

## Rural Marketing Strategies for Selling Products & Services - Issues & Challenges

**Mr.G.Nanda Kishor Kumar**

Associate Professor

Malla Reddy Institute of Technology,  
Secunderabad, Telangana State.

**Mr.G.Srikrishna**

Assistant Professor

Malla Reddy Institute of Technology,  
Secunderabad, Telangana State.

### **Abstract:**

*Rural Marketing is a developing concept, and as a part of any economy has untapped potential and marketers have realized the opportunity. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Focused attention needs 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 highly price elastic. Rural markets offer a great scope for concentrated marketing efforts because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities. Rural markets offer a great scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities. There is no doubt that divides do exist between urban India and rural India. This paper discuss the rural marketing and its strategies and also focus on issues and challenges for selling products & services.*

**Keywords:** Rural Market, Marketing, Strategy, Services

### **INTRODUCTION**

The Concept of “Rural Marketing” means different things to different persons. This confusion leads to distorted understanding of the problems of rural

marketing poor diagnosis and, more often than not, poor prescriptions. Rural marketing and urban marketing are identical as regards basic marketing structure. However, rural markets and rural marketing have special features and dilemmas as compared to urban markets. The rural markets offer a great scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities.

The Indian rural market with its vast size and demand base offers great opportunities to marketers. Two – thirds of countries consumers live in rural areas and almost half of the national income is generated here. It is only natural that rural markets form an important part of the total market of India. Our nation is classified in around 450 districts, and approximately 630000 villages, which can be sorted in different parameters such as literacy levels, accessibility, income levels, penetration, distances from nearest towns, etc. The rural markets dominate Indian marketing scene and need special attention for the expansion of marketing activities and also for providing better life and welfare to the rural people.

Given the development, which has taken place in the rural areas under the five- year plans and other special programmes, today the rural market offers a vast untapped potential. Development programs in the field of agriculture and allied activities, health education, communication, rural electrification, etc have improved the lifestyles of poor and the illiterate and some market agencies forecast the rural demand will

superseded the urban demand in the near future. Once the urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. Today, the idea has grown out of its early stages and dominates discussions in any corporate boardroom strategy session.

A survey by the National Council for Applied Economic Research (NCAER), India's premier economic research entity, recently confirmed that rise in rural incomes is keeping pace with urban incomes. From 55 to 58 per cent of the average urban income in 1994-95, the average rural income has gone up to 63 to 64 per cent by 2001-02 and touched almost 66 per cent in 2004-05. The rural middle class is growing at 12 per cent against the 13 per cent growth of its urban counter-part. Even better, the upper income class those with household incomes of over Rs one million [\$22,700] per annum is projected to go up to 21 million by 2009- 10 from four million in 2001-02. It will have a 22 to 23 per cent rural component. Higher rural incomes have meant larger markets.

Broadly rural marketing incorporates 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 private, cooperatives, processors, regulated markets and state agencies.

Rural marketing constitutes the nerve centre of rural development activities. Rural marketing is a two way marketing process. 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. So a broad definition of rural marketing is concerned with the flow of goods and services from urban to rural and vice-versa. In addition, it also includes the marketing in the rural areas.

As the rural marketing is a two-way process, this article attempts to highlight Issues and challenges

associated with the rural marketing strategies. It covers the marketing strategies aspects of rural produce with special reference to products and services within the rural areas.

### Why Rural Markets

- Rural India Accounts for over 75% of Indian's population
- Strength of market
- Size of market
- Incomes in Rural India have improved dramatically
- Tax benefits associated with income in rural areas boost spending power of the average of rural family.
- The rural markets are growing at about two times faster pace than urban markets
- Rural accounts for 60% of the total national demand.
- India entering the globalization mode and the rural revaluation being governed by rising purchasing power, increased savings, changing consumer habits, there are sure and positive sign that a new dawn of rural India is going to come.

### OBJECTIVES OF THE STUDY

- To understand the rural consumer
- To know the rural market strategies in India
- To know the distribution channels of Rural Market – India
- To evaluate the key decision areas in rural marketing
- To study the problems of rural marketing
- To study about the rural marketing environment.
- To know the issues and challenges of rural marketing

### METHODOLOGY OF THE STUDY

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

### SCOPE OF THE STUDY

- Large population
- Rising rural prosperity
- Growth in consumption
- Change in life style
- Market growth rate higher than urban
- Life cycle advantage
- Rural marketing is not expensive

### LITERATURE REVIEW

The rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corporate. Very few companies, mainly the agro-based ones, were concentrating in these markets. There are no innovative strategies and promotional campaigns. A distribution system did exist, but was feeble. Illiteracy and lack of technology were the other factors leading to the poor reach of products and lower level of awareness amongst villagers. Gradually, corporate realized that there was saturation, stiff competition and clutter in the urban market, and a demand was building up in rural areas. Seeing the vast potential of 75 per cent Indians living in rural areas, they started focusing on these unexplored, high potential areas.

Companies came up with special rural products, like Chic Shampoo sachets @ Re 1, Parle G Tikki Packs @ Rs 2, customized TVs by LG, Shanti Amla oil by Marico. All these brought positive results for them. Also, campaigns like Project Bharat by Hind Lever, where trials were generated across India in 1999, saw 30 per cent of its total personal products growing to contribute 50 per cent five years down the line. In the first phase, they covered 11.5 million rural households and increased awareness by 41 per cent.

Project Jagruti in the second phase by Colgate Palmolive India was a village consumer contact programme in 2001. It increased penetration of Colgate Dental Cream by doubling the villages from 33,000 to 55,000, reaching to a million houses. Such

projects lead to increased penetration of products in rural areas.

As a result, retail outlets have sprung up in practically all the villages that store products of various brands and categories. Also, high congregation areas, like fairs, haats, markets etc. are proving to be an important marketing tool since clusters of target audience can be tapped at the same time and place. Location plays a big role in marketing. Therefore, if a product is for kids, anganwadis and schools are a good place to tap them and their mothers. Similarly, mandis and village influencers act as a catalyst in pushing a brand/product.

Here are some of the strategies that may be adopted by Companies for Rural Markets for their products and Services:

Best Promotion and Quality Perception Companies with new technology are properly capable to communicating its products and services to their customer. There is a trade-off between Quality a customer perceives and a company wants to communicate. Thus, this positioning of technology is very crucial. The perception of the Indian about the desired product is changing. Now they know the difference between the products and the utilities derived out of it. As a rural Indian customer always wanted value for money with the changed perception, one can notice difference in current market scenario especially in case of services given by the companies.

- Easy-Way Communication especially for Rural Market
- Changing Pattern of Rural Customers
- Focus on Customer Requirement
- Patriotism with Products and Services
- Promoting Indian Sports Team
- Developing Specific Products for Specific Segment
- Effective Media Modes of communication
- Adopting Best localized way of Distributing Channels

## ISSUES & CHALLENGES IN RURAL MARKETING

India is ingenious with a good degree of ethnic, cultural and regional diversity. About 3/4th of the total population resides in the rural areas and majority of them are dependent upon agriculture for their subsistence. Agriculture contributes about 24.7% to the Gross Domestic Product (GDP) of the country. It also contributes about 13.1% to the total Indian exports. This sector provides employment to 58.4% of the country's workforce and livelihood to more than 650 million people. Despite this fact, the condition of these people has not shown any significant improvement. The development of the nation largely depends upon the development of the rural population.

Rural market witnesses a high demand & it's the rural segment of market that contributes more profit than its urban counterpart. Rural marketing broadly involves reaching customers, understanding their wants, supply of goods and services, and ultimately satisfying consumers, leading to more sales. The general impression is that only agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery has a potential for growth in the rural market. However, there is a growing market for consumer goods now. It has been estimated the rural market is growing at the rate of five times its urban counterpart.

### CHALLENGES IN 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.

#### 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%.

#### Seasonal Demand:

Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon

monsoon and, therefore, the demand or buying capacity is not stable or regular.

#### Transportation:

Many rural areas are not connected by rail transport. 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.

#### Communication Problems:

Facilities such as telephone, fax and telegram are rather poor in rural areas.

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

#### Media for Promotions:

Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population 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 or fairs.

#### Career in Rural Market:

While rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent.

### 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. There is a belief among rural people that experience is more important than formal education and they respect salespersons who can offer practical solutions to their problems.

### Future Trends:

Markets which are not able to face the stiff competition posed by MNCs can restore their profits in the rural sector. The market share of urban market when compared to the rural market is low; hence if Indian industries concentrate on rural markets their sales will increase. If rural markets are brought into the limelight of development, they marked towards the prosperity. Prosperity of India lies in the prosperity of every Indian; hence no rural segment should be left untapped. Rural market has a tremendous potential that is yet to be tapped. A small increase in rural income, results in an exponential increase in buying power.

### Problems in Rural Marketing

- Under developed People
- Low levels of literacy
- Physical Communications Facilities
- Media for Rural communication
- Multiplicity Languages
- Vast and uneven spread
- Low per capital income
- Logistics, Transport, Storage and Handling
- Marketing Organization & Staff
- Product Positioning
- Hierarchy of markets
- Seasonal demand patterns
- Taste and preferences of consumers

### Product Strategies for Rural Markets

- Brand Name
- Small Unit Packages

- Low Priced packages
- New product Designs
- Utility oriented products
- Sturdy Products

### CONCLUSION

In concluding remark, if the company wants to capture the rural market, they must first carry on the detailed and earnest analysis of the countryside goal market, aiming at particular characteristics of the rural market, and utilizing different marketing strategy according to concrete situations. Rural Marketing is a developing concept, and as a part of any economy has untapped potential; marketers have realized the opportunity recently. The rural consumer is growing and this is an opportunity to grab the market share for all the global players in the market – whether it is into Fast Moving Consumer Goods (FMCG) sector or retail sector.

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