



# Opportunities and Challenges in Rural Marketing

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## Abstract:

*In our study, we are going to explain the issues and Opportunities coming in the area of Rural Marketing. We are going to explain the different types of strategies to be adopted for grasping growing market in rural areas by the firms for being successful in their business. How they should make the products for low income group and attract them towards their product. What should they communicate or advertise their product in rural market is also discussed. Rural Marketing is growing at very fast rate and this is very important area to focus by the firms to do business in villages. In India 60 % of population lives in villages and their demand is also increased post 1990's compared to urban areas.*

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**Keywords:** Marketing Mix, Marketing, Rural consumer, Rural Market

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## 1. Introduction

Marketing is the process used to determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business development. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves. It is a function which manages all the activities involved in assessing, stimulating and converting the purchasing power to effective demand for a specific product and service. This moves them to the rural areas to create satisfaction and uplift the standard of living.

Rural Marketing is defined as any marketing activity in which the one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs (products or services) to the rural as well as marketing of outputs from the rural markets to other geographical areas.

## 2. Objectives of the Study

The main objectives of the study are:

1. To understand the environment in which the rural market operates.
2. To find out the problems associated with rural market.
3. The market strategies which can be successfully adopted to exploit properly to the Potentials of the rural market.
4. To know the psyche of the rural consumers

## 3. Literature Review

Earlier, rural marketing was synonymous with agricultural marketing.

During 1960s – 1990s the marketing of agriculture input and marketing of nonfarm rural product was considered as rural marketing.

Post 1990s- with rising income and mushrooming middle class across the country, various companies focused on tapping rural market potential. Rural marketing now refer to FMCG and Consumer durable goods in rural area.

According to the studies, it has been seen that today approximately 60% of Indian Population lives in Rural Areas. Now, Improvement in living standard and enlargement of rural area is important for the development of the Indian Economy. Many projects which were undertaken in rural area and other's which are in pipeline; are likely to be introduced with in short span of time. Rural Literacy is main concerned and ranked one. Trends are showing that rural markets are coming up in big way and growing multiple fold time as faster as compared of urban markets. Around 5,00,000 villages are there in India, 80% of which has population earns less than 1000 and about 77% of whose population are dependent on agriculture activities. It is necessary to understand the psychology of rural customers, their behaviour and their needs for success in marketing rural areas. Rural areas are scattered and it is not impossible to ensure the availability of a brand all over the country. Advertising is one mode through which the information about the product can be widely spread but it is very expensive.

{Rural Marketing – Potentials and Strategies for Durables Manmeet Kumar Siras }

#### **4. Consumer Durable Products**

Radios, transistors, Clocks and wrist watch, Room coolers and room heaters, Television -- Colour and B&W television, Table fans, Ceiling fans, Inverters and batteries, Mopeds and motor cycles / Car, Cassette / recorders/ VCD / VCR / DVD player, Mixer / Grinders/ Sewing machines, Electric irons, heaters, Washing machines, Refrigerators, Computer / laptop and mobile Phones and Other households' equipment.

#### **5. Rural Consumers' Attitude**

These products also have sufficient demand in rural areas to sustain such manufacturers. These products are not only similar in their names, but in features and functions also, and so similar that it is very difficult to recognize it. Most of the rural consumers are of the view that if the supply of original products can be made proper and the prices and quality of these products can be made in accordance with the rural consumers then the demand of these products can be enhanced. The reason behind such a wide range of products sold in rural areas seems to be the heterogeneous nature of the rural market. The wide disparities in income level and the consequent life styles warrant such variety. Hence, there is reason enough for the manufacturers and marketing men to think in terms of products specifically designed or modified for the rural segment.

#### **6. Attitude of the Wholesalers and Dealers towards Rural Consumers**

The wholesalers suffer losses in rural areas or very less profit. Because in rural areas people live in very small villages and at a great distance and even in these villages demand for these products are minimal but the cost incurred on to satisfy these demands are much higher than the profit.

Durable product demand is very low in rural areas and it is seasonal also which are generally demanded on some special occasions or festivals or marriages. So the demand for the product comes down automatically once these occasions are over. That is why to meet the demand of these rural areas the wholesalers do not want to make a permanent distribution system because the cost incurred on these system are much higher.

The attitude should be that of investor toward rural market. The growing market providing the opportunity and approach should be one of market seeding. The market provides opportunity and

opinion for the rural marketer and low penetration level suggests opportunities. The marketer needs to have information system that would track sales to different market and will help to identify market potential. Low income group consumption is giving clear signal that marketer need to address the bottom of pyramid with cost effective value for money product is to be provided by the marketers. Rural India is offering a bigger growth opportunity through greater penetration and then consumption, which needs to be grasped by the marketers.

### ***6.1 Changing Pattern of Rural Customers***

Even rural customers are also constantly looking forward for new branded products and good services. Indian customer in rural market was never price sensitive, but they want value for money. They are ready to pay premium for the product if the product is offering some extra utility for the premium.

Companies have also recognized that social and cultural values have a very strong hold on the people in rural markets. Cultural values play major role in deciding what type of product they have to buy.

### ***6.1 Easy-Way Communication especially for Rural Market***

Companies have realized to use local languages for promoting their products especially in rural market. So, they have started selling product on the concept of quality with proper communication and easily understandable way of communications {oman}

### ***6.2 Best localized way of Distributing Channels***

Proper distribution channels are recognized by companies. Super markets must be best distribution channel but they were wrong; soon they realized that to succeed in India they have to reach the nook and the corner of the country. They have to reach the "Kirana Shop Owners local Paanwala or Local Baniya" only then they can succeed. Big Multinational companies in India capture the rural market share in India and try to sell the product at low costs or giving them discounts.

### ***6.3 Traditional Life***

In rural areas people can easily adopt new practices as they are still governed by customs and traditions. For example, jeans or western clothes are still not in use even by rich and educated class of farmers

### ***6.4 Buying Decisions***

Rural consumers are slow in taking buying decisions. They like to give a trial and only after being personally satisfied, do they buy the product.

For example-free shampoo sachets, free soaps distributed by the companies for the trial. Even buy one get one free schemes are also provided by the MN Companies.

### ***6.5 Media for Promotions***

Earlier Radio was the medium for promotion of any products in rural areas as it reaches to large population at a relatively low cost. But now Television has made a great impact and large audience has been exposed to this medium. Company's has to undertake specific sales promotion activities in rural areas like participating in meals or fairs

## **7. Strategies**

Consumer durables face many marketing problems and are not able to penetrate in the rural market easily like non-durables. There are several roadblocks in progress in the rural market. A number of problems are faced by the marketers a like dealing with physical distribution,

logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. Where the rural market does offer a vast untapped potential it is not easy to operate in rural market because there are several problems. Rural marketing is, thus, a time consuming affair and requires considerable investment in term of evolving appropriate strategies with a view to tackle the problems. Even in this case advertisements were an important influencing source.

The major problems faced by manufacturing and marketing men in rural areas today's are mentioned below:

1. Breaking of bulk into small volume is not possible;
2. Requires more investment by consumer during purchase;
3. Requires installation/after sales service;
4. Higher repurchase cycle;
5. Very difficult to do cross promotions;
6. There is need to requires separate retailer for the products;
7. There is a Transportation problem due to bulkiness of products;
8. Have to dependent on other factors like Electricity, Fuel etc;
9. Have to face Banking and Credit problems: Inadequate banking and credit facilities;
10. There is a problem regarding Handling, Storage and Transportation;
11. There is a problem of Seasonal demand;
12. There is a stress on unbranded and cheap items;

Problems regarding Marketing research and development are there like:

- (A) Unpopularity of marketing research in India and
- (B) Lack of research data.

Durables are sold to rural areas by the retailers operating from nearby towns. Very less effort are done to promote the products in rural areas except some road shows and advertising in cinema halls. {Siras} A planned mix of the controllable elements of a product's marketing plan commonly termed as 4Ps: product, price, place, and promotion and these four elements are adjusted until the right combination is found that serves the needs of the product's customers, while generating optimum income{wiki} Hence, after studying the market carefully. Rural marketing requires separate marketing strategies for the marketing mix, which could be formulated

### **7.1 Multi-Branding**

A company may introduce several brands in a product-line with different features to appeal to different categories in the same customer group. Many FMCG companies follow this strategy.

### **7.2 Co-Branding**

Today, we find offers with two or more brands of the same company or different companies. When a marketer offers one brand with another brand of the same company or another company it is called co-branding. Such offers may take two different forms:

- (i) Ingredient co-branding
- (ii) Product co-branding

### **7.3 Products at low end**

A range of products targeted for the rural consumer could be launched with low price and low quality to counter the spurious products. This can be done by developing franchisee units to manufacture low-end products with a highly localized

**Affordability:** Rural consumers' income is unsteady. The sources of income as well as the size of income earned per day vary. Large purchases and planned purchases cannot be made by the rural customers. Small pack sizes help the rural consumer pick the product at a price that he can afford.

**Combo-packs:** Another packaging innovation is 'combo-packs'. When related products are packed together and sold at economy prices, the consumer finds it a better option to buy. The Combo-Pack may become an 'assortment' when more than two products are packed together.

There are various factors which affect Marketing Strategy like Type of product (Durable or non-durable), profile of target market, internal strengths' of company, competitor's strategies, stage of product in its life cycle, facilities available for using marketing mix etc. Moreover, strategy can be formulated at various levels; generic strategy for all firms, Corporate Strategy at corporate level of a firm, Business Strategy for a particular Strategic Business Unit of the Company, marketing mix strategy at marketing Department of a particular Strategic Business Unit etc. Research is focused on generic marketing mix strategies for various types of products in the rural gatherings.

## 8. Conclusions

The present discussion on some aspect of rural marketing should not give the impression that rural markets have not been exploited at all. Its purpose is only to highlight the growing importance of rural markets in the fast changing economic situation. In rural marketing, the vast spectrum of courses to be followed require special care and attention with respect to the product, its quality, packaging, brand, pricing, advertisement, personal selling and channel of distribution. The strategy of rural marketing has to be appropriate appreciating fully the scattered character of rural markets, and the need for a different communication mix on account of the lower level of education and environmental differences. All this calls for concerted and co-coordinated action on the part of both the government and the industry. Though the cost of distribution and promotion is bound to be high and producers even may sustain losses in the initial stages, this should not deter them from entering the market the potentialities of the rural market are great indeed. With the changing economic conditions in the country, and with better purchasing power, among the rural population, the newly emerging rural markets are bound to yield rich dividends. The time to prepare tomorrow is today.

In rural marketing, the vast spectrum of courses to be followed require special care and attention with respect to the product, its quality, packaging, brand, pricing, advertisement, personal selling and channel of distribution. The strategy of rural marketing has to be appropriate appreciating fully the scattered character of rural markets, and the need for a different communication mix on account of the lower level of education and environmental differences. All this calls for concerted and co-coordinated action on the part of both the government and the industry. The government role lies primarily in developing the infrastructure, e.g. A good network of roads in the interiors of rural India, speedy arrangement for better light, water and irrigation facilities, financial and technical assistance in setting up the industries in villages, and distribution of their products. The government's role will be equally important in conducting rural market surveys and compilation of vital statistics and their publication for the benefit of business and industry. Direct selling through company delivery vans, syndicated distribution between non-competitive marketers, setting up of temporary stalls in rural melas/haats are few successful examples.

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