



A STUDY ON RURAL MARKET IN INDIA: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

The rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets. Entrepreneurship in rural areas is finding a unique combination of resources, from agriculture. This can be achieved only through the base of a farm business to include all the non-agricultural uses that available resources can be put to or through any major changes in land use or level of production other than those only depend on Agriculture. Unfortunately the economic growth of the country continue to be limited by the general constraints of the small business sector, due to challenges of skills like managerial skills, lack of global competition and the weak entrepreneurial performance. The primary objective of the study is to find out the influence of selected challenges on the perceived success of entrepreneurship and small businesses present in rural areas. The study was conducted by using the quantitative technique with main focus to identify the challenges for Marketing. Although agriculture today provides income to rural Peoples, rural development is increasingly linked to enterprise development. Since national economies are get more globalized and competition is high at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is not surprising that rural Marketing is gaining in its importance as a force of economic change that must take place if many rural communities are to survive. Rural Marketing is now a days a play a role major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing so many problems due to non availability of primary facilities in rural areas for developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to stabilize industries in the rural areas. This paper find out the Opportunities and Challenges for the potentiality of Rural Marketing.



KEYWORDS: Entrepreneurship, Rural Sustainable Development, Technology.

INTRODUCTION

Rural markets are gaining importance in emerging economies. A large number of businesses are involved in the marketing of various products in the rural areas of India and elsewhere. The main objective of this program is to develop a strong foundation of applied knowledge, concepts, approaches and

analytical-skills in the participants for successful marketing of products and services to rural consumers and users. Marketers are always searching for clean challenges and scouting for greater and extra shoppers to be drawn into their sphere of influence. The urban consumer has always been pampered with the most marvelous array of goods and offerings from each and every industry. But the urban market is quick shrinking due to saturation brought on by the competition, and the boom charge over the previous few Years has constantly shown a declining trend. In the hunt for sparkling pastures, the widespread and hitherto vastly unexplored terrains of rural India persistently beckon the moolah-seeking marketer. India's boom pass is highly driven by using the improvement of the rural people. "Rural Marketing is defined as a characteristic that manages all activities involved in assessing, stimulating and converting the buying electricity of rural customers into a nice demand for specific products & offerings and moving these products & services to the humans in rural areas to create satisfaction and a better trendy of residing and thereby achieving organizational goals"

From the strict marketing point of view, the market structure in India is dichotomous having rural and urban markets. But many do not concur with this view as they contend that consumer everywhere is a consumer and hence their needs, aspirations, beliefs and attitudes will also be the same. The fact, however, remains that there are certain unique characteristic features which call for separate marketing strategies to be distinctively developed to suit the rural and urban market behavior. Conditions existing in urban markets at present can also be analyzed in this context. First, the urban markets have almost reached a saturation level that further tapping them with a high profit margin has become difficult. Secondly, competition is becoming tough in urban markets compelling many firms to incur heavy costs in promotional expenditure. Thirdly, the awareness level of urban consumers is high and hence product features have to be changed often. Needless to say this process needs a huge investment which will have a negative impact on profitability. Thus, except perhaps for easy reach the urban markets have become as oasis. The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets.

In India's rural economy, the idea of marketing is constantly playing a major role in the daily routine of individuals. The market in the country or rural India is more profitable for the country as these areas or the majority of consumers in rural India are involved. India's rural market produces the country's economic benefits. Rural marketing in India is constantly difficult to understand due to its uniqueness. But many companies were able to enter the market in rural India. With the help of smart sales techniques, they entered the rural market with the right understanding. It is difficult for corporates to maintain all the major opportunities available in the Indian rural market. More than half of India's population lives in rural areas. It is extremely volatile to overcome the Indian rural market and to be efficient in the Indian markets. Companies have to face some difficult tasks like price of products and distribution of products. The study focuses on rural market conditions, use of different marketing methods, various challenges as well as opportunities, key decisions and strategies before entering India's rural market. The main objective of this research is to explore the potential of the Indian market and the many lunar problems of the rural market. Due to the fresh demand in rural Indian income, Indian rural markets provide a good way for targeted marketing strategy.

1.1 Objectives

- To gain an understanding of rural Marketing.
- To identify the challenges facing by small Marketers.
- To study the opportunities for rural Marketing.

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- a) To study the current scenario of rural market in India.
 - b) To unleash the conceivable of rural market.
 - c) To determine the paradigm shift from urban to rural market.
 - d) 4.To apprehend the rural market
 - e) To know the major opportunities available in the rural market.
 - f) To study the major challenges faced by marketer in rural market in India.

Rural markets, as part of any economy, have untapped potential. There are several difficulties confronting the effort to fully explore rural markets. The study aims at bringing a holistic understanding of the rural markets. The objectives of this study include examining the current market scenario of Indian rural market, and providing in-depth-analysis of the issues and challenges faced by the marketers while operating in the rural environment, and identify rural marketing opportunities. The study also concentrates on the problems faced by rural markets and finally offering suggestions to overcome the problems and tapping the potentiality of the rural markets at maximum level. The present study mainly attempts to examine the following issues:

Marketing

Identifying the needs of customers and potential customers, providing products/services that satisfy their needs, and developing efficient processes or systems to deliver your product/service to the market when, where, and how consumers want it.

Rural Marketing:

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, 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.

Importance Of Rural Markets:

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG sector. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2010, boosting purchasing power in the countryside. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverage. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas. At present 53 per cent of all FMCGs and 59 per cent of all consumer durables are being sold in rural India. The biggest FMCG Company in India HLL derives more than half of its Rs. 12,000 crore revenues from the rural markets. The rural market is an enigma for the companies. Due to the lack of deeper insights into the psyche of the rural

consumers, companies are hesitant to explore this territory. But local brands, like “Ghadi” detergent in Kanpur, have been able to successfully tap the opportunities presented by rural market.

Other influencing factors in Rural Marketing

Natural calamities and Market conditions (demand, supply and price). Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, Grading, Transport, Market Intelligence (up to date market prices to villagers), Long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

Features of Rural Marketing

The main reasons why the companies are focusing on rural market.

1. Large and scattered population:

According to the 2001 census, 740 million Indians forming 70 per cent of India’s population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

2. Higher purchasing capacity:

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

3. Market growth:

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

4. Development of infrastructure:

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

5. Low standard of living:

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

6. Traditional outlook:

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

7. Marketing mix:

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

Rural Marketing in India

According to the third annual edition of Accenture Research, "Masters of Rural Markets: From Touchpoints to Trustpoints - Winning over India's Aspiring Rural Consumers," rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets. The report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India's rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices. The hinterlands in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Effect of Globalization on Rural Entrepreneurship

Since globalization is a macro-concept and rural Marketing is a micro-concept, it is very difficult to establish linkages, of globalization on rural Marketing. However, it is possible to identify a range of different channels through which various aspects of globalization can be change the scenario of rural entrepreneurship in India.

Need for Rural Marketing

The need for and growth of rural industries has become essential in a country like India because of the following reasons: 1. Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive. 2. Rural industries are capable of checking rural urban migration by developing more and more rural industries. 3. Rural industries/entrepreneurship help to improve the per capital income of rural people there by reduces in gaps in income of rural and urban people. 4. Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy. 5. Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market. 6. Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance. 7. Rural entrepreneurship creates an avenue for rural educated youth for their career.

Challenges of Rural Entrepreneurship

Rural Marketing has its own drawbacks.

Transportation:

Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation infrastructure is extremely poor in rural India. Due to this reason, most of the villages are not accessible to the marketing man.

Communication:

Marketing communication in rural markets suffers from a variety of constraints. The literacy rate among the rural consumers is very low. Print media, therefore, have limited scope in the rural context.

Availability of appropriate media:

It has been estimated that all organized media in the country put together can reach only 30 per cent of the rural population of India. The print media covers only 18 per cent of the rural population. The radio network, in theory, covers 90 per cent. But, actual listenership is much less. TV is popular, and is an ideal medium for communicating with the rural masses. But, it is not available in all interior parts of the country.

Warehousing:

A storage function is necessary because production and consumption cycles rarely match. Many agricultural commodities are produced seasonally, whereas demand for them is continuous. The storage function overcomes discrepancies in desired quantities and timing. In warehousing too, there are special problems in the rural context.

Village structure in India:

In our country, the village structure itself causes many problems. Most of the villages are small and scattered. It is estimated that 60 per cent of the villages are in the population group of below 1,000. The scattered nature of the villages increases distribution costs, and their small size affects economic viability of establishing distribution points.

Rural markets and sales management:

Rural marketing involves a greater amount of personal selling effort compared to urban marketing. The rural salesman must also be able to guide the rural customers in the choice of the products. It has been observed that rural salesmen do not properly motivate rural consumers. The rural salesman has to be a patient listener as his customers are extremely traditional.

Market segmentation in rural markets:

Market segmentation is the process of dividing the total market into a number of sub-markets. The heterogeneous market is broken up into a number of relatively homogeneous units.

Transportation Problems:

Transportation is imperative for motion of products from city production centers to remote villages. In rural India transportation amenities are quite poor. Nearly eighty percentages of villages in the

country are not linked by way of nicely constructed roads. Many parts of India have kuccha roads. Due to poor transportation amenities, it is no longer viable for a marketer to get admission to the rural.

Many Languages:

India is a united state of many languages. Language becomes barrier in effective conversation in the market efforts. The number of languages fluctuate from state to state, vicinity to vicinity and district to district, etc.

Seasonal Demand:

Seasonal demand is essential hassle of rural market. Agriculture state of affairs plays a widespread function in the demand of commodities in the rural market because it is the foremost supply of income. Again, agriculture depends on monsoon so shopping for capability of rural consumers varies. Despite this, many rural areas are not connected through rail transport. Kuccha roads become unserviceable for the duration of monsoon.

Opportunities of Rural Marketing

- ❖ The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.
- ❖ E-commerce players like Flipkart, Snapdeal, Infibeam and mobile wallet major Paytm have signed Memoranda of Understanding (MoUs) with the government to reach rural areas by connecting with the government's common service centres (CSCs) being setup in villages as part of the „Digital India“ initiative.
- ❖ With the increasing demand for skilled labour, the Indian government plans to train 500 million people by 2022, and is looking out for corporate players and entrepreneurs to help in this venture. Corporate, government, and educational organisations are joining in the effort to train, educate and produce skilled workers.
- ❖ The Union Cabinet has cleared the Pradhan Mantri Krishi Sinchae Yojana (PMKSY), with a proposed outlay of Rs 50,000 crore (US\$ 7.5 billion) spread over a period of five years starting from 2015-16.
- ❖ The scheme aims to provide irrigation to every village in India by converging various ongoing irrigation schemes into a single focused irrigation programme. The Government of India aims to spend Rs 75,600 crore (US\$ 11.34 billion) to supply electricity through separate feeders for agricultural and domestic consumption in rural areas. This initiative is aimed at improving the efficiency of electricity distribution and thereby providing uninterrupted power supply to rural regions of India.
- ❖ To promote agriculture-based businesses, the Government of India has started „A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship“ (ASPIRE). Under this scheme, a network of technology centres and incubation centres would be set up to accelerate entrepreneurship and to promote start-ups for innovation and entrepreneurship in agro-industry
- ❖ The Government of India seeks to promote innovation and technology development in the remote rural and tribal areas. The government plans to form a committee to study various innovations and submit their reports to the concerned Department or Ministry. The programme called the „Nav Kalpana Kosh“ aims to improve rural areas at various levels, such as governance, agriculture and hygiene.
- ❖ Banks are working to set up rural ATMs, which will dispense smaller denomination currency notes. "We have encouraged banks to find a solution for bringing in rural ATMs."

- ❖ The rural market has been growing gradually over the past few years and is now even bigger than the urban market. The saving to income percentage in rural area is 30% higher than urban area. At present 53% of all FMCGs and 59% of consumers durables are being sold in rural area. Major opportunities available in rural market are as follow.
- ❖ Increase in Literacy Rate: Literacy charge is growing in rural areas. According to census 2011 it too There are extra graduates in rural than in city India. This brings social and cultural changes in buying behavior of the rural customers and more conscious about countrywide and international brand. Due to expand in literacy rate they get jobs in nearby towns. They earn city salaries however continue to stay in self owned houses in the villages, they have high buying power and choose to purchase branded product.
- ❖ Increase Population and Hence Increase in Demand: The rural market in India is full-size and scattered and offers a plethora of opportunities in comparison to the urban sector. It covers the most populace and regions and thereby, the most variety of consumers. More than eighty percent of rural markets in India still do not have get right of entry to to any type of organized marketing and distribution.
- ❖ IT Penetration in Rural India: Today's rural teenagers and adolescence will develop up in an environment where they have „information access“ to education opportunities, job opportunities, government schemes, and global information and mandi prices. Rural areas offer a high-quality doable for increase in internet utilization with the quantity of claimed internet users in these spaces to be reached at 45million by Dec. 2012, according to the recent IMRB survey, conducted collectively with net and Mobile Association of India

Challenges in Rural Marketing

Rural markets are fraught with challenges due to illiteracy, distance, wide market potential, transportation, rail and road transport, distribution of products and services, understanding of consumer behavior, sociocultural factors, language, lack of infrastructure, etc. The rural market is so wide, remote and wide that it is difficult to cover and reach. One section is completely different from the other sections. Each district, region and state is different from the others. The whole of India is different in itself and yet it is a perfect example of a country with a different culture. Although rural market offers immense potential, but due to the many challenges it is important to note that the market is not easy to operate. Three main challenges remain in the rural market due to distance, diversity and spread. There are still many challenges ahead as far as rural India is concerned. Other barriers include a large number of intermediaries in key value chains such as dispersed population and trade, high prices for rural customers and retailers, rare banking and credit facilities, highly credit-driven markets and low investment potential of retailers. Thus, there are many barriers that make it difficult to take advantage of the potential in the rural market. When sellers enter rural areas, they face many problems such as physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication. The large population base and the number of families indicate a ubiquitous market and dealing with a scattered market is a challenge for the marketer. The number of villages is more than five lakh and they are not stable. About half of the population lives in medium-sized villages with a population of 1,000 to 5,000. This type of population distribution guarantees appropriate distribution and advertising strategies to determine the extent of the rural market. Per capita income is lower in rural areas as compared to urban areas. Per capita income has low purchasing power. Apart from this the distribution of income is highly erratic, as the method of holding land with basic assets is itself uneven. Thus, the rural market presents an extremely heterogeneous view. So some challenges arise in this regard, such as; taking any product from rural customers, maintaining

inventory level, distribution system options and frequency of delivery. This aspect should be considered carefully by the seller.

Opportunities of Rural Marketing

The story of Indian progress is now spreading not only on India's borders, but also in its income, consumption and production. The economy is volatile, incomes are rising, and habits, tastes, preferences, and attitudes are not changing. The rural market has a strong hold of country shops, which affects the sales of various products and services in the rural market. Companies are striving for development in rural areas. The availability of low-cost finance has also increased the affordability of people in rural areas to buy expensive items. While purchasing power, brand awareness is on the rise and communication networks are expanding rapidly, rural India offers many opportunities, all waiting for heartfelt opportunities. The Government of India has taken a number of steps for the supply and renewal of infrastructure in some areas which will help increase the impact of factors on the distribution of products, goods and other services which will increase revenue after rising costs. Multinational companies like Flipkart, Snapdeal and Paytm have signed MoUs with the Government of India to make the region a success with the help of regional hubs to be set up in villages under the 'Digital India' initiative. With the demand for skilled workers increasing day by day, the government has decided to train more than 700 million people by 2030 and MNC is looking for players as well as emerging entrepreneurs to help in this process. Companies, government and educational institutions are coming together and striving to train, educate and provide skilled workers. The Union Cabinet of India introduced the Prime Minister's Agricultural Irrigation Scheme (PMKSY) and planned a donation of Rs. 50,000 for a period of five years from 2015-16. The objective of these initiatives is to supply water to every village in India by including various irrigation schemes for a centralized irrigation scheme. The Government of India intends to provide Rs 75,600 crore for agriculture with the help of alternative food producers and for the supply of electricity for domestic use in rural India. The scheme focuses on increasing the capacity of electric power and therefore offers non-stop power for rural India.

CONCLUSION

Although agriculture today still provides income to rural people, rural development is increasingly liked to enterprise development. Since national economies are more and more globalize and competition is intensifying, affecting not only industry but any economic activity including agriculture, it is not surprising that rural entrepreneurship is gaining in its importance as a force of economic change that must take place if many rural communities are to survive. However, entrepreneurship demand an enabling environment in order to flourish. It is quite clear that rural entrepreneurship cannot be developed without training for youth. Therefore, instead of just schemes (financial and development) as the correct for entrepreneurship development an intensive training needs to be provided to the youth in rural India. Required to create a devoted team to take up rural entrepreneurship training as per integrated rural development programme. Rural entrepreneurs' role is necessary to remove the poverty in the backward rural areas. In rural areas majority of the people not ready to invest in the business and also not ready to fix that entrepreneur is also their career. So the Mindset of people.

The learn about concluded that rural India offers huge opportunities which organizations can tap for their growth and development. However, Companies face many challenges in tackling the rural markets in India. 833 million humans live in India as compared to 377 million in city India so giant untapped opportunities are reachable in rural India, however marketer unable to tap these possibilities because infrastructure facilities. Literacy fee is low in rural place so people are unable to perceive brand difference.

Now style has gone to change literacy price in rural region is increasing. Number of center and greater profits household in rural India is predicted to grow from 80 million to 111 million. There is speedy development in infrastructure all these opportunities attract corporations to goal rural market. With some applied sciences step forward in distribution and advertising of merchandise in rural India, companies in rural market can earn more profits, market share, etc. The Rural market is a larger future prospect for the marketers and there are many opportunities on hand for them in rural markets.

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