

# Study On Strategies, Practices And Challenges Of Rural Marketing In India

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*Abstract: In recent years, rural markets have acquired significance, as the overall development of the economy has resulted into substantial augment in the purchasing power of the rural communities. On account of green revolution, the rural areas have going ahead consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy has emerged which is called rural marketing. The concept of rural marketing in India economy has always played an vital and influential role in the life of public. Rural marketing is the new concept of developing, pricing, promoting, distributing rural-specific goods and services, leading to exchange between urban and rural markets which satisfies customer demand and also achieves organizational objectives. Rural marketing is a two way marketing process that includes the flow of goods and services from rural to urban areas & the flow of goods & services from urban to rural areas, as well as the flow of goods & services within rural areas. Any macro level strategy for these markets should focus on availability, accessibility and affordability. This paper focused on the rural marketing strategies, issues and challenges, problems and rural marketing environment to reduce the uncertainty in dealing with these markets.*

*Keywords: Green revolution, Rural Market, Challenges, Rural marketing strategies, Problems and Rural Marketing Environment*

## I. INTRODUCTION

Rural marketing is the marketing of agricultural products, rural industries products and services of many kinds. The trade channels for different types of commodities available in rural areas are private, co- operatives, processors, regulated markets and state agencies. Broadly rural marketing constitutes the nerve centre of rural development activities. The content now encompasses not only marketing of products which flow to rural areas, but also products which flow to urban areas from rural areas. Globalization, liberalization and privatization have transformed the Indian economy into a vibrant, rapidly growing consumer market. India's vast rural market offers a huge potential for a marketer facing stiff competition in the urban markets. The rural market environment is very different from the familiar surroundings of the urban market. Rural consumers have customs and behaviours that the marketers may find difficult to contend with. The rural markets in India

have grown size, range and sophistication in recent times. Under the changing Socio-economic scenario, the rural markets have great potentialities in India and offer bright prospects and attraction to the companies. In fact, the rural markets are green pastures for companies today, as they are growing faster as compared to the urban markets. With their huge size and demand base, they offer great opportunities to the marketers. Half of the national income is generated by them.

The concept of rural marketing in India is frequently been found to form ambiguity in the minds of people who think rural marketing is all about agricultural marketing. To be precise, Rural Marketing in Indian economy covers two broad sections, namely:

- ✓ Selling of agricultural substance in the urban areas
- ✓ Selling of manufactured commodities in the rural regions

## II. REVIEW OF LITERATURE

*Kaur Manpreet (2013)* attempted to find out the various initiative taken by HUL to arrive at the rural consumer. Hindustan Unilever is the pioneer and largest player in India's FMCG market. HUL was the first company to enter into the Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market with its urban network stockists and distributors. HUL proactively engaged in rural growth in 1976 with Integrated Rural Development Programme in Etah district of Uttar Pradesh. In 1990, HUL launched 'Operation Streamline' for distribution of products to unreachable rural markets with High potential using unconventional transport like bullock carts, tractors and bicycles and appointed rural distributors and star sellers. In 2000, HUL started Project Shakti to reach inaccessible low potential rural markets. This project has reached 100,000 villages. HUL embarked upon Project Samuriddhi in 2003 to create sustainable villages in Dadra and Nagar Haveli.

*Kotni VV Devi Prasad (2012)* introduce to undertake this study to find out various ways to tap the potential rural markets. The main intend of this study was to observe the potentiality of Indian Rural Markets and finding out various problems are being faced by rural markets. This paper attempted to provide a brief literature on rural marketing and finally offers policy recommendations for better performance of rural markets by adopting SWOT analysis matrix to rural markets.

*Priya Lakshmi and Vandana Bajpai* stated that the objectives of rural management is to organize, develop and utilize the available at mainly favourable level to proper utilization and productivity of resources, in such a manner that the entire rural population may be benefited by it and increase the production and consumption to increase Indian economy. Rural management also helps to enhance living standard rural people. Since independence, the Government has initiated certain plans for the betterment of rural people. Upgrading rural market is one way to improve access to marketing opportunities. British regime, but rural people did not get much attention from Indian govt. and other business organization, to understand them and complete their needs and wants. Although India is an agriculture based country and Indian economy is totally based upon agriculture and villagers, even they have being ignored.

*Godrej, chairman* of the Godrej group that is in a range of business from real estate and personal care to agro foods, has no hesitation proclaiming. It is a myth that rural customers are not brand and quality conscious.

*A survey by the National Council for Applied Economic Research (NCAER)*, India's premier economic research entity, recently confirmed that increase in rural incomes is keeping pace with urban incomes

*Project Shakti* uses self-help groups across the country to push lever products deeper into the locality. Its four-pronged programme creates income-generating capabilities for under privileged rural women; improves rural quality of life by spreading awareness of best practices in health and hygiene; empowers the rural community by creating access to relevant information through community portals and it also works with

NGOs to spread literacy. Mahindra Krishi Vihar, has been instrumental in growing the groundnut yield in Rajasthan through a new seed sourced from the state of Maharashtra and it has also introduced a new variety of grapes in Maharashtra.

### OBJECTIVES OF THE STUDY

- ✓ To study the Features, size and Strategies of Rural Marketing.
- ✓ To discuss the challenges and emerging problems in Rural Marketing.
- ✓ To study about the rural marketing environment.

### METHODOLOGY OF THE STUDY

The study is a descriptive method. The Secondary data were collected from different sources, for example, text books, magazines, articles and websites.

## III. FEATURES, NEED AND STRATEGIES OF RURAL MARKETING

### FEATURES OF RURAL MARKETING

Some of the important features or characteristics of Rural Marketing in Indian Economy are following listed below:

- ✓ The rural market in India is vast and scattered and offers a plethora of opportunities in comparison to the urban area It covers the maximum population and regions and thereby, the maximum number of customers.
- ✓ With the initiation of various rural development programmes there have been an increase of employment opportunities for the rural poor. One of the prime cause behind the steady growth of rural market is that it is not exploited and also yet to be explored.

### NEED OF RURAL MARKETING

There are many reasons that have urged the Indian companies to penetrate the rural India. Some of them are discussed below:

- ✓ The rural Indian population is large and its growth rate is also high which shows that the Indian rural market has great potential which wants to be captured.
- ✓ The rural audience has matured enough to understand the message developed for the urban markets Television has been a major effective communication system for rural people and, as a result, companies can identify themselves with their advertisements. Socio-economic changes (lifestyle, habits and tastes, economic status)
- ✓ The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market.
- ✓ Expectations of the people living in rural India have increased manifolds. So. Manufacturers can capture large market share by meeting the expectations of rural people.
- ✓ Literacy level among the rural mass is increasing day by day. Rural consumer can understand the message given by the producers in the advertisements.

- ✓ Infrastructure facilities such as roads, electricity and media in rural India has improved and it now becomes comparatively easy to transport goods to rural parts of the country.

#### IV. STRATEGIES FOR RURAL MARKETING

Strategies that may be helpful in improving marketing in rural areas are listed below

- ✓ Product Strategies
- ✓ Pricing Strategies
- ✓ Distribution Strategies
- ✓ Promotion Strategies
- ✓ Marketing Strategies
- ✓ Sales Strategies

#### PRODUCT STRATEGIES

- ✓ *NEW PRODUCT DESIGN*: A company can opt for new product designs or modified designs that are specially meant for rural areas keeping their lifestyles in view.
- ✓ *SMALL UNIT AND LOW PRICE PACKING*: By making the product available in small and low price packing, a company can attract villagers to at least try its product because larger pack sizes may be out of reach for rural consumers because of their price and usage habits. For example: Shampoos, Biscuits.
- ✓ *BRAND NAME*: The brand name awareness in the rural areas has fairly increased. A brand name and is very essential for rural consumers to remember the product.
- ✓ *STURDY PRODUCTS*: Sturdiness of a product either in terms of weight or appearance is an important fact for rural consumers. The product meant for rural areas should be sturdy enough to stand rough handling and storage. People in rural areas like bright flashy colours such as red, blue, green etc., and feel that products with such colours are sturdy but they are more concerned with the utility of the item also.

#### PRICING STRATEGIES

The pricing strategy for rural market will depend upon the scope for reducing the price of the product to suit the rural incomes and at the same time not compromising with the utility and sturdiness of the product.

- ✓ *SIMPLE PACKAGING*: Sophisticated packing should be avoided and Simple packaging should be adopted to cut down the cost.
- ✓ *LOW COST PRODUCTS*: This strategy can be adopted by both, manufacturing and marketing men. Price can be kept low by small unit packing.
- ✓ *APPLICATION OF VALUE ENGINEERING*: This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'soya protein is being used instead of milk protein. Milk protein is expensive while soya protein is cheaper but the nutrition value is same.

- ✓ *REUSABLE PACKAGING*: Packaging that is reusable and can be refilled attracts the attention of rural buyers. For examples: Zandu Chyawanprash is providing plastic Containers that can be reused by the consumers.

#### DISTRIBUTION STRATEGIES

Most of the manufacturers and marketers can arrange for distribution to villages using the strategies listed below:

- ✓ *PAINTINGS*: A picture is worth thousand words. This way of conveying message is simple and clean. Rural people like the sight of bright colours. COKE, PEPSI and TATA traders advertise their products through paintings.
- ✓ *USING OWN DELIVERY VANS*: One of the way of distribution to rural area can be using delivery vans which can serve two purposes-it can take product to consumer in every nook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion. However, only big companies can adopt this channel.
- ✓ *ANNUAL MELAS*: Annual melas organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to Indian Market Research Bureau-around 8000 such melas are held in rural India every year. Also every region consisting of several villages is generally served by one satellite town termed as Mandis and Agri-markets where people prefer to go to buy their commodities. By making product available in these annual Melas, Mandis and Agri Markets, a firm can cover large section of rural population.

#### PROMOTION STRATEGIES

Mass media is a powerful medium of communication and other strategies that can be followed to promote the product in rural market include:

- ✓ *ASSOCIATING THEM WITH INDIA*: MNCs must associate themselves with India by talking about India, by explicitly saying that they are Indian. M-TV during Independence Day and Republic Day time make their logo with Indian tri-colour.
- ✓ *PROMOTING PRODUCTS WITH INDIAN MODELS AND ACTORS*: Companies should picking up Indian models, actors for advertisements as this will help them to show themselves as an Indian company. Shahrukh Khan is chosen as a brand ambassador for MNC quartz clock maker "OMEGA" even though when they have models like Cindy Crawford.
- ✓ *TALKING ABOUT A NORMAL INDIAN*: It is a normal tendency of an Indian to try to associate him/her with the product. If he/she can visualize himself/herself with the product, he /she become loyal to it. That is why companies like Daewoo based their advertisements on a normal Indian family. "Communicating In Indian Language" The companies should start selling the concept of quality with proper communication. Their main focus is to change the Indian customer outlook about quality. With their promotion, rural customer asks for value for money.

- ✓ *PROMOTING INDIAN SPORTS TEAM*: Companies may promote Indian sports teams so that they can associate themselves with India. With this, they influence Indian mindset. ITC was promoting Indian cricket team for years; during world cup they launched a campaign "Jeeta hai jitega apna Hindustan India India India".

#### MARKETING STRATEGY

Marketers need to understand the psyche of the rural customers and then act accordingly. Rural marketing involves more concentrated personal selling efforts as compared to urban marketing. Firms should refrain from designing goods for urban markets and afterwards pushing them in the rural areas. To effectively tap the rural market a brand must associate it with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language and in large number so that the brand can be associated with the rituals, celebrations, festivals, melas and other activities where they assemble.

#### SALES STRATEGY

Rural sales strategy will include hiring employees genuinely like spending time in the rural areas and who are comfortable with the local language. Marketers can continuously assess all aspects of the business by interacting with the people and their family members personally, evaluating product choices for popularity and keeping favorites on the list.

- ✓ *CHANGING PERCEPTION*: If one go to villages they will see that villagers using Toothpaste, even when they can use Neem or Babool sticks villagers are using soaps like Nima rose, Breeze, Cinthol etc. even when they can use locally manufactured very low priced soaps. Villagers are constantly looking forward for new branded products. What can one infer from these incidents, is the paradigm changing and customer is no longer price sensitive? They just want value for money.
- ✓ *UNDERSTANDING CULTURAL AND SOCIAL VALUES*: It is recognized that social and cultural values have a very strong hold on the people. Cultural values play major role in deciding what to buy. Moreover, rural people are emotional and sensitive. Thus, to promote their brands, they are exploiting social and cultural values.

#### V. CHALLENGES AND PROBLEMS OF RURAL MARKETING

The problems of rural marketing are progressing in spite of efforts to improve in a 9<sup>th</sup> five year plan. The position is improving but slowly the rural marketer has many challenges. But the vast and expanding markets call for good marketing strangers to create win situations to all parties in the chain of rural marketing. Despite the fact that rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons:-

- ✓ *UNDERDEVELOPED PEOPLE*: Rural society is found by tradition, old customs, practices etc. The impacts of modern science and technology have made very less impact of the old beliefs which are still continuing.
- ✓ *UNDERDEVELOPED MARKET*: Rural markets are not developing because of inadequate banking and credit facilities. Rural market needs banks to enable remittance, to transact on credit basis and to obtain credit support from the bank.
- ✓ *LOW LITERACY*: There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all-India average of 52%.
- ✓ *POOR OR IMPROPER COMMUNICATION FACILITIES*: Facilities such as telephone, fax and telegram are rather poor in rural areas. Most villages even today largely depend on telegrams and phones for their communication needs.
- ✓ *MEDIA FOR PROMOTIONS*: Television has made a great impact and large audience has been exposed to this medium. Radio reaches 119 large populations in rural areas at a relatively low cost. However, reach of formal media is low in rural households. Therefore, the market has to undertake specific sales promotion activities in rural areas like participating in meals of fairs.
- ✓ *MANY LANGUAGES*: Language becomes a barrier in effective communication in the marketing efforts. The languages vary from state to state, place to place, and district to district. There are now 18 schedule national languages.
- ✓ *TRADITIONAL LIFE*: Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.
- ✓ *POOR INFRASTRUCTURE FACILITIES*: Infrastructure facilities like roads, warehouses, power etc. are inadequate in rural areas. Infrastructural costs are very high and impact adversely in the rural market activities. . Kacha roads become unserviceable during the monsoon and interior villages get isolated.
- ✓ *DISTRIBUTION*: An effective distribution system requires village level shopkeeper, Mandal/Taluka-level wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.
- ✓ *CAREER IN RURAL MARKET*: While rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent.
- ✓ *BUYING DECISIONS*: Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after satisfying personally, they buy the product.
- ✓ *SEASONAL DEMAND*: Rural economic is seasonal, Rural people have two seasonal demands namely, khariff and rabi. Villages have money mostly in this seasons. As village incomes are seasonal, demands are also.
- ✓ *LOW PER CAPITA INCOME*: Most farmers have small lands and many villages are brought prone, this result in low per capita income. Low per capita income results in

low consumption pattern as compared to the urban population. The marketers faces challenges in rural marketing to decide about quantities, frequency of distributions, package size etc. due to the low per capita income of the rural people.

- ✓ **CULTURAL FACTORS:** Culture is a system of shared values, beliefs and perceptions that influence the behavior of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behavior of people in villages.

#### VI. RURAL MARKETING ENVIRONMENT:

An environment is that which surrounds an organization. It was sum total of external factors and made up of tangible and intangible factors / both controllable and uncontrollable. Rural marketing is basically focused marketing activity of an organization. The Rural marketing environment is complex and is changing continuously. The marketing organization should foresee and adopt strategies to change its requirements in the market. One which doesn't change perishes. An adaptive organization can stand competition or have a modest growth. An organization which makes its effective marketing plans and its own strategies or a creative one will prosper and creates

- ✓ **SOCIAL CHANGES:** These consist of three factors like: Sociological factors, Anthropological factors and Psychological factors.
- ✓ **ECONOMIC CHANGES:** A good and healthy competition, quite knowledgeable and choosy nature of consumers and effective price are base for economic change.
- ✓ **ETHICAL CHANGES:** Business defect ethical values brings degeneration. In the long run it brings problems. No standardization, exploitation and falsification are main ethical values in such organization.
- ✓ **POLITICAL CHANGES:** The government policies towards trade and business, internal taxation and preferential treatments have an influence on the marketing strategies. The marketing environment has to gather the political frame work in which a government is made to work.
- ✓ **PHYSICAL CHANGES:** The infrastructure availability for movement and storage of goods play an vital role in the physical distribution of goods and reaching the consumers. Efficient and cheaper logistics assist the market in a big way.
- ✓ **TECHNOLOGICAL CHANGES:** The fast changing science and technology give a cutting edge to the marketing of products. The changes warrant changes in marketing, inputs and strategies. Faster and efficient communication and transport systems have speeded up marketer. The capital is made to work faster and harder. The vendor, has to use these new marketing tools and facilities in designing and implementing his marketing strategies which are adaptive to the change in environment and ensure success.

#### VII. SUGGESTIONS

- ✓ The arrivals of various products such as Food grains, Vegetables, Dairy products and Flowers etc. need speedy transport. Therefore, rural roads must be compliment and coordinate with railways, nearest waterways (port), airports to avoid spoiling of such products.
- ✓ Infrastructure of markets and warehouses should be regulated so as to ensure fair prices.
- ✓ The communication systems must be developed to make it appropriate to rural market. If not possible, communication must be in regional language.
- ✓ The efficient marketing and distribution system is necessary to reach ultimate consumer in the quickest time possible at minimum cost.
- ✓ Public weighing machines one in each rural market to ensure correct weightiest both for farm and non-farm arrivals. Storage godowns are also required.
- ✓ The existing marketing staff must be increased and adequate training must be given.
- ✓ For storage facilities the government should not depend on private agencies to store food grains (National commission on Agriculture recommended).
- ✓ The proper packaging technique must be improved.

#### VIII. CONCLUSION

Rural marketing is a developing conception, and as a part of any economy has available potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level approach for these markets should focus on availability, accessibility and affordability. The Rural market is not homogeneous. The individual sections of this market are not too big, although the overall size is large. There are geographical, demographical, statistical and logistical differences. Positioning and realities regarding the potential of each of these market segments differ and lie at the very core of form the strategy for the rural markets. Several companies trying to reach out to rural customers are exploring alternative cost effective channels. 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. The rural marketing have to play vital role in the economic development of a developing country, is beyond doubt at present. An intensive effort in order to provide the basic facilities to rural consumers is the need of the hour. Indian rural marketing system should be made much more competitive by competition within the country and preventing the external system equation from interfering with the local markets in the larger interests of the nation.

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