

Era of Indian Rural Market – Strategies, Challenges & Opportunity

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Abstract: India has a huge platform where various types of culture are there. In Recent times, Rural India has become the crucial area for the corporate firms where urban markets are saturated with some diverse sets of buyer's goods. In past decade, the rural market was more unstructured and was not a listed target market for marketers. Now a days, corporate firms are recognized that there are so many competitors & stiff competition as well and clutter of products are available in the urban market and can fabricated a demand in rural areas. The paper describes the challenges and strategies of rural marketing in India. The rural market of India started showing its potential from the 1960s and sound development in 70s and 80s. During 90's, there was a steady growth of buying influence of rural India, and it is clear to marketers that in 21st century the prospective is going to get occupied gradually. The rural market provides a unique platform to expand their market and established a foothold. The nature and characteristics of rural market is quite unlike as compared to urban market. Therefore, it is essential to understand the characteristics of rural area and take action accordingly. This study is a footstep onward in discovering numerous strategies to be adopted in the rural market along with the current scenario of rural marketing, highlighting the key challenges, opportunities related to that.

Keywords: Rural marketing, Challenges, opportunity in rural marketing, strategies in rural marketing.

1. INTRODUCTION

India is a land of diversity and about 70% of the population lives in rural area that we know as "Village". Some to a large extent, villages contribute towards the monetary development of the country through the making of food grains, vegetables, etc. Export of these goods will generate capital and earnings from foreign exchange.

Rural market are effect on many aspects which include the rural buyers are not very perceptive or we can say that selective. Once they are ready to buy a particular product, then they develop a strong product feeling, and become brand loyal. As a result, Indian manufacturers usually choose to sell less items at higher prices than selling more items at lower prices.

2. REVIEW OF LITERATURE

Patel Suchi K. (2013) proposed the study related challenges and the opportunities in rural markets in which they offer the prospect segment to the marketers and the manufacturers. Study focuses on exploring various strategies to be adopted in the rural market along with the current scenario of rural marketing.

Kaur Manpreet (2013) attempted to find out the various initiatives taken by HUL to reach the rural consumer. Hindustan Unilever is the pioneer and largest player in India's FMCG market. HUL was the first company to step into the Indian rural marketing. HUL started its first effort towards going rural 1960's onwards, through indirect coverage of accessible rural market through its urban network stockists and distributors. 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. Today HUL's products touch the lives of two out of every three Indians.

Kotni VV Devi Prasad (2012) proposed to undertake this study to find out various ways to tap the potential rural markets. The main aim 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.

3. OBJECTIVE OF THE STUDY

- To understand the Rural Market.
- To penetrate the prospects of Rural Market.
- To assess the pattern move from urban to rural market.
- To provide suggestions in order to make the rural marketing a success.

4. SOURCE OF THE DATA

The study is descriptive in nature. Various websites and books are explored to gather the relevant information.

Define "Rural" Market in India:

The rural market has been rising increasingly over the previous few years and is now even better than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Parle, Colgate, HUL have focused on rural markets. Several companies have been investing to expand rural reach in the past few years. HUL nearly trebled its rural presence in the past three years, while Britannia & Godrej Consumer doubled their direct distribution network and P&G stepped up investment to push mass priced products.

Thus, looking at the prospects, which rural markets offer to the marketers, it can be believed that the future is very promising & exploit them to their best advantage.

Defining Rural Marketing:

The **Rural Marketing** refers to the happenings commenced by the marketers to get aware and motivate people who are living in rural areas to adapt their buying power into a real demand for the goods and services. The urban to rural flow comprises the products like agricultural, 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.

5. OPPORTUNITIES IN RURAL MARKET

The key motive why the firms are converging on rural market and emerging the effective strategies is to knock the market potential, which can be identified as follows:

1. Massive and Isolated Population:

The population in rural area is more than urban population. According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rural population is scattered in over 6 lakhs villages. As the population is higher, the chances of scattering the market is more and a massive scope for marketers to hold for longer time.

2. Buying Power:

Intensification of buying is more in rural people. Marketers have to first analyze the potential of rural markets and according to that potential, they can expand their operations in rural India. A promise that seemed ready to be fulfilled because of explosion in the buying capacity in the rural sector.

3. Market Growth:

The rural market is budding gradually over the years. A large number of MNCs have entered rural markets. MNCs such as HUL, LG Electronics, Godrej, Philips and Bajaj have made innovative marketing efforts in the area of availability, affordability, acceptability and awareness. Also initiatives taken by the Government of India to promote rural markets. As per the 2001 census, about 50 per cent of the rural population is literate. This has contributed to the increase in rural demand. This has changed the buying behavior of rural consumers and lifestyles.

4. Development of Infrastructure:

In Rural Market, it seems that there is a growth in infrastructure facilities and public services in which a construction of roads and try to provide better transportation services, good communication network, rural electrification and public distribution system. Because of these elementary factors there is huge scope for rural marketing.

5. Traditional Outlook:

The values and belief of rural consumer are very traditional. They believe in purchase a product according to their family preference. They do not prefer changes. The rural population is gradually adaptive in nature in its demand and for obsessing branded products as well.

6. Marketing Mix:

The elements of marketing mix are to be accustomed as per the necessity of rural consumers. Marketing mix are the key success of any business. These four elements are very powerful tools for manager to defend his market as well as to beat competition. A manager needs to keenly observe the basic desire of rural market and considering all important characteristics of rural customers.

6. CHALLENGES IN RURAL MARKET

At present, some of company have been trying to get hold the rural market. It is very clear that the rural market reveals opportunities and great exposure to the marketers but it is not so easy because market also possess challenges and marketers have to work hard to tackle these challenges carefully. The following are the major challenges which is faced by a marketers they are;

1. Problem of Designing Products: the campaigning of product is not necessarily same as urban market. It sold differently like as urban market because there is a difference in mindset, utility value, belief of the consumer. Mind-set of rural segments seems quite astonishing and different.

2. Large Population: knowingly, the major population of India are belongs to Villages and it seems more potential for the marketers to run his business.

3. Increased Income: Use of modern agricultural equipment and technology, the rural people have generate their income and also increased in purchasing power. The increased income motivates a farmer to improve his livelihood by purchasing a good quality product and thus, the marketer gets an opportunity to enter into the rural market.

4. Competition in Urban Market: Due to increase in competition in Urban market, where people are well aware of the goods and services which is rendered by a marketers which creates a brand loyalty. Therefore, the marketers move towards the rural market to escape the penetrating competition and generate higher revenues from these market.

5. Improved Infrastructure facilities: there is an improvement in transportation facilities in many villages, the marketers are enable to access and promote their goods and services in vast pace. Even telecommunication is gradually increases, so rural people can get easily approachable via mobile phones.

6. Support of Financial Institutions: Several Co-operative banks and public sector banks offer the loan facility to the rural people at low-interest rates. With the loan, the purchasing power of an individual increases, thus resulting in a better standard of living.

7. New Employment Opportunities: The government has started many programmes aimed at improving the standard of living in villages or rural areas. To build rural infrastructure, the government launched a time-bound business plan for action. The Government is also running several employment opportunity programmes, with the intention to engage people in other activities apart from the agriculture occupation. The Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojana (JRY), Training Rural Youth for self-Employment are the certain programmes, designed to increase the livelihood of rural people.

Due to so much potential in the rural areas, the companies are focusing more on the needs and desires of people living in here and are taking every possible step to stimulate people to buy products and services and improve their livelihood.

7. STRATEGIES FOLLOWED BY MARKETERS

The marketers are following the strategy to “Go Rural” because of attractions in the rural market. At this stage, marketers have to analyze the present scenario of rural market like; its problems; different challenges and new opportunities. It may be a good platform to understand how companies are shaping their strategies to harness the rural market opportunity and transforming their rural operations into viable profitable centers.

An appropriate segmentation of the highly heterogeneous rural market and identification of the needs and works of different segments will form the basis for rural market strategies. For rural market, it will be ideal to think of strategies from the marketing mix point of view, main strategies are related to product, price, place and promotion.

PRODUCT STRATEGIES:

1. Lesser unit and low priced packing – Lesser unit means to make a product small in size which will be more approachable to rural consumers rather than larger size. This method has been tested by other products like shampoos, coconut oil, paste, biscuits, Vicks five gram tins, etc. the objective of keeping low priced and low priced packed is to keep the entire market alert and they can opt the product as well as try to consume for a longer time.

2. New product designs – Marketers have to design a product according to the perception of rural consumers. It needs a keen observation on rural household items which indicates the importance of redesigning or modifying in the products. The marketers can consider these, in terms of new product designs with special context in lifestyles of rural areas.

3. Sturdy products - Sturdiness of a product is a significant feature for rural consumers. In terms of weight or appearance the product for rural consumers is more over and durable. The product intended for rural areas should be sturdy enough to stand rough handling and storage. As they like bright flashy colours so that they feel the products with such colours are sturdier.

4. Brand name – the rural consumers are more concerned about the utility of the products. They give their own brand name on the name of an item for their identification of that brand. The brand name awareness in the rural areas is fairly high. A logo is very important for them because it can be easily remembered. They call the product through their color or logo.

PRICING STRATEGIES:

Pricing strategies are associated to product strategies. Some of these strategies are mentioned here;

1. Low cost/cheap products - The pricing strategy is set for rural market will totally depends on the scope for reducing the price of the product which suits the income factor and at the same time not compromising with the utility and sturdiness of the product. This is a common strategy is being adopted usually by many manufacturers.

2. Simple packaging – Simple packaging should be adopted to cut down the cost. Simple package can be adopted which can bring down the cost as it is presently being done in the case of biscuits like in Parle G. Some innovation in packing technology is very necessary for rural markets.

3. Refill packs/reusable packaging- Packaging is that which 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. Such measures have a significant impact on the rural market. By such technology also the price can be reduced. In addition the packaging material used should preferably lend itself for reuse in rural areas.

4. Application of value engineering-This is a technique followed by marketers in which they try to evolve products on cheaper price instead of providing costly raw material, 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.

DISTRIBUTION STRATEGIES:

Distribution in villages is very crucial part for the marketing men. They try to arrange the distribution in village & essential to formulate specific strategies for distribution in rural areas, for that shelf life of the products is kept in mind. Keeping in view the hierarchy of markets for the rural consumers, the feeder markets and mandi towns offer excellent scope for distribution. From the feeder markets and mandi towns the wholesaler can arrange for distribution to the village shops in the interior places. This distribution can be done through number of medium like mopeds, cycles, bullock-carts, camel-backs etc. depending upon the township. While shandies/heaths are held a particular day every week, Jathras and melas are held once or twice a year for longer durations. They are normally timed with religious festivals.

PROMOTION STRATEGIES:

As we know that mass media is a effective medium of communication. To increase the sales of the product it is a right tool for marketers to implement in that area. Promotional strategies includes those sales activities that supplement both personal selling and advertising, and coordinating. Making an advertisements effective, such as displays, shows and exhibitions and demonstrations are the core of the promotion. For propagating the information, related to agricultural and other rural industries products, the government should circulate pamphlets either to panchayat raj office or to schools where it can be predictable.

While putting efforts to improve the marketing system within rural areas, we should forecast the forces of globalization affecting the market forces.

8. CONCLUSION

The study concluded that efforts in rural area is huge opportunities for the marketers in which companies can tap for their growth and development. Tackling in rural markets is little bit difficult for the Companies as well. A rural marketer has to profound the needs of rural consumers and must design products according to their best fit with rural condition. To make a product success in rural market it is important for companies to make product that cater to all facets of rural needs from product design to branding and from packaging to after sale services.

The rural market is huge as compared to urban market as well as it is more challenging as well. The consumer wants those products which are long lasting, good, easy to use and cheaper. There is rapid development in infrastructure, technology and distribution part, all are these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. the rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.

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