

# Challenges of Rural Marketing in India

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## ARTICLE DETAILS

### Article History

Published Online: 3 Oct 2018

### Keywords

Entrepreneurship, Rural Sustainable Development, Technology.

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## ABSTRACT

The rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets. Entrepreneurship in rural areas is finding a unique combination of resources, from agriculture. This can be achieved only through the base of a farm business to include all the non-agricultural uses that available resources can be put to or through any major changes in land use or level of production other than those only depend on Agriculture. Unfortunately the economic growth of the country continue to be limited by the general constraints of the small business sector, due to challenges of skills like managerial skills, lack of global competition and the weak entrepreneurial performance. The primary objective of the study is to find out the influence of selected challenges on the perceived success of entrepreneurship and small businesses present in rural areas. The study was conducted by using the quantitative technique with main focus to identify the challenges for Marketing. Although agriculture today provides income to rural Peoples, rural development is increasingly liked to enterprise development. Since national economies are get more globalized and competition is high at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is not surprising that rural Marketing is gaining in its importance as a force of economic change that must take place if many rural communities are to survive.

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## 1. Introduction

Marketing can be defined as the process of identifying, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. Satisfying the customer's need is primary condition of marketing and essential for existence of any organization. In order to achieve marketing goals, knowledge of consumer behavior is must. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing program in a more efficient manner.

## 2. Nature and Characteristics of Rural Market

There goes a saying that the proof of the pudding lies in the eating. So also the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India.

Rural India is the real India. The bulk of India's population lives in villages. In terms of the number of people, the Indian rural market is almost twice as large as the entire market of the USA or that of the USSR.

- Agriculture is main source of income.
- The income is seasonal in nature. It is fluctuating also as it depends on crop production.
- Though large, the rural market is geographically scattered.
- It shows linguistic, religious and cultural diversities and economic disparities.
- The market is undeveloped, as the people who constitute it still lack adequate purchasing power.
- It is largely agricultural oriented, with poor standard of living, low-per capital income, and socio-cultural backwardness.
- It exhibits sharper and varied regional preferences with distinct predilections, habit patterns and behavioral characteristics.

## 3. Significance of the Rural Markets

If you meet a sales executive today and ask which market he would prefer to serve, the immediate answer would be, "Rural Markets" as they are still unexploited. A number of factors have been recognized as responsible for the rural market boom. Some of them are:

- ❖ Increase in population, and hence increase in demand. The rural population in 1971 was 43.80

crores, which increased to 50.20 crores in 1981, 60.21 crores in 1991 and 66.0 crores in 2001.

- ❖ A marked increase in the rural income due to agrarian prosperity.
- ❖ Large inflow of investment for rural development programmes from government and other sources.
- ❖ Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.
- ❖ Increase in literacy and educational level among rural folks, and the resultant inclination to lead sophisticated lives.

#### 4. Development Programmes

The five-year plans have witnessed massive investments in rural areas in terms of number of development programmes implemented by the central and state Introduction of Rural Marketing Government. These programmes have generated incomes to ruralites and helped them to change their life-styles. Some of these programmes are:

- ❖ Intensive Agricultural District Programme (IADP- Package Programme)
- ❖ Intensive Agricultural Area Programme (IAAP)
- ❖ High Yielding Varieties Programme (HYVP- Green Revolution)
- ❖ Drought Prone Areas Programme (DPAP)
- ❖ Small Farmers Development Agency (SFDA)
- ❖ Hill Area Development Programme
- ❖ Operation Flood I, II and III (White Revolution)
- ❖ Fisheries Development (Blue Revolution)
- ❖ Integrated Rural Development Programme (IRDP)
- ❖ Jawahar Rojgar Yojna (JRY).

These programmes are related with agriculture and allied activities but there are certain other policies which are specifically meant to raise the standard of the rural people in the field of health, education, sanitation etc.

#### 5. Objectives

- ❖ To gain an understanding of rural Marketing.
- ❖ To identify the challenges facing by small Marketers.
- ❖ To study the opportunities for rural Marketing.

#### 6. Challenges in Rural Market

There are various challenges that hinder the progress of rural market. Marketers face a number of problems like physical distribution, logistics, no proper and effective sales force and no effective marketing communication when they enter into the business of rural markets.

##### Standard of Living

A large part of the population in rural areas lies below poverty line. Thus the rural market is also underdeveloped and the marketing strategies have to be different from the strategies used in urban marketing.

##### Low literacy levels

The low literacy levels in rural areas leads to problem in communication with the market and the print media has less utility as compared to the other media of communication.

##### Low per Capita Income

In rural market, agriculture is the main source of income and hence expense capacity depends upon the agricultural produce. Demand may or may not be stable.

##### Transportation and Warehousing

Transportation and supply chain management are the biggest challenges in rural markets. As far as by road transportation is concerned, about 50% of Indian villages are connected by roads to the nearest big cities. The rest of the rural markets do not have proper road linkage to other cities which causes problems in physical distribution.

##### Ineffective Distribution Channels

The distribution chain is not organized and also requires a large number of intermediates, which in return increases the cost. Due to lack of appropriate infrastructure, manufacturers are giving back steps to open outlets in these areas. That is why they need to dependent on dealers, who are rarely available for rural area which increases the challenges for marketers.

##### Many Languages and Diversity in Culture

Factors like different behavior and language of every respective area increases difficulties to handle the customers. The sales force is required to match the various requirements of the specific areas according to their culture.

##### Lack of Communication System

Quick communications facilities like computer, internet and telecommunication systems etc. are the need of rural market which is a biggest problem due to lack of availability. The literacy level in the rural areas is quite low and consumer's behavior is kind of traditional, which is a cause of problem for effective communication.

##### Dummy Brands

Cost is an important factor for rural consumers which determine purchasing decision in rural areas. A lot of fake brands or products that look similar to the original one are available, providing low cost options to the rural consumers. Most of the time, the rural consumers may not be aware of the difference due to illiteracy.

##### Seasonal Demand

Demand may be seasonal in rural market due to dependency on seasonal production of agricultural products and the income due to those products. Harvest season might see an increase in disposable income and hence more purchasing power.

#### 7. Rural Marketing in India

According to the third annual edition of Accenture Research, "Masters of Rural Markets: From Touchpoints to Trust points - Winning over India's Aspiring Rural Consumers," rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural

consumer markets, which is expected to be faster than urban consumer markets. The report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India's rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices.

### 8. Current Consumption a Pointer to Potential:

The purchase and use of certain durables and non-durables by consumers in rural areas is more than that of consumers in urban areas. The durables for which purchase and use by consumers in rural areas exceed those in urban areas are as follows (NCAER, 1998):

- Sewing machines; Radio/transistors;
- Wristwatches;
- Black and white television sets;
- Cassette recorders;
- Bicycles;
- Table fans;
- Pressure cookers.

### 9. 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.

### 10. Conclusion

Although agriculture today still provides income to rural people, rural development is increasingly linked to enterprise development. Since national economies are more and more globalize and competition is intensifying, affecting not only industry but any economic activity including agriculture, it is not surprising that rural entrepreneurship is gaining in its importance as a force of economic change that must take place if many rural communities are to survive. However, entrepreneurship demands an enabling environment in order to flourish. It is quite clear that rural entrepreneurship cannot be developed without training for youth. Therefore, instead of just schemes (financial and development) as the correct for entrepreneurship development an intensive training needs to be provided to the youth in rural India. Required to create a devoted team to take up rural entrepreneurship training as per integrated rural development programme. Rural entrepreneurs' role is necessary to remove the poverty in the backward rural areas. In rural areas majority of the people not ready to invest in the business and also not ready to fix that entrepreneur is also their career.

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