Rural Marketing in India: Problems and Solutions

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Rural Marketing is one of the emerging concepts which have attracted the attention of marketers globally in the recent years. The concept incorporates the marketing of rural specific goods and services leading to exchange between rural and urban markets. The green and white revolutions in the rural areas have raised the standard of living, purchasing capacity and consumptions levels of huge quality and quantity of industrial and manufactured goods. This move have made many business houses to plan strategies to extend their business to rural areas, the trade channels for different types of commodities available in rural areas are private, cooperatives, processors, regulated markets and state agencies. The rural markets offer huge opportunities for enhancing businesses. In spite of much scope for business development very less attention has been paid for the development of rural marketing concept. Further, under developed market, people, infrastructure, communication, transport and many more factors have contribute for the unbalanced growth of rural markets. The researcher has consulted secondary sources of literature for the development of the title. On the whole, in this paper an attempt has been made to discuss the problems of rural markets in India and at the end some solutions have been offered for overcoming the same

Keywords: Rural Market, Standard Of Living, Purchasing Capacity, Trade Channels, Underdeveloped Markets

1. Introduction

Rural marketing is a process of developing, pricing, promoting and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants and also to achieve organizational objectives. The Indian rural market has emerged as
an important growth engine in the Indian economy. Indian rural market is gaining importance day by day because of large population i.e., (68.21%) and (13.08 crore households residing in 6, 38,365 villages (census 2011) the hinterland in India consist around 650000 villages. These villages are inhabited by about 850 million consumers making up for about 70% of population and contributing around half of the country’s GDP consumption pattern, these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of the India’s largest consumer companies serve 1/3 of their rural India. Owing to a favorable changing consumption trends as well as the potential size of the market. Rural India provides a large and attractive investment opportunity for many companies. India’s percapita GDP in rural region has grown at a compound annual growth rate (CAGR) of 6.2 since 2000. The fast moving consumer goods (FMCG) sector in rural and semi-urban India is expected to cross US dollar 20 billion mark by 2018 and reach US dollars 100 billion by 2025. Thus, rural market in India offers a huge untapped potential for marketers of both products and services and it contributes as a nerve center of rural development activity.

In the past, rural marketing was reckoned only as marketing of agricultural products. The rural market in India was unknown to majority of companies globally and they were not interested in entering in this segment because of seasonal, poor purchasing power of the people, lack of infrastructure, transportation, ware house, financial and banking services etc. But these things of the past have been changed. Now every MNC & TNC is looking at the Indian rural market as the next growth driver.

Rural marketing is a developing concept of economy, focused attention need to be paid to market research that goes on to reduce the uncertainty in dealing with these markets. More specifically, in relation to rural areas demand is seen to be very highly price elastic. Through rural marketing companies are resorting to corporate social responsibility (CSR) activities, thus helping the poor not only to augment their income but also to promote their products. It is a win-win partnership deal between the company and the consumers such programs definitely increase the purchasing power of Indians rural populace.

On the whole, this paper throws light on the problems in the rural marketing and at the end it offers few solutions for the betterment of the same.

2. Objectives

1. To understand the rural marketing environment in India
2. To study the problems of rural marketing in India
3. To offer suggestions to overcome the problems

3. Methodology

The present study is descriptive in nature. Secondary sources of literature available on the concept have been consulted by the researcher for the development of the concept.

Transactions of Rural Marketing

In rural marketing, the transactions can take any of the forms as mentioned below

a. Urban to Rural: Urban marketers carry on marketing activities of products and services in rural areas.

b. Rural to Urban: Rural producers market their products in the urban markets

c. Rural to Rural: This involves marketing of agricultural tools, agricultural products, carts, cattle etc., with in the rural areas.

Phases of Rural Marketing

a. Before 1960s-it was completely unorganized, bananas and mahajan dominated the market

b. Between 1960 to 1990 this period was known as green revolution, the forming involves scientific and technological methods and many poor villages become prosperous business centers.

c. After mid 1990 rural marketing was considered different from agricultural marketing.

Rural Marketing Environment

The below mentioned factors affects rural business

- Natural environment (Weather, season, water etc.)
- Traditional/Cultural environment (Caste, Traditions, customs, society bonding, rituals etc.)
- Psychological environment
- Economical environment
- Local Political Environment
- Knowledge Environment (Literacy, education, research support, innovation)
- Geographical Environment (Connectivity, Transportation, Tourism exposure)
All these factors will have both positive and negative impact on rural markets.

4. Problems of Rural Markets:
The problems faced in the rural marketing are continuing in spite of efforts made in 9th five year plan and through many schemes framed by central government respective state governments and NGO’S of national and regional repute. The major reasons for slow improvement is the vastness and expanding markets. Framing and implementing best strategies which can address majority of the problems is the need of an hour. The key problems of rural marketing in India are as follows

1. Underdeveloped Societies and Populace: Majority of Indian rural societies are still underdeveloped they follow old customs, traditions and beliefs. The modern science and technology have made a less impact on their lives, the people in the rural areas are rigid and not ready to adopt the change in any spears. This is a major reason why scientific innovations are not entering the rural segments and they are not getting the expected outcomes.

2. Inadequate Infrastructure Facilities: In our countries rural areas have poor infrastructure facilities in the areas of ware housing, transportation, roads, market yards, etc., due to which the products produced in the rural areas are not getting their right price and recognition. Poor infrastructure facilities have created a great imbalance in meeting the demand and supply factors.

3. Poor Communication Facilities: Rural India have poor communication facilities. Only telephone and telegram services have been utilized and reached so far the rural areas. Print media and visual media reaches only 20% of rural Indians the modern communication services like fax, in ternete and alied services are much far away from majority of rural India. mobile phone and smart phones have yet to reach rural masses. Because of lack of communication, information about climate, monsoon forecast and information on agriculture, poultry etc., are not reaching the farmers due to which they fail in taking decisions regarding the types of crops they have to cultivate and the veracity of fertilizers, pesticides and vet medicine to be used.

4. Underdeveloped Banking Facilities: Banking facilities and services in the rural areas are not up to the mark they are not meeting the requirement of rural masses. Further, only public sector banks are extending their banking services in the rural areas, because of this
rural merchants are not getting adequate loans, mortgage, insurance and other services from banking sector. Further, the rural marketers are not utilizing cash less transactions, electronic banking and e-payment facilities. As a results, they are unable to transact with urban entrepreneurs and marketers.

5. Uneven Distribution of Villages: India is a vast country approximately ranging from 3214 Km from North to South and 2933 Km from East to West. Rural market consist of 638365 villages as per 2011 censes, some villages are large and some of them are small and remote. Further, each village will have different culture, agricultural pattern followed by different climatic and geographical conditions. In this scenario it is difficult to frame a single policy of development of all rural areas ignoring their economic, geographical, cultural, and political backgrounds.

6. Low Per-Capita Income: The per capita income of a rural resident is low as a whole the spending and purchasing capacity is also low. This is the case with majority of the people in rural India, as a result, the marketing activity will come down leading to downfall of the business and marketing activities in this areas.

7. Imbalance between Production and Demand: One of the major challenges in for marketing in rural area is imbalance between production and demand. The rural producers are not able to provide customized services to the customers. At the same time, due to low production the rural products are also priced higher in comparison to their corporate counter parts. The demand pattern is too such that if the quality produced is low, then there are no customers for that product. Further, the retailers too don’t want to keep rural products on their shelf unless one can have assured supply and demand for the products in the markets.

8. Poor Planning and Market Research: The concept of planning was almost absent in the rural markets, due to lack of marketing information facilities. Rural producers fail to produce to the goods as per the demand because of the above reason. Further, they will not search for markets, customers and consumers for their products and services. Due to which in spite of the quality and low price of rural products they were not able to market them and initiate marketing activities in the rural areas.

9. Week Customer Relationship Management Practices: the concept of customer relationship management (CRM) is not maintaining in the rural marketing and businesses majority of the business were done without any maintenance of record. The computers
and internet were rarely used to record the transaction and for maintaining the data. There is no physical evidence of the customers who purchased product and use services. Hence maintaining contacts with them to intimate the availability of products and new arrivals, price variations are not possible. Due to which the rural markets are loosing their potential and prospective customers and consumers.

10. **Increased Logistics and Transportation Cost**: Indian rural markets are spared unevenly they are far away from semi urban and metropolitan cities. Buying the goods from the rural markets and transporting it to urban markets will incurs much cost than its very production. Majority of villages have kaccha roads and they are away from the national highways in this scenario, the cost of the product will become double when it reaches the urban market.

5. **Solutions to the Problems of Rural Marketing in India**

1. The rural populace should be developed in all aspects strategies must be designed by the central government, respective state governments, local bodies and NGOs for the upliftment of the same.

2. Adequate infrastructural facilities like roads, bridges, ware houses, marketing yards, information centers etc., must be provided by in association with public and private partnership.

3. Communication networks like postal, telegraph, telecommunication, television, cinema, etc., need to be strengthened in the rural India. It can be done with the help of the technology and customized services designed to satisfied the communication requirements of rural masses.

4. Banking and financial system need to be redesigned and reinforced as per the requirements of the rural societies. Private banking system, co-operative credit societies and other financial institutions should extend their operations to the rural areas and should provide all possible services.

5. A program should be initiated to connect all rural areas with the highways, urban and semi urban centers throughout the country. A broad understanding must be developed on cultural patterns, climatic and geographical conditions pattern of living traditions, customs, values, and beliefs of the peoples with the help of research centers in that respective areas.
6. Training Programs must be designed to impart the knowledge in vocational and non-agricultural sectors to the rural people so that the dependency on agriculture can be reduced and the rural entrepreneurial activity and industries can be strengthened. This measure will definitely increase the average and per capita income of the rural households.

7. Both central and state governments should provide a platform through which rural entrepreneurs can join together in a given area to comeback the problems of low production this would include standardizing their products, common marketing and sharing of revenues in proportion to the contribution by each member.

8. Interventions by government agencies are needed to do the market research and disseminate the findings to the rural marketers at an earliest so that they can be benefited with the competitive advantage. Further accurate market planning form the main ingredient in an effective marketing plan. Hence marketing palming must be done on scientific and statistical basis.

9. Rural entrepreneurs should be trained in the areas and usage of computer and information technology. Customer data base must be maintained to build healthy business relations with the help of electronic and social media.

10. Local business clients, markets, customers and consumers must be identified. This will reduce the cost of logistics, transportation and price of the products.

6. Conclusion

The study concludes that to achieve the objectives of the rural market development, the governments and private agencies have to focus on the improvement of all the problematic areas of rural marketing and should find proper scientific solutions to address the same. Efforts must be taken to rejuvenate the marketing of rural products; it would definitely help the myriad of rural entrepreneurs across India. Product awareness campaigns and advertising communications too need to be designed and executed keeping in tune with the context. All the citizens must join hands together to promote the rural markets in India as India lives in rural societies.

7. References


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