



RURAL MARKETING IN INDIA: IT'S POTENTIAL AND CHALLENGES

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Abstract

Rural India is becoming one of the attractive markets for the corporates in the recent times. Urban markets are flooded with many different consumer products, thus Marketers now find it difficult to generate heavy income flows from these markets. On the other hand rural income graph is on a rise, which has given huge scope to the corporates to tap this market where 70% of India resides. The study aims to provide information on how the corporates carry out the marketing process and the reasons for the paradigm shift from Urban to Rural markets. The study also reveals the challenges faced by the corporates while marketing their products in Rural areas.

Keywords: Rural Markets, Consumer products, Potential



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Introduction

According to census 2011, For the first time since Independence, the absolute increase in population is more in urban areas than in rural area. Rural population is 83.3 crore. The improvement in literacy rate in rural area is two times that in urban areas. The rural urban literacy gap which was 21.2 percentage points in 2001, has come down to 16.1 percentage points in 2011 census. Number of Rural Units (or Villages) in India: • Census 2001 6,38,588 • Census 2011 6,40,867 Increase: 2,279.

The corporates are looking for new prospects and possibilities, as they are witnessing a decline in their growth rates in urban markets due to market saturation and they have a large, untapped

rural Indian market. The motivating force for this is young people who are educated, have access to technology and have willingness to change. The overall growth of economy has resulted into substantial rise in the purchasing power of the rural customers. A survey done by India's best economic research entity, National Council for Applied Economic Research (NCAER) shows that rise in rural incomes is keeping pace with urban incomes. The rural middle class is growing at 12% as compared to 13% in Urban area.

Objectives

The objectives of this study are to have an understanding of Rural markets, its potential for the marketers, reasons of shift from Urban markets to Rural markets.

Methodology

Descriptive research was done by getting schedule filled from over 65 people from the area of Jahnsla near Rajpura. Secondary data is also collected from various market players.

Literature Review

The immense potential of the rural customers can be realized if the managers understand this market. The vast untapped needs of the rural consumers, the developing rural economy and the increased penetration of media and brand awareness makes this market extremely attractive to marketers (Goswami, 2009)

If we look at the projected annual size of the rural market it would tell us the true potential of this untouched market. The growth statistics exhibit large potentials for FMCG and Consumer Durables for the Indian Rural markets (Paninchukunnath, 2010)

Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals” (Iyer, 2010)

(Kalotra, 2013) Rural customers are increasingly becoming brand conscious as well as price and discounts. There is a high potential in rural India but exists major differences between the existing and the desirable levels of rural marketing, has to be improved

(Gomathi, 2013) rural marketing process is playing a vital role in marketing the products and services of the companies by using customers as the major marketing sources without implementing marketing plans and techniques. Finally, rural marketing process can be used as an

alternate for traditional marketing process in order to create brand awareness among customers and improve the sales of company products

(Kumar, Dangi,2013) 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.

What attracts the companies to Rural markets

About 833 million people reside in rural area whereas 377 million people in urban area
53% of FMCGs products and 59% of consumer durables are sold in the rural markets

The total annual market size for FMCG products is 65000 crore, Consumer durables is 5000 Crore.46% of soft drinks sales come from rural areas. 49% of motorcycles sales come from rural area .42 million rural households availing banking services in comparison to urban households .Indian rural market is bigger than the market of USA.There is a significant increase in Rural consumer's disposable income and level of literacy thus increase in demand of branded products. Rural families spend on weddings, pilgrimages, constructions etc. Their aspirations are increasing. Pardeep Kashyap, CEO, MART, says "The rural India has cash in hand and is not bound by EMIs or loans

Challenges in Rural Markets

Rural markets have huge potential instore in terms of creating demands for the marketers.

There are various challenges that marketers face while they discover rural markets. With Rural markets becoming a hot spot for the marketers various challenges that these markets pose needs to be taken account for. The major challenges faced are Distribution costs and non-availability of retail outlets. The success of every company willing to launch its products in rural areas depends highly on how they manage their distribution and retailing activities. Replicating the marketing activities of urban areas to rural areas results in failure.

The rural markets have unique tastes, consumption patterns, demands, spending ability. All these things need to be taken care while developing a marketing plan for rural customers.

social dynamics needs to be understood by marketers before planning any launch of the product.

The other challenges in rural marketing are the poor infrastructure, lack of awareness among customers, lack of understanding, physical distribution issues, channel management.

Analysis and interpretation:

Table no:1: Age of respondents

Age group	No of respondents	%age of respondents
Less than 20	11	16.1
21-30 years	10	14.7
31-40 years	22	32.3
41-50 years	12	17.6
50 years and above	13	19.1
Total	68	100

The maximum number of respondents i.e 32% lie between the age group of 31-40 years for the survey undertaken in Rural area

Table no 2: Gender

Gender	No of respondents	%age of respondents
Male	45	66.1
Female	23	33.8
Total	68	100

66% of the respondents in this survey are male this shows the dominance of male population in rural areas

Table no 3: Monthly Income:

Monthly Income	No of respondents	%age of respondents
Less than Rs. 2000	5	7
Rs. 2001 - Rs. 5000	18	26
Rs. 5001 - Rs. 8000	14	21
Rs. 8001 - Rs. 10000	14	21
Rs. 10001 – Rs. 15000	15	22
Rs. 15001 & Above	2	3
Total	68	100

Maximum number of Rural Customers fall in the income bracket between 2000 to 15000 per month. This states that Rural consumers are potential buyers for many durable and non durable consumer products.

Table no. 4: Selected Methodology for Interface

RESPONSE	No. of Respondents	% of Respondents
Electronic Media	5	7
Mobile	3	4
Radio	10	15
Advertisements	21	31
Print Media; Newspapers/magazines	9	13
Word of mouth	15	22
Role play; Skits and plays	5	7
Total	68	100

31% of Rural customers are most attracted to the advertisements as it creates awareness about the brand and the product.22% of rural customers form their perception about the product according to peer group likings and dislikings

Table No. 5: Purchase decisions

Response	No. of Respondents	% of Respondents
Personal	12	18
Group Discussion (small)	24	35
Mass	32	47
Total	68	100

Rural customers make purchase decisions based on the masses decision to buy the product. 47% of the customers believe in consulting the peer group before making any purchases.

Table No. 6: Language impact

Response	No. of Respondents	% of Respondents
Regional	46	68
National	7	10
Both combined	15	22
None of these	0	0
Total	68	100

68% of the rural customers want the marketers to communicate their message in their regional language. So for successful marketing in these areas the marketers must develop a different brand awareness program catering to the needs of these people.

Table No. 7:Purchase Impact

Response	No. of Respondents	% of Respondents
Pricing/Discounts	21	31
Brand	27	40
Language	5	7
Content	5	7
Tagline	10	15
Total	68	100

40% of the rural customers make purchases according to the brand. As earlier prices and discounts are not the major determinant in rural customers buying pattern. This is due to increased disposable income.

Table No. 8: Purchasing Decisions

Response	No. of Respondents	% of Respondents
Self	31	46
Parents	5	7
Spouse	22	32

Children	10	15
Total	68	100

46% of the respondents are self driven for making any purchase decision followed by spouse. So marketers must target individual as well as spouse and children as per the needs of the product.

Table No. 9: Adaptability to New product/brand

Response	No. of Respondents	% of Respondents
No impact- maintaining status quo	23	34
Contemplating something new	5	7
Improving upon the existing ones	12	18
Receiving positive feedback	28	41
Total	68	100

This reveals that rural customers are reluctant to try new products. So marketers must advertise in a manner that triggers their interest and needs.

Conclusion

1. The analysis explains the type purchasing pattern among the rural customers. The rural market is dominated by male buyers who take the major purchasing decisions
2. Rural customers are more intrigued by electronic means of advertisement or communication
3. It's a feel good factor for rural customers if they understand that organisation values their association
4. For the marketing activity to be successful the marketers must use the regional language to communicate with rural customers
5. Along with brand awareness rural customers are also sensitive about the value for money they get and the discounts
6. Rural customers are highly influenced by peer group in taking any buying decision.
7. It takes time for rural customers to get use to new product unless something triggers their decision

It can be concluded from the above study that there is a huge potential in rural India . The marketers need to understand a clear difference in the way product are to be marketed in rural areas as compared to urban.

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