

PROBLEM OF RURAL MARKET IN INDIA: AN OVERVIEW

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ABSTRACT

An estimated 68.84% of the total Indian population living in villages (Census 2011) makes rural India the 'next big thing' for businesses. The sheer size of rural India gives it a significant share in the total Indian market, which from the marketer's perspective, translates into a huge consumer base. However, just like everything else in India, rural India too is changing. Education, access to technologies, and a progressively increasing purchasing power is the new face of rural India. While such changes uncover new opportunities for marketers, these also lead to new challenges, which so often accompany change. Based on secondary data, this paper draws conclusions with the aim to understand the changing rural consumers and markets. It also aims to identify new opportunities and challenges faced by marketers precipitated by such change. This would allow businesses to formulate an appropriate strategy focusing on customization, relationship management, distribution and promotion, which prepares the marketers to tackle and benefit from such change.

KEYWORDS: Rural Marketing, Indian Rural Market, Rural Consumer, Strategies.

Introduction

Rural marketing is one of the key to development of rural area. There are 83.31 crores (68.21%) people living under the rural area in India of census 2011. There are 13.8 crores households reside in 6, 38,365 villages (Census, 2001). The size of rural market itself speaks of its potential. Those people are connected with the agriculture and allied activities. According to a general survey done by the National Sample Survey Organization (NSSO), 62% of the total unemployment exists in rural sector. Under the Training to Rural Youth for Self-employment (TRYSEM) is provided training to rural youth as per requirement of the local area. Rural markets have more scope for a concentrated marketing effort because of the recent increase in the rural incomes and standard living. Rural marketing has helped to increase such incomes as well as better production and higher prices for agricultural commodities. Rural Marketing is a developing concept of economy. Improvement infrastructure and reach promise a bright future for those intending to go rural. Any macro level strategy for these markets should focus on availability, accessibility and affordability. Focused attention needs to be paid to market research that goes on to reduce the uncertainty in dealing with these markets. More specifically, in relation to rural areas, demand is seen to be very highly price elastic. There is no doubt that divides do exist between urban India and rural India. This paper discusses the rural marketing and its strategies and also focus on issues and challenges for selling products & services. Mahatma Gandhi expressed about the word 'Khediyankade Chala'. This means to increase attention on rural development.

Rural Marketing

The definition of the word, 'rural' in a market like India is very nebulous. There are many versions that are followed by different entities but having the same idea. Even in the rural marketing space, there

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is not one solid definition. Different brands define, 'rural' according to their product and service offerings. In a varied market like India, which has a population of more than 1.17 billion people (estimate till July 2009), the urban-rural divide is quite significant. According to various studies, around 12.2 per cent of the world's population lives in rural India, this also indicates that 29 per cent of the world's rural population lives here.

Rural Marketing in India

The concept of rural marketing in Indian 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 is not a separate entity in itself and it is highly influenced by the sociological and behavioral factors operating in the country. The rural population in India accounts for around 627 million, which is exactly 74.3 percent of the total population. The rural markets in India bring in 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 markets for consumer goods that comprise of both durable and non-durable goods, and
- The markets for agricultural inputs that include fertilizers, pesticides, seeds, and so on. The concept of rural marketing in India is often been found to form ambiguity in the minds 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.

Rural Marketing Strategies

The market strategies aimed at an urban or industrial consumer significantly differs from the rural market strategies and the dynamics of the rural market make it different from other markets. This, along with many other related issues, have been subject matter of powerful 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: • Bundling of inputs • Client & location specific promotion • Unique selling proposition • Joint or cooperative promotion • Management of demand • Developmental marketing • Business ethics • Partnership for sustainability.

Challenges of Rural Marketing

The peculiarities of the rural markets and rural consumers pose challenges to the marketers in reaching them effectively. In planning of growth one should not underestimate the several discouraging problems, while making out an opportunity. These problem leads to the marketing efforts to be constrained in several ways. Because of all weather roads a large number of small villages are not able to be access. Than urban consumers rural consumers are very less homogeneous. The main problems in rural marketing are:

- **Transportation Problems:** Transportation infrastructure in rural India is quite poor. Nearly 80 percentages of villages in the country are not connected by well constructed roads. Due to poor transportation infrastructure, it is difficult to reach the marketers and the farmers to aware about the market.
- **Warehousing:** Marketers face problem of storage of their commodities as there is a gap between production and consumption of goods. There is a seasonal demand of agricultural commodities but the consumption is throughout the year.
- **Packaging:** The first important step of product processing is packaging. If the cost of packaging is high, the cost of the product will increase. So the marketers are suggested that they should use cheaper materials in packaging for the rural markets. For example, small poly pack of refined oil is more popular than in containers of the same product due to its lowest cost. One more important factor is the size package e.g. the size of the package should be small.
- **Media Problems:** Media have lots of problems in rural areas. Radio and television are the good source of media to convey message to rural people. But the main problem in using these medias is the non-availability of power and majority of the people cannot gets the benefit of these and other various medias.

- **Low Level of Literacy:** We know that the level of literacy rate is low in rural areas as that of urban areas. Marketers have to face communication problem due to the lack of literacy rate. Print media is not much effective and it is inappropriate since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.
- **Low Per Capita Income:** There is a low income level in rural areas as compared to urban areas. Again, the distribution of rural income is highly twisted and along with the land holding pattern which is basic asset, is also twisted. This leads to the rural population to present highly heterogeneous spread in the villages.

Opportunities

The rural market has been growing gradually over the past few years and is now even bigger than the urban market. The saving to income percentage in rural area is 30% higher than urban area. At present 53% of all FMCGs and 59% of consumers durables are being sold in rural area. Major opportunities available in rural market are as follow:

- **Untapped Potential:** Large number of customers gets offers from the marketers of great chance for different branded goods and services. It is estimated by HLL that out of 5 lac villages in India, only some lac has been taped so far, which goes on to indicate the market potentials of the rural market.
- **Market Size and Potential:** The size of India's rural market is stated as 12.2 % of the percentage of the old population. In India, from the total household farm the rural household farm constitutes of 72% i.e. a huge market by any standard.
- **Increasing Income:** Different programs helped to improve the economy of the rural areas. The increasing income is seen due to the increasing of the awareness to the rural people through different Medias.
- **Accessibility Markets:** A fire amount of development has been made in many regions even the road network has not developed to that much extent, and made these regions accessible from the urban region and product supply are made easy to these regions.
- **Competition in Urban Areas:** Due to the saturation in urban market, this provides many companies to target rural market for profit maximization.
- **Brand Conscious:** People from rural areas are becoming more brand conscious due to the awareness through different Medias and increasing in income level.

Challenges

The peculiarities of rural markets and rural consumers pose challenges to marketers in reaching them effectively. There are a large number of small villages which are not easily accessible because of all weather roads. The main challenges of rural marketing are discussed below:

- **Transportation Problems:** Transportation is essential for movement of products from urban production centers to remote villages. In rural India transportation facilities are quite poor. Nearly 80 percentages of villages in the country are not connected bywell constructed roads. Many parts of India have kuccha roads. Due to poor transportation facilities it is not possible for a marketer to access the rural market.
- **Warehousing Problems:** A storage function is necessary because there is a time gap between production and consumption of commodities. Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.
- **Many Languages:** India is a country of many languages. Language becomes barrier in effective communication in the market efforts. The number of languages vary from state to state, region to region and district to district, etc.
- **Low Level of Literacy:** The literacy rate is low in rural areas as compared to urban areas. Marketers face communication problem due to the lack of literacy rate. Print medium is not much effective and it is irrelevant since its reach is poor. So, low level of literacy becomes challenge for marketers in rural areas.
- **Seasonal Demand:** Seasonal demand is main problem of rural market. Agriculture situation plays a significant role in the demand of commodities in the rural market because it is the main source

of income. Again agriculture depends on monsoon so buying capacity of rural consumers varies. Despite this, many rural areas are not connected by rail transport. Kuccha roads become unserviceable during monsoon.

Conclusion

Growth of Rural market is showing numerous opportunities for companies than urban market is showing. Majority of Indian population lives in villages, so rural India is now on the main focus of various companies to sell their products and services. Apart from opportunities, there are some prevailing challenges also as discussed in this paper which includes Transportation Problems, warehousing, packaging, media problems, language factor, etc. but with the help of well-defined marketing strategies with unique business ethics, companies can conquer the rural market.

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