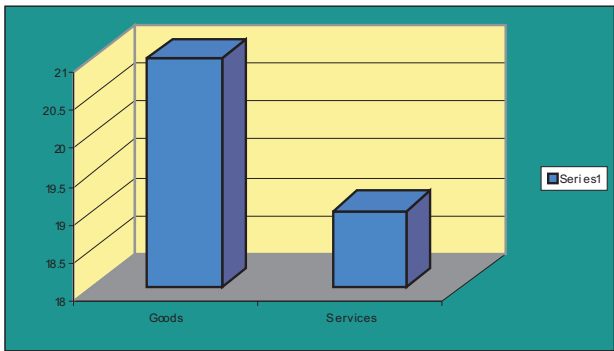
|              |             |
|--------------|-------------|
| kurundwad    | 445         |
| Kutwad       | 27          |
| Lat          | 224         |
| Latwadi      | 18          |
| Majrewadi    | 37          |
| Nandani      | 243         |
| Nimshirgaon  | 72          |
| N.wadi       | 113         |
| Rajapur      | 88          |
| Rajapurwadi  | 28          |
| Shedshal     | 85          |
| Shiradwad    | 60          |
| Shirati      | 152         |
| Shirdhon     | 135         |
| Shirol       | 402         |
| S.Wadi       | 66          |
| Takali       | 116         |
| Takaliwadi   | 27          |
| Takavde      | 142         |
| Tamadlge     | 39          |
| Terwad       | 67          |
| Udgaon       | 106         |
| Umalwad      | 77          |
| Yadrav       | 62          |
| Jambhali     | 91          |
| Jaysingpur   | 1692        |
| <b>TOTAL</b> | <b>4896</b> |

(Source : Primary data)

Table no. 3

|          | Type | %      |
|----------|------|--------|
| Goods    | 21   | 52.5   |
| Services | 19   | 47.5   |
| Total    | 40   | 100.00 |

Graph No. 1



From the above table and graph it is clear that in rural areas 21 economic activities related to sale of goods and 19 types of services are rendered in rural areas. It includes services of flour mill, communication service (STD), carpenter mason, garage, motor repairs, electricians, cycle repairs, doctors, photo studio, paper agent, Xerox, tailor, gents saloon, beauty parlour etc. as far as goods and services are concerned all these are related to the daily life of a person.

Table no. 4

| Type of goods | No. | %      |
|---------------|-----|--------|
| FMCG          | 10  | 47.62  |
| Capital       | 11  | 52.38  |
| Total         | 21  | 100.00 |

Graph No.2

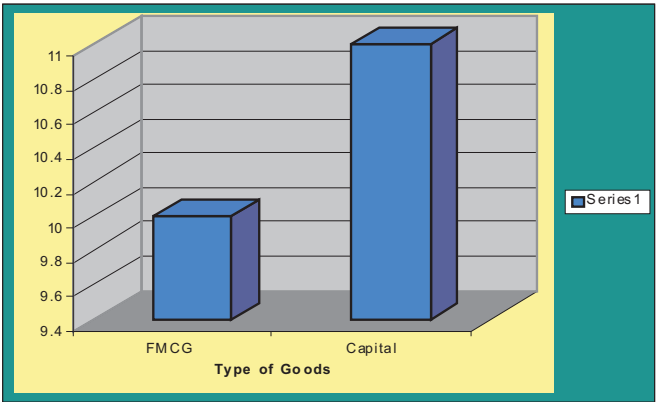


Table no. 5From the above table and graph, it is clear that out of 21 type goods, ten are in the category of fast moving consumable goods and other eleven are in the category of capital goods.

Table no. 5

| Price Discrimination | Economic activity | %   |
|----------------------|-------------------|-----|
| Yes                  | 14                | 35  |
| No                   | 26                | 65  |
|                      | 40                | 100 |

From the above table it is clear that out of 40 economic activities, in 35% activities the seller may change the price buyer to buyer. i.e. the seller can change the price on the goods on which the maximum retail price is not printed e.g. cloths, steel, etc., On the other 65% activities the seller do not change the prices of goods and services the reason behind is that i) if the goods are standard ii) if the services are of limited in number. E.g. flour mill- in flour mill the service is of only one type and service provider and customers are knows to each other, that's why the service provider can not discriminate the price.

It is also observed by the researcher that some branded goods also sold at higher rate, however, these type of goods distributed in loose. e.g. washing powder, edible oil etc.

Sometime it is also observed that to attract the customers seller reduce the prices of some common goods e.g. grocery items and recover it make a profit from the sale of spices.

Pricing, Distribution and Promotion Policy adopted and to be adopted by the Manufacturer / Distributor in Rural Market.

**PRICING POLICY:**

As the income level and standard of living of rural people is low as compared to urban people the nature of rural market and urban market is far different from each other. Income level and standard of living of urban people is high and they can spent more on consumption as well as on luxurious and capital goods. As far as rural people are concerned the main business of these people are agriculture that is why they try to living as simple as possible. The another reason of simple living is that the income level and uncertainty of climate. Generally, the income earned is depend upon the crop and are depend up on the monsoon i.e. everything is uncertain, that's why the purchasing power of rural people become low. The another reason is



of tradition or culture. The culture of rural area is well structured, there are some boundaries to the rural life. They spent more occasionally i.e. function wise e.g. Diwali, wedding ceremony etc. It means in urban areas, the people spent continuously or throughout the year as they earn monthly salary and in rural area they spent occasionally. This is the general observation of rural market. However, in some rural areas now a days situation is changed /changing due to the influence of media. Therefore, the producer, wholesaler or retailer should change their attitude/vision towards the rural market.

Due to the improvement in the literacy level, income level, new technology, infrastructural facilities, easy availability of loan from financial institutions etc., the fashion is also entered into the rural market.

Therefore, the time is come up to reform the rural market.

Some suggestion made by the researcher which may be applicable in the rural market.

In the urban to rural markets generally the penetration pricing policy is adopted and continuously it is applicable in rural market therefore researcher suggest that pricing policy adopted by companies in rural market is considerable good. It depends upon the market conditions and attitude of buyers.

In case of rural to urban market generally the perishable goods are involved e.g. fruits, vegetables, food grains, sugarcane, oil seeds etc. These types of goods cannot store for a long period or it requires warehouse / cold storage and the cost of this storage is very high and it requires a huge capital investment. Individual farmer cannot invest the huge amount. By taking the advantage of these weak points the big purchaser cut down / fall down the prices of the goods in season and as the agriculture goods are perishable, farmers cannot wait for long period and they also require a fund to reinvest in the farm and as a result they sold their goods at lower rate.

The researcher suggests that the farmers should come together on co-operative basis and arrange a storage facility for them and should not sell their goods at lower/cheaper rate. They should sell their goods whenever the market price is good. For this purpose, the government may make available the loan to farmers at lower interest rate as a working capital. It helps to the farmers to avoid the exploitation and to earn proper returns on the investment.

#### **DISTRIBUTION POLICY :**

From the analysis, it is clear that the present scenario of rural to urban market is that the required FMCG are provided at their village level and at sufficient level. Other goods like garments, steel, medical become available at the nearest big village or town. As far as the capital goods are concerned, it may available at Taluka place, big town or at District level. It means to purchase a capital goods farmers should travel from their village to the spot. Previously the income level of the villagers were too low because of the low literacy, traditional method of cultivation, unavailability of fertilizers, unorganized market, lack of transportation facilities etc. However, now a day the situation is constantly changing, the farmers / villagers may get an easy loan from banks. Infrastructural facilities are increased, new and advanced technology is entered into the market i.e. the farmers attitude is changing from traditional to new technology, it means the companies should reorganize the market and should increase the distribution centers i.e. sale and service station.

For e.g. now a days in rural areas there may be one town is developed and on that particular town other 25 to 30 villages may depends.

In Shirol Taluka there are 49 villages and 04 towns e.g. Jaysingpur, Shirol, Kurundwad and Dattawad.

#### **MODEL**

Now, we can reform the market may be as follows.  
Divide the market into new size i.e. make group of 6 to 7 villages on the basis of convenience of people, infrastructural facilities etc., and on the basis of that group the companies/dealer should choose the central point and should open their outlets or sells and service departments. It will help to development of market and ultimately to the development of the Nation. However, Government should take initiative for this purpose by expanding banking network and promoting education complex of higher education and infrastructural facilities like transportation, communication etc.

**PROMOTION STRATEGY :**

Promotion strategy plays an important role in any business organisation. However, in our country the structure of urban market and rural market is totally different. Therefore, promotion policy adopted by a company should be different in urban market and rural market. In urban areas literacy rate is very high and any strategy may be suitable. In rural areas the literacy rate as well as level is low till today. Therefore, advertising agencies should try to maintain the level of advertisement by taking into consideration the level of rural literacy rate. Generally audio-video type may be most suitable option in rural areas. For this purpose radio, television, jatra, yatra become useful as advertisement media.

Beyond that the most effective tool/source of advertising in rural market is demonstration. It gives the clear cut idea of the product i.e. utility, shape, how to handle, quality, useful life, efficiency etc., for this purpose exhibition is very effective e.g. krishi exhibition etc., This concept is very old i.e. it is used to sell or purchase of animals in rural areas and it is very effective system of marketing and same should be apply for the other goods and services.

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