

Issues and Challenges in Indian Rural Marketing

¹Dr. M. MANIVANNAN

ABSTRACT--- *Rural markets offer a great scope for a concentrated marketing effort because of the recent increase in the rural incomes. Such incomes will increase faster because of better production and higher prices for agricultural commodities. Rural marketing is a developing concept, and the marketers have realized the opportunity of growth in the market recently. Any macro level strategy for these markets should focus on availability, accessibility and affordability. Focused attention needs to be paid to market research, key decision areas, problems and rural marketing environment, to reduce the uncertainty in dealing with these markets. This paper discusses the present scenario of Indian rural marketing, opportunities and also focuses on issues and challenges of rural marketing.*

Keywords-- *Rural market, rural development, agricultural marketing, marketing strategies, rural consumers, etc.*

I. INTRODUCTION

Rural marketing is a two way marketing process. The content now encompasses not only marketing of products which flow to rural areas, but also products which flow to urban areas from rural areas. In addition, it also includes the marketing in the rural areas. As the rural marketing is a two-way process, this article attempts to highlight issues and challenges associated with the rural marketing. It covers the marketing strategies aspects of rural produce with special reference to products and services within the rural areas. Rural marketing in India is still in its infancy stage. It is an area of darkness to Indian entrepreneurs, although, with its immense size and demand base, it offers plethora of opportunities to marketers. More than 70 percent of the country's consumers are in the rural market and more than half of the national income is generated here. The rural market is very much larger than the urban in the aggregate and represents the largest potential market in the country. Still it faces various problems with respect to marketing, product designing and positioning, pricing, distribution and promotion. Corporates today understand the rural market in different context to widen their business horizon, to expand their market and to take advantage of the opportunities available in the rural areas.

The Indian rural market is bigger and vast in size with its larger consumer base. It offers great opportunities for the marketer. The marketers must understand the growing complexities of the rural market and develop the strategies to tackle them successfully. The key to face the challenges is to understand the market, the consumer requirement and conduct. Out of total 1210.2 million populations in India, the size of rural populations is 833.1 million which constituted around 70% of rural populations as per census survey of 2011. During 2001-2011 the rural population improved by 90.4 million, and the number of villages increased by 2,279 in between 2001-2011. The majority of world's rural population breathes in rural India. The demand and living pattern of Indian rural

¹ Assistant Professor, Department of Commerce, Arignar Anna Government Arts College, Namakkal, Tamil Nadu – 637 002

habitants are different and varies considerably. With its vast size and widespread array of consumers, marketers have been finding it difficult to comprehend and enter into rural areas, and finding difficulties to understand the norms of entering into the rural market.

II. Review of literature

There are many studies carried out in India in connection with rural marketing, which have revealed a major setback of temperamental attitude of undervaluing a potential source like rural marketing. These studies have thrown light on the rural marketing pros and cons, and its dimensions in various manners. There are many studies carried out in India in connection with rural marketing. A survey by the National Council for Applied Economic Research, India's premier economic research entity, recently confirmed that rise in rural incomes is keeping pace with urban incomes. From 55 to 58% of the average urban income in 1994-95, the average rural income has gone up to 63 to 64% by 2001-2002 and touched almost 66% in 2004-05. Vivek Parikh (2001) pointed out that most of the rural marketers underestimate the verbal power magic of words to enter into the rural market, and added some other dimensions necessary for marketers. Pradeep Kashayap and Siddhartha Raut (2006) elaborated the various aspects of rural marketing like the rural customers, rural marketing research, rural products, pricing, distribution strategies, and the role of media and government initiation contributed in uplifting the rural market. Awadesh Kumar Singh and Satyaprakash Pandey (2005) feel Indian rural market can be called a "sleeping giant" since it holds vast untapped potential and rural market environment has changed along with the rural consumer who has become conscious regarding quality and price. Prahlad (2007) enumerates that the future lies with those companies who see the poor as their customers. He further explains that what is needed is a better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win-win scenarios where the poor are actively engaged and, at the same time, the companies providing products and services to them are profitable.

III. NEED FOR 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, the present study is conducted to study the potentiality and problems of rural market with a special reference to Indian rural market.

IV. OBJECTIVES OF THE STUDY

1. To examine the contemporary rural marketing scenario.
2. To ascertain rural marketing opportunities.
3. To discuss the issues and challenges of rural marketing.
4. To study the problems of rural marketing.

V. METHODOLOGY OF THE STUDY

The study is a descriptive study based on secondary data. The secondary data were collected from different sources, such as, text books, magazines, articles and websites.

VI. RURAL MARKET OPPORTUNITIES

The Indian progression story is now spreading itself to India's hinterland, not just witnessing an increase in its income but also in consumption and production. The economy's income is rising, and the habits, tastes, preferences, and attitudes are altering speedily. The rural market has grip of strong country's shops, which affect the sale of various products and services in the rural market. The companies are trying to activate growth in rural areas. The low rate finance availability has also increased the affordability of purchasing the costly produces by the rural people. Although with the considerable up gradation in purchasing power, increased brand consciousness pattern and rapid spread of communication network, rural India offers a plethora of opportunities, all waiting to be harnessed. India's rural market offers a huge potential for the marketers and seems to be the replacement of urban market.

Table 1: Population of India

Particulars	1971	1981	1991	2001	2011
Total population (million)	548.2	683.3	848.3	1026.9	1210.19
Rural population (million)		524	628.8	741.9	833.1
Rural proportion to total population (%)		76.7	74.3	72.2	68.84
Decadal variation		24.66	13.87	21.54	17.54

Source: Census of India, 2011.

The table indicates that there is a reduction in the population growth of the country on decadal basis as well as the rural population has been reduced since last decade. As the share of the rural population is reducing, it gives clear indication of the increase in the process of urbanization of the Indian towns or tier three cities to a larger extent. The growing share of the urban population is a good sign for the marketers as they can capture more population with the same efforts.

Table 2: Rural Literacy in Percentage

Rural Literacy	1981	1991	2001	2011
% of Literates	36	45	59	74

Source: Census of India, 2011.

The literacy level had been improved by 38% in last 30 years from 1981 to 2011 which makes remarkable changes in terms of life style and acceptance of the various products in rural India. Literacy level is the one of the crucial factors for the development of society. Due to higher literacy level consumer consciousness towards any product or brand will be higher as well as decision for purchase of any product will be more balanced one. Higher education level brings social changes as well as it brings social alterations which results into economic changes.

Table 3: Number of Villages in India

Population	No. of Villages	% of Total Villages
Less than 200	92,541	15.6
200-500	127,054	21.4
501-1000	144,817	24.4
1001-2000	129,662	21.9
2001-5000	80,813	13.5
More than 5000	18,758	3.2
Total No. of Villages	593,145	100.0

Source: MART

The above table indicates the number of villages in India based on population. The future of the rural market in India looks brighter on population. The rural population holds great promise for the marketers.

Table 4: Share of Rural Population in Total Population

	2001(Crore)	2011(in Crore)	Difference(Crore)
India	102.9	74.3	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

Source: Census of India, 2011.

The rural population has been increased by 9% from 2001 to 2011 and comprises of 833 million people compared to 377 million people in urban area which shows greater opportunities for marketers.

Table 5: Rural Infrastructure

Post offices	1,38,000
Haats (periodic markets)	42,000
Melas (exhibitions)	25,000
Mandis (agri markets)	7,000
Public distribution shops	3,80,000
Bank branches	32,000

Source: NCAER Report, 2011.

Table 5 shows the available rural infrastructure facilities like mandis, public distribution shops and bank branches. The infrastructure facility will create opportunities for marketers. The following are the major opportunities of Indian rural market:

- Rapid improvement in infrastructure is attracting companies to shift focus from urban to rural market.
- In 50 years, only 40% villages connected by road, in next 10 years another 30%.

- More than 90% villages electrified, though only 44% rural homes have electric connections.
- Rural telephone density has gone up by 300% in the last 10 years and every 1000+ pop is connected by STD.

- Social indicators have improved a lot between 1981 and 2001.
- Number of "pucca" houses doubled from 22% to 41% and "kuccha" houses halved (41% to 23%).
- Percentage of BPL families declined from 46% to 27%. Rural literacy level rose from 36% to 59%.
- Low penetration rates in rural so there are many marketing opportunities.

The above facts emphasize the change in the thinking of some of the FMCG companies who are late to the party. The companies which have been reluctant to realize the potential of rural markets have no other way, but to make strategies to enter rural markets at an earliest. The mantra for success can be further augmented by the affordability, acceptability, accessibility and awareness. These factors will go a long way in providing the company with market value coverage along with a steady source of revenues. The companies which are going to keep in mind the above stated factors are sure to emerge as winners in the rural markets.

VII. ISSUES IN RURAL MARKETING

India is ingenious with a good degree of ethnic, cultural and regional diversity. About 3/4th television has made a great impact and large audience has been exposed to this medium. Radio reaches of the total population resides in the rural areas and majority of them are dependent upon agriculture for their subsistence. Agriculture contributes about 24.7% to the GDP of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's workforce and livelihood to more than 650 million people. Despite this fact, the condition of these people has not shown any significant improvement. The development of the nation largely depends upon the development of the rural population. Rural market witnesses a high demand and it is the rural segment of market that contributes more profit than its urban counterpart. Rural marketing broadly involves reaching customers, understanding their wants, supply of goods and services, and ultimately satisfying consumers, leading to more sales. The general impression is that only agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery has a potential for growth in the rural market. However, there is a growing market for consumer goods now. It has been estimated that the rural market is growing at the rate of five times its urban counterpart.

VIII. CHALLENGES IN RURAL MARKETING

Despite the fact that rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.

Low literacy: There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all-India average of 52%.

Communication problems: Facilities such as telephone, fax and telegram are rather poor in rural areas.

Traditional life: Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.

Media for promotions: Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. However, reach of formal media is low in rural households. Therefore, the market has to undertake specific sales promotion activities in rural areas like participating in meals of fairs.

Seasonal demand: Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

Transportation: Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

Distribution: An effective distribution system requires village level shopkeeper, taluk level wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.

Career in rural market: While rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent.

Buying decisions: Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after satisfying personally, they buy the product.

Cultural factors: Culture is a system of shared values, beliefs and perceptions that influence the behaviour of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behaviour of people in villages. There is a belief among rural people that experience is more important than formal education and they respect salespersons who can offer practical solutions to their problems. Therefore, it is desirable that sales persons, especially those who have been brought up in cities are given a through training consisting of both theory and practical aspects of village life.

IX. PROBLEMS OF RURAL MARKETS

The problems of rural marketing are as follows:

Underdeveloped people: Rural society is found by tradition, old customs, practices, etc. The impact of modern science and technology has made very less impact of the old beliefs which are still continuing.

Underdeveloped market: Rural markets are not developing because of inadequate banking and credit facilities. Rural market needs banks to enable remittance, to transact on credit basis and to obtain credit support from the bank. At present every 48th village in India only has bank.

Poor or improper communication facilities: Most villages even today largely depend on phones for their communication needs. Print media and visual media, etc. reaches only about 20% of rural Indians.

Many languages: India is a country of many languages. Language becomes a barrier in effective communication in the marketing efforts. The languages vary from state to state, place to place, and district to district. There are now 22 official national languages.

Vastness and unevenly spread: India is a vast and approximately 3214 km from north to south and 2933 km from east to west. Rural market consists of approximately 75 crores rural consumers spread across approximately

648491 villages. Despite the urban migration, the rural areas continue to be the place of living for a vast majority Indians.

Low per capita income: Most farmers have small lands and many villages are brought prone, this result in low per capita income. Low per capita income results in low consumption pattern as compared to the urban population. The marketers face challenges in rural marketing to decide about quantities, frequency of distributions, package size, etc. due to the low per capita income of the rural people.

Poor infrastructure facilities: Infrastructure facilities like roads, warehouses, power, etc. are inadequate in rural areas. Infrastructural costs are very high and impact adversely in the rural market activities.

Seasonal demand: Rural economic is seasonal. Rural people have two seasonal demands namely, kharif and rabi. Villages have money mostly in these seasons. As village incomes are seasonal, demands are also seasonal.

X. CONCLUSION

The study concluded that rural India offers huge opportunities which companies can tap for their growth and development. However, companies face many challenges in tackling the rural markets. 833 million people reside in India as compared to 377 millions in urban India so vast untapped opportunities are available in rural India, but marketer unable to tap these opportunities because of lack of infrastructure facilities. Literacy rate is low in rural area so people are unable to identify brand difference. Now, the trend has gone to change literacy rate in rural area is increasing. Number of middle and higher income household in rural India is expected to grow from 80 million to 111 million. There is rapid development in infrastructure and all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. The rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.

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