

Rural Marketing: Opportunity and Challenges

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ABSTRACT:-The rural market has been growing progressively over the past few years and is now even larger than the urban market. About 70 % of India's population lives in villages. More than 800 million communities live in villages of India. 'Go rural' is the marketer's novel slogan. Rural marketing engage the procedure of developing, pricing, promoting, distributing rural particular product and a service leading to trade between rural and urban market which satisfies consumer demand and also achieves organizational objectives. In latest years, rural markets have acquired importance, as the largely growth of the economy has resulted into considerable boost in the purchasing power of the rural people and preferences of rural people are also getting changed. So, every marketing performer is devoted to invest in rural markets. Though there is enormous possible and substantial growth opportunity in the rural markets, yet there are some challenges too, which caused hurdle in tapping rural markets. This study is a step forward to emphasize challenges and explore various strategies to be adopted in the rural market along with the current scenario of rural marketing.

Keyword: rural marketing, marketing, challenges in rural marketing, rural marketing strategies.

Introduction:

India is a land of diversity and about 70% of the Indian population lives in villages. These villages contribute in the economic development of the nation through the production of food grains, vegetables, fruits, etc. Export of these agricultural products result in the generation of capital and income of foreign exchange. There are 600,000 villages in India. 25% of all villages account for 65% of the total rural population. So we can get in touch with 65% of 680 million or 700million population by simply contacting 150000 villages – which shows the huge potential of this market. Indian rural market has a vast size and demand base. Before going into more aspects on rural marketing, let us understand how rural is defined. Urban India define by census as - "All the places that fall within the administrative limits of a municipal corporation, municipality, cantonment board etc. or have a population of at least 5,000and have at least 75 per cent male working population in outside the primary sector and have a population density of at least 400

per square kilometer. On the other hand, Rural India comprises all places that are not urban!" The government of India only defines a non-urban market. An urban market is the one which has a population density of 400 people per sq per kilometer 7 percentage of its population has to be involved in non-agricultural activities and there is a municipal body. If we go by statistics, roughly around 70 percent of the Indian population lives in the rural areas. That's almost 12 percentage of the world population. Rural Marketing involves the process of Pricing, developing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives. It is a collaborative marketing process wherein the transactions can be:

- ❖ Urban to Rural: It involves the selling of products and services by urban marketers in rural areas. These include: Pesticides, FMCG Products, Consumer durables, etc.
- ❖ Rural to Urban: Here, a rural producer (involved in agriculture) sells his produce in urban market. This may not be direct. There generally are middlemen, agencies, government co-operatives, etc. who sell fruits, vegetables, grains, pulses and others.
- ❖ Rural to rural: These include selling of agricultural tools, cattle, carts and others to another village in its proximity.



Features of Rural Marketing:

The main reasons why the companies are focusing on rural market:

1. Large and scattered population:

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

2. Higher purchasing capacity:

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

3. Market growth:

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

4. Development of infrastructure:

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

5. Low standard of living:

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

6. Traditional outlook:

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

7. Marketing mix:

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

Objectives:

- ☞ To gain an understanding of rural Marketing.
- ☞ To identify the challenges facing by rural Marketers.
- ☞ To study the strategy for rural Marketing.

Need for Rural Marketing:

The need for and growth of rural industries has become essential in a country like India because of the following reasons:

- ☞ Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive.
- ☞ Rural industries are capable of checking rural urban migration by developing more and more rural industries.
- ☞ Rural industries/entrepreneurship help to improve the per capital income of rural people there by reduces in gaps in income of rural and urban people.
- ☞ Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
- ☞ Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
- ☞ Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance.
- ☞ Rural entrepreneurship creates an avenue for rural educated youth for their career.

Challenges of Indian Rural Markets:

There are several roadblocks that make it difficult to progress in the rural market. The major problems are listed below.

- ☞ Standard of living: The number of people below the poverty line is more in rural markets. Thus the market is also underdeveloped and marketing strategies have to be different from those used in urban marketing.
- ☞ Low literacy levels: The low literacy levels in rural areas leads to a problem of communication. Print media has less utility compared to the other media of communication.
- ☞ Low per capita income: Agriculture is the main source of income and hence spending capacity depends upon the agriculture produce. Demand may not be stable or regular.
- ☞ Transportation and warehousing: Transportation is one of the biggest challenges in rural markets. As far as road transportation is concerned, about 50% of Indian villages are connected by roads. However, the rest of the rural markets do not even have a proper road linkage which makes physical distribution a tough task.
- ☞ Ineffective distribution channels: The distribution chain is not very well organized and requires a large number of intermediaries, which in turn increases the cost and creates administrative problems. Due to lack of proper infrastructure, manufacturers are reluctant to

open outlets in these areas. They are mainly dependent on dealers, who are not easily microfinance and rural credit, wavailable for rural areas. This is a challenge to the marketers.

☞ Many languages and diversity in culture: Factors like cultural congruence, different behavior and language of the respective areas make it difficult to handle the customers. Traits among the sales force are required to match the various requirements of these specific areas.

☞ Lack of communication system: Quick communication is the need of the hour for smooth conduct of business, but it continues to be a far cry in rural areas due to lack of communication facilities like telegraph and telecommunication systems etc. The literacy rate in the rural areas is rather low and consumer's behavior in these areas is traditional, which may be a problem for effective communication.

☞ Spurious brands: Cost is an important factor that determines purchasing decision in rural areas. A lot of spurious brands or look-alikes are available, providing a low cost option to the rural customer. Many a time the rural customer may not be aware of the difference due to illiteracy.

☞ Seasonal demand: Demand may be seasonal due to dependency on agricultural income. Harvest season might see an increase in disposable income and hence more purchasing power.

☞ Dispersed markets: Rural population is highly dispersed and requires a lot of marketing efforts in terms of distribution and communication.

Rural Marketing Strategies

Dynamics of rural markets differ from other market types, and similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban or industrial consumer. This, along with several other related issues, have been subject matter of intense discussions and debate in countries like India and China and focus of even international symposia organized in these countries. Rural markets and rural marketing involve a number of strategies which includes following:

☞ Client and Location specific promotion: It involves a strategy designed to be suitable to the location and the client.

☞ Joint or co-operative promotion: This strategy involves participation between the marketing agencies and the client.

☞ 'Bundling of inputs': It denote a marketing strategy, in which several related items are sold to the target client, including arrangements of credit, after-sale service, and so on.

☞ Developmental marketing: it refer to taking up marketing programmes keeping the

development objective in mind and using various managerial and other inputs of marketing to achieve these objectives.

☞ Media, both traditional as well as the modern media, is used as a marketing strategy.

☞ Extension Services denote, in short, a system of attending to the missing links and providing the required know-how.

☞ Ethics in Business form, as usual, an important plank for rural markets and rural marketing.

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