

Rural Marketing – Opportunities & Challenges

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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. Rural Marketing is now a days a play a role major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing so many problems due to non availability of primary facilities in rural areas for developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to stabilize industries in the rural areas. This paper find out the Opportunities and Challenges for the potentiality of Rural Marketing.

Keywords: Entrepreneurship, Rural Sustainable Development, Technology.

I. Introduction

Rural markets are gaining importance in emerging economies. A large number of businesses are involved in the marketing of various products in the rural areas of India and elsewhere. The main objective of this program is to develop a strong foundation of applied knowledge, concepts, approaches and analytical-skills in the participants for successful marketing of products and services to rural consumers and users.

Marketing

Identifying the needs of customers and potential customers, providing products/services that satisfy their needs, and developing efficient processes or systems to deliver your product/service to the market when, where, and how consumers want it.

Rural Marketing:

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

1.2 Features of Rural Marketing

The main reasons why the companies are focusing on rural market

1. Large and scattered population:

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

2. Higher purchasing capacity:

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. 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 purchasing power of rural communities.

3. Market growth:

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

4. Development of infrastructure:

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

5. Low standard of living:

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

6. Traditional outlook:

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

7. Marketing mix:

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

Rural Marketing in India

According to the third annual edition of Accenture Research, “Masters of Rural Markets: From Touchpoints to Trustpoints - 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.

The hinterlands in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Market size

India's per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2 per cent since 2000. The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is expected to cross US\$ 20 billion mark by 2018 and reach US\$ 100 billion by 2025

Effect of Globalization on Rural Entrepreneurship

Since globalization is a macro-concept and rural Marketing is a micro-concept, it is very difficult to establish linkages, of globalization on rural Marketing. However, it is possible to identify a range of different channels through which various aspects of globalization can be change the scenario of rural entrepreneurship in India.

1.1 Objectives

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

1.2 Rationale

Rural Marketing play a vital role in the overall economic development of the country. The growth and development of rural industries facilitate self employment, results in wider dispersal of economic and industrial activities and helps in the maximum utilization of locally available raw materials and labour. Rural industries play role in the socio-economic conditions i.e increases living standards.

1.4 Scope

The study is undertaken to assess the challenges & opportunities for Rural Marketing role of institution in developing the rural Marketing and contributing towards to the economic development of India.

1.5 Review of Literature

<http://shodhganga.inflibnet.ac.in/bitstream/10603/25033/17/8.1.%20introduction%20of%20rural%20marketing.pdf>.

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.

http://www.pondiuni.edu.in/storage/dde/downloads/markiv_rm.pdf.

A wide array of problems hinders marketers in approaching rural areas with confidence. The lack of fair weather roads, widely dispersed villages, low density of population, lack of bank and credit facilities, multiple tiers, higher costs and administrative problems, and lack of retailers are the problems in rural distribution. Intelligent way of approaching rural areas is required. The emerging distribution approaches include: Cooperative societies, petrol bunks, agricultural input dealers, NGOs, etc. Latest approaches include the direct to home selling methods: network marketing and internet marketing

1.6 Research Methodology

Type of Research of study is exploratory & descriptive in nature. The data is collected from Questionnaire & Secondary Data is collected from the books, publication, Records of the companies, Websites.

1.7 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:

1. Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive.
2. Rural industries are capable of checking rural urban migration by developing more and more rural industries.
3. 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.
4. Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
5. Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
6. Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance.
7. Rural entrepreneurship creates an avenue for rural educated youth for their career.

1.8 Challenges of Rural Entrepreneurship

Rural Marketing has its own drawbacks.

Transportation: Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man.

Communication: Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context.

Availability of appropriate media: It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with the rural masses. But, it is not available in all interior parts of the country.

Warehousing: A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. In warehousing too, there are special problems in the rural context.

Village structure in India: In our country, the village structure itself causes many problems. Most of the villages are small and scattered. It is estimated that 60 per cent of the villages are in the population group of below 1,000. The scattered nature of the villages increases distribution costs, and their small size affects economic viability of establishing distribution points.

Rural markets and sales management: Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional.

Inadequate banking and credit facilities: In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank.

Market segmentation in rural markets: Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units.

Branding: The brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers.

Packaging: As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods

1.9 Analysis and Interpretation

1. Occupational pattern of rural Population

Sr.no	Sources	Rural Population (%)
1	Agriculture	60.29
2	Agriculture wage	17.11
3	Business and craft	7.2
4	Non-Agriculture Wager	6.4
5	Salaries	3
6	Current Transfer	2.5
7	Others	4.5
	Total	100

(SOURCE: PRIMERY DATA)

Interpretation: 60.29% of rural Population Occupational pattern is Agriculture 17.11% is Agriculture wage Business & craft 7.2% .Non agricultural wager is 6.4% & other is 4.5%

2. Problems encounter by the Rural Marketers

Sr.No	Statement	No of respondents		%
		Yes	No	
1	Long distance travel to market products or services	40%	60%	100%
		Yes	No	
4	Family support	Yes	No	100%

		60%	40%	
6	High start-up capital	Yes	No	100%
		70%	30%	
7	Faced difficulties to prepare credible business plans for bank loans	Yes	No	100%
		80%	20%	
8	Lack of basic infrastructure (roads, water, transportation and electricity) at your places	Yes	No	100%
		50%	50%	

(SOURCE: PRIMERY DATA)

Interpretation: 40% of the rural Markets are encountered with Long distance travel to market products or services, 60% have problems related to Family support, 70% belongs to High start-up capital ,80% Faced difficulties to prepare credible business plans for bank loans.50% Faced problems related to Lack of basic infrastructure (roads, water, transportation and electricity) at your places.

1.10 Opportunities of Rural Marketing

- The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.
- E-commerce players like Flipkart, Snapdeal, Infibeam and mobile wallet major Paytm have signed Memoranda of Understanding (MoUs) with the government to reach rural areas by connecting with the government’s common service centres (CSCs) being setup in villages as part of the ‘Digital India’ initiative.
- With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organisations are joining in the effort to train, educate and produce skilled workers.
- The Union Cabinet has cleared the Pradhan Mantri Krishi Sinchae Yojana (PMKSY), with a proposed outlay of Rs 50,000 crore (US\$ 7.5 billion) spread over a period of five years starting from 2015-16.
- The scheme aims to provide irrigation to every village in India by converging various ongoing irrigation schemes into a single focused irrigation programme. The Government of India aims to spend Rs 75,600 crore (US\$ 11.34 billion) to supply electricity through separate feeders for agricultural and domestic consumption in rural areas. This initiative is aimed at improving the efficiency of electricity distribution and thereby providing uninterrupted power supply to rural regions of India.
- To promote agriculture-based businesses, the Government of India has started ‘A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE). Under this scheme, a network of technology centres and incubation centres would be set up to accelerate entrepreneurship and to promote start-ups for innovation and entrepreneurship in agro-industry.
- The Government of India seeks to promote innovation and technology development in the remote rural and tribal areas. The government plans to form a committee to study various innovations and submit their reports to the concerned Department or Ministry. The programme called the ‘Nav Kalpana Kosh’ aims to improve rural areas at various levels, such as governance, agriculture and hygiene.
- Banks are working to set up rural ATMs, which will dispense smaller denomination currency notes. "We have encouraged banks to find a solution for bringing in rural ATMs.
- 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

II. Conclusion

Although agriculture today still provides income to rural people, rural development is increasingly liked 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 demand 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. So the Mindset of people

condition should be changed by the government and focus more on rural entrepreneurs for to be a developed nation among the countries.

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