



Rural Marketing in India: Scope and Challenges

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Abstract:

Rural market is getting an importance because of the saturation of the urban market. As due to the competition in the urban market, the market is more or so saturated as most of the capacity of the purchasers has been targeted by the marketers. So, the marketers are looking for extending their product categories to an unexplored market i.e. the rural market. 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 the purchasing power of the rural communities. On account of the Green Revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. The market scenario in the rural areas today is changing very rapidly. The boundaries of nation are disappearing, technological changes are taking place at the flash of an eye, standards are undergoing changes in no time and so are the fortunes of various organizations. Rural families have shown no intentions of cutting down their expenditures on weddings, pilgrimages, construction or consumption. They have their own set of aspirations and are willing to pay right price for right product. It is very difficult for the companies to overlook the opportunities they could from rural markets. As two-thirds of Indian population lives in rural areas, the market is much unexpected for the companies to be successful in rural markets. They have to overcome certain challenges. The present paper has been covered to know the rural market status in India, the identification of different Rural Marketing Strategies, to highlight the Opportunities and Challenges of rural marketing in India, to offer suggestions to overcome challenges of rural marketing in India.

Keywords: Rural Markets, Rural Marketing Strategy, Opportunities, Challenges

1. Introduction

The rural economy has rapidly transformed in the last decade and is now being led by manufacturing. Indeed, agriculture accounts for only about one-fourth of rural GDP compared to half a decade ago. About 55 percent of manufacturing GDP is rural; nearly 75 percent of new factories built in the last decade were in rural areas, and rural factories account for 70 percent of all new manufacturing jobs. Industrial development in rural India has increased household purchasing power and income stability. Rural India accounts for about 50 percent of India's GDP. The majority of world's rural population lives in rural India. According to the 2011 census, 68.84 per cent of the population are scattered in 6, 41, 00 villages in India. Of the total 1210.2 million populations in India, the size of rural populations is 833.1 million. This enormous opportunity has been clear for a decade or more. However, only in recent years have these markets lived up to their promise. Per capita rural GDP has also experienced strong improvement over the past few years. About one in every two rural households has a mobile phone today, even in India's poorest states such as Bihar and Orissa. Rural consumers have been trading up, and their consumption basket is beginning to mirror that of the urban consumer. Premium products are replacing entry-level versions, and commodities are giving way to branded products. The demand and living pattern of Indian rural habitants are different and varies considerably. The cultural dimensions are also varying. These factors certainly make an impact on the need and behaviour of rural consumers. With its vast size and widespread array of consumers, marketers have been finding it difficult to understand and penetrate into rural areas, and finding difficulties to understand the norms of enter into

the rural market. Rural Markets distinct from the other types of markets like stock market, commodity markets or Labor economic sand urban market. The Concept of 'Rural Marketing' means different things to different persons. This confusion leads to distorted understanding of the problems of rural marketing poor diagnosis and, more often than not, poor prescriptions. Rural marketing and urban marketing are identical as regards basic marketing structure. However, rural markets and rural marketing have special features and dilemmas as compared to urban markets. The rural market has been defined from various perspectives. According to Census of India 2011, "Revenue villages with clear surveyed boundaries; where the density of population is not more than 400 people per sq. meter, with at least 75% of the male population engaged in Magricultural and allied activities and which does not have a municipal corporation and board." According to Insurance Regulatory Development Authority (IRDA) has explained on different note, "A villages with a population of less than 5,000, with 75% of male population engaged in agricultural activities" NSSO (Census) defined rural market as a Market with population density less than 400 sq km., 75% of male working population is engaged in agriculture and no Muncipal Corporation/board. Planning Commission of India defined rural market as towns up to 15,000 populations are considered as rural market. NABARD defined as all locations with a population up to 10,000 considered as rural area. The Consumer electronics giant LG Electronics defined as all places other than seven metro cities of India. The Sahara group defined as commercial establishments located in areas serving less than 1000 population are rural markets. Fast Moving Consumer Goods (FMCG) sector identified "Rural" as place with a population less than or equal to 20,000 peoples. FMCG refers to consumer non-durable goods required for daily or frequent use. They move fastly at the sales counter. Normally consumer spends less time and efforts in buying these goods. They are relatively high volume and low value products. The FMCG sector consists mainly of sub-segment viz., personal care, oral care, and household's products.

1.1 Importance of Rural Markets

Rural market is getting an importance because of the saturation of the urban market. As due to the competition in the urban market, the market is more or so saturated as most of the capacity of the purchasers has been targeted by the marketers. So, the marketers are looking for extending their product categories to an unexplored market i.e. the rural market. 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 the purchasing power of the rural communities. On account of the Green Revolution in India, 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 taken shape. Sometimes, rural marketing is confused with agricultural—the later 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. Also, when we consider the scenario of India and China, there is a picture that comes out, huge market for the developed products as well as the labor support. This has led to the change in the mindset of the marketers to move to these parts of the world. Rural India buys small packs, as they are perceived as value for money. There is brand stickiness, where a consumer buys a brand out of habit and not really by choice. Brands rarely fight for market share; they just have to be visible in the right place. Even expensive brands, such as Close-Up, Marie biscuits and Clinic shampoo are doing well because of deep distribution, many brands are doing well without much advertising support — Ghadi, a big detergent brand in North India, is an example. The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for products like colour TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent. The rural market is zooming ahead at around 25 per cent annually. "The rural market is growing faster than urban India now," says Venugopal Dhoot, chairman of the Rs 989-crore Videocon Appliances. "The urban market is a replacement and up gradation market today," adds Samsung's director, marketing, Ravinder Zutshi

1.2 Objectives of the Study

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The study aims at bringing a holistic understanding of the rural markets. The objectives of this study include examining the current market scenario of Indian rural market, and providing in-depth-analysis of the issues and challenges faced by the marketers while operating in the rural environment, and identify rural marketing opportunities. The study also concentrates on the problems faced by rural markets and finally offering suggestions to overcome the problems and tapping the potentiality of the rural markets at maximum level. The present study mainly attempts to examine the following issues:

1. To know the Rural Market status in India
2. To state different Rural Marketing Strategies.
3. To highlight the Opportunities and Challenges of Rural Marketing in India
4. To offering suggestions to overcome the problems and tapping the potentiality of the rural markets at maximum level.

1.3 Opportunities

Large, Undiscovered Market: Compared to urban areas, rural markets have a lower penetration of branded products, creating a chance for businesses to establish a strong presence.

- **Rising Incomes:** Government initiatives and a growing rural economy are leading to increased disposable income in rural households, boosting spending power.
- **Untapped Demand:** Rural consumers have specific needs and preferences that are often unmet. Businesses that cater to these unique demands can gain a significant advantage.
- **Government Support:** The Indian government actively promotes rural development through various schemes and initiatives, creating a favorable environment for businesses to operate.
- **Technological Advancements:** Improved infrastructure and mobile phone penetration are increasing rural access to information and online services, opening doors for e-commerce and digital solutions.
- **FMCG Products:** Fast-moving consumer goods like packaged foods, toiletries, and detergents hold immense potential in rural markets. Affordability and smaller pack sizes are key considerations.
- **Agri-Business:** This sector encompasses a wide range, including seeds, fertilizers, farm equipment, and technology solutions to improve agricultural productivity and post-harvest management.
- **Rural Retail:** Modernizing rural retail through franchises and micro-markets can provide better access to quality products and create a pleasant shopping experience.
- **Social Sector Businesses:** There's a growing need for affordable healthcare, education, and sanitation solutions tailored to rural requirements.
- **Financial Services:** Microfinance, insurance products designed for rural risks, and mobile banking can address the financial inclusion gap in rural areas.

1.4 Challenges

The rural market in India holds immense potential, but there are several challenges that companies need to overcome to tap into it effectively. Here are some of the biggest hurdles:

- **Infrastructure Issues:** Poor road conditions, unreliable power supply, and limited internet connectivity make it difficult to transport goods, set up storage facilities, and reach customers through conventional advertising channels.
- **Low Literacy and Awareness:** Compared to urban areas, rural areas in India typically have lower literacy rates. This can make it challenging to communicate product information and brand messaging to potential customers.
- **Scattered Population and Diverse Culture:** India's rural landscape is vast and diverse. Reaching geographically dispersed communities and tailoring marketing strategies to suit their unique cultural preferences requires a significant investment.

- **Dependence on Agriculture:** The income of rural households is heavily reliant on agriculture, which is itself dependent on unpredictable factors like monsoon rains. This variability in income can affect purchasing power and demand for non-essential goods.
- **Distribution Challenges:** Creating a strong distribution network in rural areas can be complex due to the lack of proper infrastructure and the presence of small, scattered retailers.
- **Consumer Behavior:** Rural consumers tend to be more risk-averse and value traditional practices. They often rely on word-of-mouth recommendations and prefer familiar brands over new ones.

2. Conclusion

The Indian rural market with its vast size and demand base offers great opportunities to marketer. The enormous development of rural market provided considerable opportunities as it gave boost to agriculture industry and service. The entire economic environment rural India shows a much important prosperity due to new and improved technique higher quality of input and increasing awareness about education and agriculture a rural marketer has to be sensitive to the needs of rural consumers and must design products that archive the best fit with rural condition.

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