

# The Problem and Strategies of Marketing in Rural Area (Special Reference to Karnal Zone)

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## ABSTRACT:

The paper describes the challenges and strategies of rural marketing in India. The rural market in Indian economy can be classified under two broad categories. These are the market for consumer goods that comprise of both durable and non-durable goods and the market for agricultural inputs. In recent years, rural markets have acquired importance, as the overall growth of the economy has resulted into considerable increase in the purchasing power of the rural people and preferences of rural people are also getting changed. So, every marketing player is keen to invest in rural markets. Though there is huge potential and substantial growth opportunities in the rural markets, yet there are some challenges too, which caused hurdles in tapping rural markets. This study is a step forward in exploring various strategies to be adopted in the rural market along with the current scenario of rural marketing, highlighting key challenges related to rural marketing.

**Keywords:** Rural Marketing, Marketing, Challenges In Rural Marketing, Rural Marketing Strategies.

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## Introduction:

Marketing today has completely transformed the nature and dynamics of business. One today needs to be adaptive to survive. Marketing of products has taken precedence over the process of production itself. This can be attributed to the fact that the new-age consumer equipped with the potent tool of information seeks more knowledge about the product, its features and its uses. Customer today indeed is the "King". He can make or break the company. And when this information is presented in a creative and effective manner, it creates an everlasting impression on the consumer's mind and may even alter his perception of what he needs. Marketers are forever seeking fresh challenges and scouting for more and more clientele to be drawn into their sphere of influence. The urban consumer has always been pampered with the most dazzling array of goods and services from every industry. But the urban market is fast shrinking due to saturation

caused by the competition, and the growth rate over the past few years has consistently shown a declining trend. In the hunt for fresh pastures, the vast and hitherto vastly unexplored terrains of rural India consistently beckon the moolah-seeking marketer.

## Defining the Indian 'Rural' Market:

The definition of the word „rural“ in a market like India is very amorphous. There are multiple versions of the same idea, which are followed by different entities. Even in the rural marketing space, there is not one concrete definition. Different brands define „rural“ according to their product and service offerings. In a diverse market like India, which has a population of more than 1.17 billion people (estimate till July 2009), the urban-rural divide is quite significant. According to various studies, around 12.2 per cent of the world's population lives in rural India, this also indicates that 29 per

cent of the world's rural population lives here.

### **Why Rural India?**

There are various reasons why every industry is taking a very serious look at rural markets: -About 285 million live in urban India whereas 742 million reside in rural areas, constituting 72% of India's population resides in its 6, 00,000 villages. Size of rural market is estimated to be 42 million households and rural market has been growing at five times the pace of the urban market.

### **Opportunities in Indian Rural Market:**

\* More than 750 million people \* Estimated annual size of the rural market

**FMCG Rs. 70,000 Crore**

**Durables Rs. 5,500 Crore**

**Agricultural-Inputs (including tractors) Rs. 48,000 Crore**

**2 / 4 Wheelers Rs. 8,400 Crore**

\* In financial year 2011-12, LIC sold more than 50% of its policies in rural market.

\* 42 million rural households (HHs) are availing banking services in comparison to 27 million urban HHs.

\* Investment in formal savings instruments is 6.6 million HHs in rural and 6.7 million HHs in urban.

\* In last 50 years, 45% villages have been connected by road.

\* More than 90% villages are electrified, though only 44% rural homes have electric connections.

\* Government is providing subsidies to the villagers to use other source of energy like Solar System and is now being used in large amount.

\* Number of "pucca" houses increasing day by day.

\* Rural literacy level improved from 36% to 59%.

\* Percentage of BPL families declined from 46% to 25%.

\* Out of two million BSNL mobile connections, 50% are in small towns / villages.

\* 41 million Kisan Credit Cards have been issued (against 22 million credit-plus-debit cards in urban), with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.

### **More Rural Development Initiatives by the Government:**

➤ Increasing agricultural productivity leading to growth of rural disposable income.

➤ Lowering of difference between taste of urban and rural customers.

➤ Good Monsoons in the last couple of years.

➤ Growing rural infrastructure - thanks to Government initiatives.

➤ Setting up of channels like e-choupals by companies like ITC.

Many companies like Colgate-Palmolive, HLL, Godrej, etc., have already made forays into rural households but still capturing the markets is a distant dream. Most marketers still lack in-depth knowledge to analyze the complex rural market.

In the Indian context, rural marketing is a complex subject. For a business organization, rural marketing is beset with a number of problems. The prices of rural marketing pose many problems due to the vastness of the country and a high potentiality for providing an effective marketing system.

Besides, a few other problems stem from the under-developed markets, and illiterate and gullible people constitute the major segment of the markets. More purchasing power is not enough. It is not enough to have some consumption pioneers. The activation of buying on a wide scale is an essential pre-condition for the exploitation of the rural market.

It is now unanimously accepted that the rural salesmanship in India has been insufficient and inadequate and out of proportion to the agriculture revolution. This calls for strong bias in favour of raising the rural demand as against the urban demand. The traditional marketing activities of promotion, distribution, sales and servicing, undertaken so far in the urban and semi-urban contexts, are to be extended to cover a much wider area in a rural environment by introducing appropriate innovation, selection and adoption.

### **Challenges in Indian Rural Market:**

Rural markets, as part of any economy, have untouched potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape, and the sector poses a variety of challenges. Distribution costs and non-availability of retail outlets are major problems faced by the marketers. The success of a brand in the Indian rural market is as unpredictable as rain. Many brands, which should have been successful, have failed miserably. This is because most firms try to extend marketing plans that they use in urban areas to the rural markets. The unique consumption patterns, tastes, and needs of the rural consumers should be analyzed at the product planning stage so that they match the needs of the rural people.

Therefore, marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern. The main problems in rural marketing are: -

- \* Understanding the Rural Consumer
- \* Poor Infrastructure
- \* Physical Distribution
- \* Channel Management
- \* Promotion and Marketing Communication

**The major hurdles in tapping the rural markets can be summarized as: -**

- High distribution costs

- High initial market development expenditure
- Inability of the small retailer to carry stock without adequate credit facility
- Generating effective demand for manufactured foods
- Wholesale and dealer network problems
- Mass communication and promotion problems
- Banking and credit problems
- Management and sales managing problems
- Market research problems
- Inadequate infrastructure facilities (lack of physical distribution, roads warehouses and media availability)
- Highly dispersed and thinly populated markets
- Low per capita and poor standards of living, social, economic and cultural backwardness of the rural masses
- Low level of exposure to different product categories and product brands
- Cultural gap between urban-based marketers and rural consumers

The development of the rural market will involve additional cost both in terms of promotion and distribution. In rural marketing, often it is not promotion of a brand that is crucial, but creating an awareness concerning a particular product field, for instance, fertilizers and pesticides. Urban and semi-urban based salesmen are not able to tap the full potential in the villages. Here, it may be suggested that the marketers may select and employ the educated unemployed from villages.

### **Methods Followed Traditionally:**

Traditional methods of rural marketing make an interesting study and they ought to be analyzed carefully to draw relevant conclusions. Conventionally, marketers have used the following tools to make rural inroads: -

- Use of few select rural distributors and retailers to stock their goods but no direct interaction with prospective consumer.

- Use of print media or radio but no alternate form of advertising for promoting their brands.
- More focus on price of product but less attention devoted to quality or durability.
- Same product features for urban and rural setting with no customization for rural areas despite differences in the market environment.
- Low frequency of marketing campaigns.
- Little uses of village congregations like haats and melas to sell the products.
- More focus on men as decision makers and buyers.

### **Strategies for Rural Marketing:**

The past practices of treating rural markets as appendages of the urban market is not correct, since rural markets have their own independent existence, and if cultivated well could turn into a generator of profit for the marketers. But the rural markets can be exploited by realizing them, rather than treating them as convenient extensions of the urban market.

#### **a) Marketing Strategy:**

Marketers need to understand the psychology of the rural consumers and then act consequently. Rural marketing involves more exhaustive personal selling efforts compared to urban marketing. Firms should abstain from designing goods for the urban markets and subsequently 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 numbers so that the brand can be associated with the myriad rituals, celebrations, festivals, "melas", and other activities where they assemble.

#### **b) Distribution Strategy:**

One of the ways could be using company delivery van which can serve two purposes -

it can take the products to the customers 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. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural markets have the practice of fixing specific days in a week as Market Days called "Haats" when exchange of goods and services are carried out. This is another potential low cost distribution channel available to the marketers. Also, every region consisting of several villages is generally served by one satellite town termed as "Mandis" where people prefer to go to buy their durable commodities. If marketing managers use these feeder towns, they will easily be able to cover a large section of the rural population.

#### **c) Promotional Strategy:**

Marketers must be very careful while choosing the mediums to be used for communication. Only 16% of the rural population has access to a vernacular newspaper. So, the audio visuals must be planned to convey a right message to the rural folk. The rich, traditional media forms like folk dances, puppet shows, etc., with which the rural consumers are familiar and comfortable, can be used for high impact product campaigns. Radio is also very popular source of information and Entertainment, Adds on radio can also be a helpful tool for marketers

Some other Strategies to be followed in Indian Rural Market-

- Decentralizing rural markets by detaching them from the urban bases. A give-and-take two-way approach should replace the present one-way exploitation.
- The salesman in rural markets should be selected from the educated unemployed

villagers, trained well and appointed as salesmen. The town-to-villages shuttling salesmen are to be replaced by stationary salesman in villages.

- Companies should also adequately concentrate on educating the villagers to save them from spurious goods and services.
- Rural markets are laggards in picking up new products. This will help the companies to phase their marketing efforts. This will also help to sell inventories of products out dated in urban markets.
- In rural India, consumers are not brand-loyal, but their purchase patterns can be termed as „brand stickiness“. So, more brand awareness and presence in the markets will influence the purchasers.
- It is important for any brand to test the campaign before as well as after it is executed to understand and measure the audience consumption patterns.

### Conclusion:

Thus, looking at the challenges and the opportunities, which rural markets offer to the marketers and the manufacturers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and make use of them to their best advantage. A radical change in attitudes of marketers towards the cheerful and budding rural markets is called for, so they can successfully impress on the 750 million rural consumers spread over approximately six hundred thousand villages in rural India.

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