

Review Article

An Overview of Challenges and Opportunities of Rural Marketer in India

Himanshi Chugh

Assistant Professor, Department of Management Studies, Geeta Engineering College, Panipat, Haryana, India.

I N F O

E-mail Id:

himanshimgmt@geeta.edu.in

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A B S T R A C T

This paper makes an attempt at understanding the challenges being faced by a rural marketer in india. It is done through conceptualisation based on literature review and some experimental learning. It aims to (1) develop a framework for understanding rural market (2) explore various options available to a rural marketer (3) examine the effect and contributions of other factors like culture, customs, society etc. (4) challenges to be faced by a rural marketer (5)review the literature on rural situation and (6) explore future concern of rural marketing.

Keywords: Rural Marketing, Challenges and Opportunities in rule

Introduction

Rural sector have always been considered as the most important element of Indian economy and culture. A big portion of population resides in this sector and arranges their livelihood from this sector only. But since independence, till now when we have crossed a complete decade of 21st century, the rural sector is left untouched with some of the basic infrastructure required to live easily with a minimum standards, in this global competitive market, and absence of such infrastructure kills several opportunities of contributions that can be made by rural sector in favour of economical development of the country.

The census of India defines rural as any habitation with a population density of less than 400 sq.km, where at least 75% of male working population is engaged in agriculture and where there exists no municipality or board. Thus, the rural population today consists of 800 million inhabitants accounting for 70% of India's population.

Now coming to rural marketing, rural marketing can be defined as the process of developing , pricing, promoting, distributing rural specific goods and services leading to exchange between urban and rural markets, which satisfies consumer demand and also achieves organizational objectives. (Iyer).¹

Evolution of Rural Market

- Phase 1 (from independence to green revolution): Before the advent of the green revolution, the nature of rural market was altogether different. Rural marketing then referred to marketing of rural products in rural and urban areas. Most of the literature on rural marketing of that time relates to agricultural produce.
- Phase 2(green revolution to pre-liberalization period) : During these times, due to the advent and spread of the green revolution , rural marketing represented marketing of agricultural inputs in rural markets and marketing of rural produce in urban areas.
- Phase 3(post liberalization period of 20th century): The third phase of rural marketing started after liberalization of Indian economy. In this period, rural marketing represented the emerging, distinct activity of attracting and serving rural markets to fulfill the needs and wants of rural households, people and their occupations.
- Phase 4 (21st century): Learning from its rural marketing experiences after the independence, the corporate world has finally realized that quick-fix solutions and piecemeal approaches will deliver only limited results in the rural market. And if, an organization wants to tap the real potential of the rural market, it needs to make a long –term commitment with thus market.

Its approaches and strategies must not focus on just selling the product and services, but they should also aim at creating an environment for this to happen.

Delivering a better standard of living and enhancing the quality of life in an efficient manner will be the new role of rural marketing in the 21st century. The rural salesperson is much more than a mere order taker as he is a carrier of the development message to the less informed rural population (Singh 2001),² Table 1.

Table 1. Evolution of Rural Versus Urban Market

| Sector | Share in rural income | | Share in urban income | |
|-------------|-----------------------|-----------|-----------------------|-----------|
| | 1995-96 | 2004-2005 | 1995-96 | 2004-2005 |
| Agriculture | 43 | 32 | 4.4 | 3.7 |
| Industry | 19 | 22 | 42 | 35 |
| Service | 38 | 47 | 53 | 61 |

Share of different sectors in total rural and urban income (%) (Andrew Foster).³

Challenges in Rural Marketing and Solutions

Rural markets remain untapped because of three Ds—Distance, Diversity and Dispersion, according to D.K Bose, Vice President, O&M Rural. Initially, the development of the rural market in India had been incidental as the effects of urban markets percolated to rural areas. (Pareek 1999).⁴ The major challenges to be faced by rural marketer are as following:

- **Distribution:** The cost of distributing goods and services to rural areas sometimes not commensurate with the returns that the marketers expect.
- **Understanding the psyche of the rural consumer:** understanding the needs and choice of a rural consumer regarding a particular product is a difficult choice.
- **Limited knowledge:** findings and researches sometimes show a different picture, different data may confuse the marketer.
- **Communication:** Communication barriers are always found in advertising any particular product in rural market.
- **Cost per contact :** High cost of media per rural contact versus mass media's sheer reach and low cost per thousand rates in urban market is another challenge.
- **Sale of fake and spurious products:** sometimes retailer pushes imitation products, which are less priced and also offer better earning to the retailer, to illiterate and unaware rural consumer.
- **Budgetary allocations:** The amount of investments allocated by corporate in rural sector is very low.
- **Urban orientation and bias:** The notion that rural people are just like urban ones and thus, they have same needs, desires, and aspirations is one of the major road blocks

in the path of achieving success in rural markets.

- **Lack of right competence and commitment at frontline level:** The competence necessary for interacting with and comprehending rural attitudes and behavior is lacking.

Opportunities in Rural Markets

Mr. Neville Gomes, MD, Multimedia Aquarius puts this perspective very clearly "Subsistence economy has morphed

into a consumption economy". Once the marketer develops an innovative low cost model of reaching the rural market, there is a consumer.⁵

It implies that rural market is not as poor as it is perceived to be. Following are some of the opportunities rural marketer can explore:

- **Rising rural prosperity:** The ratio of rural per capita income to urban per capita income is increasing, where it was 0.58 in 1996 it is now increased to 0.64 in 2005, Table 2.

Table 2. Ratio of Rural Per Capita Income to Urban Per Capita Income

| Above | 1994-95 | 2000-01 | 2006-07 |
|---------------|---------|---------|---------|
| 1,00,000 | 1.6 | 3.8 | 5.6 |
| 77001-100000 | 2.7 | 4.7 | 5.8 |
| 50001-77000 | 8.3 | 13.0 | 22.4 |
| 25001-50000 | 26.0 | 41.1 | 44.6 |
| 25000 & below | 61.4 | 37.4 | 20.2 |

Income of percentage of rural households Source: NCAER, in business world, 11 october 1999.

- **Lesser dependence on agriculture and monsoon:** Non-farming sector has been increased and whosoever are involved in farming are no more dependent on monsoon.
- **Increasing rural consumption:** consumption of FMCGs is far more in rural areas as compared to urban areas.
- **Rural marketing efforts:** An increasing number of organizations are realizing the importance of the rural markets. The marketing efforts of these organizations are becoming more aggressive everyday. Innovative models are being developed to take the products to

rural shelves.

- Increase sale of branded products: as per FICCI reports 1/3 of premium luxury goods were sold in rural markets in 2002. Sale of labeled goods has overtaken sale of non labeled goods in rural markets.
- Large population: This fact is very much evident to all and this is very attractive feature of the rural market. The rural population is very large and its growth rate is also high.

Finding

Not only the corporate sector but also the centre and state governments are trying innovative ways to carry developmental programmes to rural areas. IT is being applied for development of land records in electronic form, or putting information about governmental schemes on the internet and intranet.

The government of India has set up following departments to undertake rural development activities:

- Department of Drinking Water Supply (DDWS)
- Department of Land Resources (DLR)
- Department of Rural Development (DLR)

The department of rural development has implemented various programmes and these are:

- Pradhan Mantri Gram Sadak Yojana (PMGSY)
- Swarnjayanti Gram Swarozgar Yojana (SGSY)
- Sampoorna Gramin Rozgar Yojana (SGRY)
- Rural Housing (Indira Awaas Yojana)
- Training schemes

Setting of E-governance

E-governance is a set of technology –mediated processes that are changing both the delivery of public services and the broader interactions between citizens and government.

The Fields of E-governance

E-administration refers to improving of government processes and of internal workings of public sector with new ICT-executed information processes. some of the recent examples are:

- GYANDOOT (In Dhar district, Madhya Pradesh) launched on January 1, 2000, with installation of a low cost rural intranet covering 20 villages that has expanded to 39 kiosks covering 311 panchayats over 600 villages and serves population of 5 lacs.
- Electronic Land Record systems (In Andhra Pradesh, Punjab and Karnataka).
- Andhra Cards (in Andhra Pradesh) a CARD (computer –aided administration of registration department) in Andhra Pradesh is the pioneering efforts in registering real-estate transactions.
- Punjab's PRISM (in Punjab) this is Punjab registration

information system module.

- Karnataka's Bhoomi (land) has put most of 1.7 crore land records on the internet.
- Andhra Pradesh's eSeva
- National e-government plan.

Conclusion

To overcome the challenges of rural marketing, the MART approach can be implemented and business objectives can be achieved.

- Research: It studies the profile of the consumers
- Strategy: It designs a pilot for testing and assessing the low income masses
- Pilot implementation: It demonstrates the relevance and utility of the product to meet the needs of the consumers

Future of rural marketing is very bright, but to exploit its potential, companies will have to take a dedicated look at this market, have innovative rural distribution strategies, work on new approaches and these approaches can be:

- Dedicated Rural Team
- Forward Innovation
- Inclusive Marketing
- Innovative Rural Distribution
- New Price_performance Paradigm

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