



RURAL MARKETING CHALLENGES AND OPPORTUNITIES

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Abstract

In recent years, rural markets have acquired importance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has emerged. But often, rural marketing is confused with agricultural marketing - the latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers. Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges. Distribution costs and non availability of retail outlets are major problems faced by the marketers. Similarly this paper focuses rural market in the Indian economy and also determines the various challenges and opportunities faced by the Indian rural market in the current competitive world.

Keywords: *Rural Marketing, Challenges and Opportunities, Strategies, Issues, Environment.*

Introduction

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

Around 4000 million people considered to be the poorest in the world are placed in the bottom of the pyramid. Given its vast size, Tier 4 represents a multitrillion-dollar market. According to World Bank projections, population at the bottom of the pyramid could swell to more than 6 billion people over the next 40 years, because the bulk of the world's population growth occurs there. This is reason enough for firms from various sectors like FMCG, telecom, electronics etc to come up with new marketing strategies aimed to capture the rural market, hence the concept of Rural Marketing.

Concept of Rural Marketing

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Rural marketing in Indian economy can be classified under two broad categories.

These are:

- The market for consumer goods that comprise of both durable and non-durable goods
- The market for agricultural inputs that include fertilizers, pesticides, seeds, and so on.

The concept of rural marketing in India is often been found to forms ambiguity in the mind of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

Definition

“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” - S. Jaideep.

Review of Literature

Arvind Kumar Mishra (2010) draws an attention towards non availability of product, lack of proper communication and ignorance of rural consumer's expectation in terms of offering. Many multinational companies have achieved very good



market share in small value products but in case of high value products it requires more efforts and courageous steps in terms of setup of separate network, deep distribution system, and better customer service specifically after sales and even before sale.

Ajit Panichukunnath (2010) has emphasized on the 3ps of marketing viz. Push Marketing, Pull Marketing and Pull up marketing. Taking into account the retailers of rural India push and pull theory may be very effective and create very good impact in the market. As the rural traders are not receiving equal importance as to urban one. The rural market is heterogeneous and only a retailer is brand ambassador of the marketer towards the rural consumers. If such brand ambassadors are trained and forced to convert goods onto cash then a firm can enjoys leadership in rural and urban India both.

(Kalotra, 2013) Rural customers are increasingly becoming brand conscious as well as price and discounts. There a high potential in rural India but exists major differences between the existing and the desirable levels of rural marketing, has to be improve.

(Gomathi,2013) rural marketing process is playingvital role in marketing the products and services of the companies by using customers as the major marketing sources without implementing marketing plans and techniques.

Statement of the Problem

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India, as also in several other countries, like China, is still in evolving shape, and the sector poses a variety of challenges, including understanding the dynamics of the rural markets and strategies to supply and satisfy the rural consumers. The objectives of this study include observing the dynamics of Indian Rural Markets over a period of time, reviewing the literature of rural markets and rural marketing, outlining the potentiality of rural markets with respective to different segments like FMCG, Automobiles, and Retail etc. The study also concentrates on the various challenges and opportunities faced by rural markets and finally offering suggestions to overcome the problems and tapping the potentiality of the rural markets at maximum level.

Scope of the Study

Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or Labour economics. The so-called urban markets are crowded and saturated and the share of agriculture in GDP is going down but India still lives in her villages. Such a potential market was being ignored by corporate sector and small and medium industries. Hence it is proposed to study the potentiality and problems of rural market with a special reference to Indian Rural Market.

Objectives of the Study

The main objectives of the study are:

1. To identify the major opportunities available in the rural market.
2. To study the major challenges faced by Rural Market in India.
3. To understand the environment in which the rural markets.
4. To analyze the future opportunities on the way of development of Rural Market

Methodology of the Study

In order to study includes the determination of various challenges and opportunities faced by the rural market on the way of its growth and development of rural markets, to find out the facts, to analyse the findings and to offer suggestions – This study is descriptive in nature. The Secondary data were collected from different sources, such as, text books, magazines, articles and websites.

An Overview

Challenges faced by the Rural Markets

Although the rural market does offer a vast untapped potential, it should also be recognized that it is not that easy to operate in rural market because of several problems. The major issues faced by companies are as follows:-

1. **Low Literacy:** It is difficult to educate the potential consumers in rural market about products due to low level of literacy.
2. **Seasonal Demand:** Monsoon being the harvesting season in India and agriculture being the primary occupation of majority of the rural population the demand for goods is majorly restricted in during the monsoons when the income is comparatively high.



3. **Transportation and Distribution:** The poor state of rural infrastructure is one of the major concerns of most of the companies planning to invest in this sector. Though the rural population is vast it is not possible to form an effective distribution system and reach out to a considerable number of target consumers.
4. **Availability of Duplicate and Cheap Brands:** Customers in rural India are very cost sensitive. Therefore the existence of duplicate brands, which are quite common in rural parts, at lesser prices gives considerable competition to the firms.
5. **Deprived People and Deprived Markets:** The number of people below the poverty line has not decreased in any appreciable manner. Thus, poor people and consequently underdeveloped markets characterize rural markets.
6. **Lack of Communication Facilities:** Even today, most villages in the country are inaccessible during the monsoons. A large number of villages in the country have no access to telephones. Other communication infrastructure is also highly underdeveloped.
7. **Many Languages and Dialects:** The languages and dialects vary from state to state, region to region and probably from district to district. Facilities such as phone, telegram and fax are less developed in villages adding to the communication problems faced by the marketers.
8. **Dispersed Markets:** Rural population is scattered over a large land area. And it is almost impossible to ensure the availability of a brand all over the country. District fairs are periodic and occasional in nature.
9. **Low per Capita Income:** The per capita income of rural people is low as compared to the urban people. Moreover, demand in rural markets depends on the agricultural situation, which in turn depends on the monsoons.
10. **Prevalence of Spurious Brands:** For any branded product, there are a multitude of local variants, which are cheaper and hence more desirable. Also, due to illiteracy, the consumer can hardly make out a spurious brand from an original one. Rural consumers are cautious in buying and their decisions are slow, they generally give a product a trial and only after complete satisfaction they buy it again.
11. **Different Way of Thinking:** There is a vast difference in the lifestyles of the people. The choice of brands that an urban customer enjoys is not available to the rural customer, who usually has two to three choices.
12. **Warehousing Problem:** Warehousing facilities in the form of godowns are not available in rural India. The available godowns are not properly maintained to keep goods in proper conditions.
13. **Problems in Sales Force Management:** Sales force is generally reluctant to work in rural areas. The languages and dialects vary from state to state, region to region, and probably from district to district. Since messages have to be delivered in the local language, it is difficult for sales force to communicate with the rural consumers.

Opportunities

Almost 70% of the Indian population lives in villages and rural areas. Rural India consumes almost 60% of the total goods manufactured in India with majority of the products coming from FMCG sector. Products like shampoo or skin moisturizer was never affordable to people in the rural areas because the price was too high. Cavin Care came out with an innovative idea of manufacturing small sachets of shampoo priced at 50 paise. Suddenly shampoo which was not at all a popular product in rural areas had high demand in the market. This model was soon followed by the other FMCG companies where re-packaging of products like shampoos, soaps, toothpaste, detergents was done in the form of small sachets with a low price range. But due to the poor infrastructure in the rural areas marketing the products are a big headache for the FMCG companies. The following sectors can cache in on this development to extend their market to the BoP population of the country.

- FMCG
- Automobile (2 wheelers)
- Telecom
- Electronics

Rural Marketing- Exploring New Possibilities in Rural India

Any market requires consumers with spending power. Home to nearly seventy percent of its 1.1 billion populations, India's 0.65 million villages are a veritable treasure trove for any company worth its name. Some of the interesting facts that provide an insight into the huge untapped potential of the rural Indian market are:

1. Life Insurance Corporation of India (LIC) is India's largest life insurance company. 55% of its policies were sold in rural India.
2. 18 million is the approximate number of debit cards and credit cards issued in urban India while 24 million Kisan Credit Cards have been issued to farmers in rural areas. Rs.520 billion is the amount sanctioned for these credit cards.
3. Half of BSNL mobile phone connections are in rural India.
4. The number of households with annual income exceeding Rs.70, 000/- is almost the same in rural and urban India.



5. Half of the people who transact on Rediff.com online shopping site are from small towns and rural areas. More than half of the people who have signed up for Rediffmail are from non urban areas.

Rural Marketing Environment

An environment is that which surrounds an organization. It was sum total of external factors and made up of tangible and intangible factors / both controllable and uncontrollable. Rural marketing is basically focused marketing activity of an organization. The environment outlines threats and opportunities of the rural market. The Rural marketing environment is complex and is changing continuously. The marketing organization should foresee and adopt strategies to change its requirements in the market.

Rural Marketing Strategies

The following are some of the strategies adopted by Companies for Rural Markets for their Products and Services:

- Easy-Way communication
- Changing Pattern of Rural Customers
- Best Promotion and Quality Perception
- Promoting Indian Sports Team
- Developing Specific Products
- Effective Media modes of communication
- Patriotism with Products and Services
- Focus on Customer Requirement
- Adopting Best localized way of distributing channels

Improvement of Business in Rural Area

- Socio-economic changes (lifestyle, habits and tastes, economic status)
- Literacy level (25% before independence – more than 65% in 2001)
- Infrastructure facilities (roads, electricity, media)
- Increase in income
- Increase in expectations

Some Great Facts about the Rural Market

- In India, the number of supermarkets (42,000) has exceeded the number of retail stores (35000) in the United States.
- In the year 2001-2002, LIC sold 55% of its policies in the rural India.
- 50% of BSNL mobile phone connections are in rural India.
- Around 20 million people has registered with rediffmail and out of those, 60% belong to small towns.
- More than 50% of one Lac who have made online shopping on Rediff is from rural India.

Recommendations for Effective Rural Marketing

- The Government has to develop infrastructure facilities like roadways, railways etc., in rural areas so as to reach large Indian rural market.
- The rural communication facilities like telecommunication systems, internet facilities, broadcasting systems etc., have to be improved so that there will not be any communication gap among players of the rural market segments.
- Effective Supply Chain Management practices can bring down the various costs associated with rural markets like distribution cost, cost of communication, customer cost, cost of sale etc.
- Greater Need for Strategic Rural Marketing Practices Which includes
- Client and location specific promotion
- Joint or cooperative promotion
- Bundling of inputs
- Developmental marketing
- Unique selling proposition (USP)
- Extension services

Conclusion

Rural markets are growing at a faster pace and offer tremendous opportunities for marketing a variety of consumer goods and services. However, rural markets and rural marketing have special features as compared to urban markets. The marketers have to understand the characteristics, the buyer behaviour and the business potential of rural markets. Further, companies with long term plans and high level of commitment to rural markets will only be successful in the market place. Favourable



government policies and private initiatives have contributed to the growth of rural markets. However, it is not easy to enter the market and take a sizeable share in the short-run due to constraints in distribution and promotion. The companies have to prepare long-term plans to explore the rural markets.

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