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Rural marketing in India: A detailed discussion

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Abstract

Indian rural marketing is very complex in nature and has some unique features. Today, many companies are entering into rural markets and are achieving success. It is proved that by proper understanding of the market, it is possible to establish rural markets. A no. of opportunities is attached with rural markets, as the ¾ population of the country is living in rural areas. For the companies to be successful, they need to overcome some problems which rural sectors are facing and the rural market may face. In this paper, we will develop an insight regarding various concepts of rural marketing in India.

Keywords: Rural markets, detailed, opportunities

Introduction

Rural market of India has shown its future in the start in 1960. In 1970's and 1980's, its continuous development has been seen. And today, the rural marketing is increasing its growth at a very high rate. There are many assumptions regarding rural marketing, one of them is that the buyer is not very judicious about the product. Once he starts to buy a specific product, he becomes loyal towards that product at the very same moment. Indian marketers want to sell fewer products at high prices than selling more products at low prices. But the reality is that the rural buyer is very judicious about the product and he cannot be easily influenced. There is other assumption that the rural people are not very fond of quality and there are some other presumptions. But most of these assumptions are just myth. Therefore, it is necessary to study the consumer behavior of rural people before entering into the rural area for marketing. Rural marketing is done to satisfy the needs and wants of the rural people. So before defining what is rural marketing we should know about what is marketing? Marketing is called as the process to define, anticipate the needs of the consumers and organization of the resources of the firm to satisfy the needs of the consumers. Level of satisfaction of the consumers defines the success of the organization. Therefore, it is necessary for the organization to know about the consumer behavior to achieve the goals of the organization. Now the question arises, what is rural marketing? Rural marketing is the function which manages all the activities which are included in assessment, stimulation and conversion of purchasing power of the potential buyer into the demand for the products and services and implementation of these activities in rural area to provide satisfaction and standard of living for rural people and achieving the goals of the organization.

Rural marketing plays an important role in the economic growth of the country. It is not a separate entity but it is affected by social and behavior factors of the rural sector of the country. Rural marketing helps in bringing the marketing activities of urban sectors to the rural sectors of the country. Rural marketing of India is very vast in nature, and highly scattered. It offers a number of opportunities to the people of rural sector than the people of urban sectors. It covers around 3/4th of the population of the country; therefore, the consumers from rural market are also the maximum. So, Durable and non-durable products, services like food, electronic items, banks etc. are produced according to their needs and preference. The agro-based industries are the main business for rural people like seeds, fertilizers, pesticides and farm machineries. Success of rural production in rural areas is unpredictable because it is very difficult to understand rural markets. Because the social factors and attitude and beliefs of rural people or people from various villages are different. By overcoming the challenges for rural marketing, the future of rural areas can be made bright. The major challenges faced by rural markets are distribution factors, financial assistance, lack of communication, poor infrastructure facilities, different languages, per capita income, seasonal demand, transportation facilities etc.

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Characteristics of Rural Market

It is said that the proof of production lies in the consumption of the product. As the use of technology is increasingly rapidly with its advancement, it increases buying capacity of the consumers, and the demand for more and better goods and services are increasing. With the liberalization and globalization, Indian economy, has gain a lot of advantage for high production even in rural market. The main features of rural market are:

- **Main Source of Income:** Agricultural income is one of the main sources of income for our country. Nearly 3/4th of the population of our country is living in rural areas, and they are dependent on agricultural income for their livelihood.
- **Size:** Size of rural market is very large and the rural market is highly vast. It offers a plenty of opportunities to the people living in the rural areas than the people of urban areas. It contains the maximum population of the country and people from almost all the regions and so the numbers of consumers will also be maximum.
- **Income is Seasonal:** The income from agriculture is seasonal and also fluctuating in nature because it depends on the production of crops. Better crops yield high income and vice-versa. There are different seasons for different crops.
- **Scattered Market:** The rural market is large but it is very geographically scattered. The markets are few in number while the villages are more.
- **Diversities:** The rural market is highly diversified based on language diversity, religious factors, cultural differences and economic disparities. Thus rural market is the mixture of people having diversifying nature and different customs and beliefs.
- **Underdeveloped Market:** Rural market is highly undeveloped because the people constituting in the market have very low purchasing power and thus lack the economy. The income from agriculture market is also exempted from taxation.
- **Low Standard of Living:** The rural market is highly oriented on agriculture and the people living in the rural areas have low standard of living, their per capita income is also low and they are backwards towards social-culture.
- **Heterogeneity:** Level of heterogeneity is high in rural markets because there are various types of consumers in the rural areas. Some are extreme rich while some are poor; some are highly sophisticated while some are too simple; some are very educated while some of them are illiterate and many other differences.
- **Government of Role:** Availability of facilities like electricity, transport, schools, hospitals etc. affects the demand for the products. The Govt. of India has taken many steps to reduce the poverty line and to improve the living conditions of the people living in rural areas. Government's contribution is very important for the development of rural sector of our country.

Thus it can be said that rural marketing is an emerging concept which manages the activities like the purchasing power of consumers and converting it into the demand for the products or services.

Importance of Rural Marketing: Today's rural marketing is applying theories of marketing and the efforts for creating

and satisfying the needs of rural market. Rural market of India is growing faster than the urban marketing and resulted into economic and social development of the country. Rural marketing is beneficial for organizations, people from rural areas, urban areas and for the whole country. Today the marketers want to serve the rural markets first because it is still unexploited. There are various importance for rural marketing which are:

- **Reducing the Burden:** Rural marketing contributes in prosperity of the people and the rural infrastructure. Due to rural marketing, burden of urban sector is also reduced because of the growth in marketing activities in rural area; people can earn their livelihood in rural areas. There is availability of all types of goods and services in the villages at comparatively low prices.
- **Increasing Growth:** Marketing helps in increasing the economic growth. There are more opportunities of growth in rural market than the urban. Rural market is completely dependent on agriculture and about 50% of the income coming from rural sector is part of national income. In export also, there is important share. It also helps in improving the agricultural sector and boosting the economy of country.
- **Generation of Employment:** Approximately 70% of the food products are created by agricultural activities. Therefore, it generates more employment opportunities than the urban markets. If the growth of rural marketing is increased, it will help in increasing operations of business and a lot of employment opportunities will be created.
- **Living Standard:** Rural marketing helps in improving the living standards of the people of the rural areas because due to this, rural buyers can have the required goods easily at optimum prices and rural marketing also helps in improving rural infrastructure, which will help in increasing the living standard of people.
- **Agro-based Organizations:** Rural marketing helps in setting up agro based industries where fruits, vegetables, pulses etc. are used as a part of raw materials. These industries help in improving the profit margins of the rural area and increase the employment opportunities and thus lead to development of agro-based industries.
- **Optimum Utilization of Resources:** Rural marketing also helps in optimum utilization of the untapped resources of the rural areas. As there are multiple business opportunities in the rural areas, the unutilized and untapped resources of the rural areas can be well utilized at maximum level which will further helps in increasing economic growth.
- **Improvement of Rural Infrastructure:** Rural marketing and infrastructure goes together always. As the rural marketing will grow, the improvement in transportation, banking, medical, educational, entertainment and other facilities will be there. If these facilities will be available easily in the rural areas, organizations can easily approach their potential rural consumers.
- **Stability of Price:** Price is the main factor for any consumer. Rural marketing also helps in the stabilization of prices. Marketing activities will help in providing better transportation, warehouse facilities etc. with their help, agricultural products can be marketed easily. The gap between the demand and supply can be reduced and the price of product will remain low or stable.

Problems in Rural Marketing: There are many problems related to the rural marketing, despite of continuous improvement of rural sector. The position of rural market is increasing but a very slow rate. Rural marketing has to face many problems which are:

- **Underdeveloped people:** The people of rural areas are very underdeveloped. They are formed from old traditions, customs and practices etc. The impact of modern technology and modern science has affected very less to the people of rural market as their old beliefs are still in existence.
- **Underdeveloped Market:** Rural markets are still highly underdeveloped because of inappropriate banking and loan providing facilities. Rural market needs credit on very less or no interest basis, they need credit support from the banks to enable remittance.
- **Poor Communication Facilities:** In most of the villages of the country, there is still lack of proper communication facilities. They are still dependent on telegrams and phones for communication. They need different media channels like print media, visual media, which is available only for little percentage of rural Indians.
- **Languages:** India is the country of many languages and language is the most important barrier to communication. The language of every state, place, district or village is different, which creates problems while doing marketing.
- **Vast Area:** Area of India is very vast and the second highest populated country of the world. Its rural market is made up of nearly 80 crores rural customers in nearly 6.5 lakhs villages. Even if the rural people are migrating to urban areas, rural area is still the place to live for majority of Indians.
- **Per Capita Income:** The per capita income of rural market is comparatively low because the farmers have very small lands for farming. It results in low patterns of consumption. Marketers have to face challenges like quantity, distribution etc. because of the low per capita income of people living in rural areas.
- **Infrastructure facilities:** Infrastructure facilities of the rural markets are poor because of the poor infrastructure like roads, warehouses etc. Cost of infrastructure is high and affects that creates the negative impact of marketing activities of rural areas.
- **Demand is seasonal:** The demand of rural products i.e. agricultural product is seasonal because their economy is seasonal. There are mainly 2 seasonal crops which are kharif and Rabi. Villagers have income mostly in such seasons.
- **Transportation:** It is the very important element to move the products from urban areas to the rural areas. The transportation facilities of the rural areas are very poor in India. Due to this, most of the products are not available to them.
- **Low level of literacy:** The literacy rate of people living in rural areas are quite low than the people living in urban areas. Due to low level of literacy, the problem of communicated is created. As compared to other communication media, print media is least utilized there.

Role of Cooperatives in Growth of Agriculture sector and Indian Economy: Cooperatives are there to build a

well-organized system for developing the growth of agricultural sector particularly the rural sector and the economy of the country. The areas where cooperatives of marketing can play a major role for developing the rural and agricultural sector which will further increase the economy of the country are:

- **Providing Credit:** Cooperatives provide credit to the people related to field of agriculture who are: farmers, labourers etc. which helps in protecting the farmers from taking the credit from landlords or various other money-lenders.
- **Assist MSME's:** Cooperatives provides financial support to MSME's. There are entrepreneurs at rural level who don't have enough money to invest in the business. It also helps in creating employment opportunities and improving the living standard of people from rural areas.
- **Development of Processing Industries:** Factories based on agricultural products can be established like sugar factory, rice mills, business of dairy products etc. These business can be more profitable and easy to establish because the raw materials can be available easily.
- **Increase in employment opportunities:** In India, the people are facing problems of unemployment, especially the young generation. Cooperatives help in providing opportunities by removing unemployment from different regions.
- **Saving Habits:** It encourages the people from rural areas to develop saving habits. Weak sections of the society have less finance to spend in the future.
- **Participation in export:** For the economic growth of a country, it is necessary to have more exports and fewer imports. Cooperatives sector helps in more production and then further exporting it to foreign countries especially agricultural and dairy products.
- **Financial Inequality:** There is a wide gap between the rich and the poor in our country, and after independence, this gap has been increased. Rich are becoming richer and poor are becoming poorer. Regional balance of the country also creates financial inequality.
- **Protecting Weaker Section:** Cooperatives helps in protecting the weaker section of society from the money-lenders and the traders. Government has also taken many steps to protect the weaker section from getting them exploited and provides financial assistance to them.

Conclusion

Indian rural market is very complex and has some truth which marketers need to accept. The purchasing power of rural people is comparative less but they can contribute in the growth of the company. Earlier, the rural people have to go out of village to purchase any products but those days are now gone. With the innovations and advancement in technology, development of infrastructure and encouragement of human capital, the growth of rural sector has been increasingly tremendously.

Rural market of our country is opportunistic as well as challenging. Economic reforms in India have bought many changes to the whole environment of rural marketing. Successful rural marketing develops the proper understanding of the rural marketing environment and the

production is made accordingly to satisfy the needs and wants of the rural people. It is done by adopting various necessary strategies to improve the communication and distribution of products and services. For the rural markets, it is said that, "they are not found, they are created". Here, cooperates are helping to build the well-systemized mechanism for improving the growth of rural sector of our country.

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