

# A Study on Rural Marketing Model & Opportunities in India

SkMd Imran<sup>1</sup>, L. Siva Prasad<sup>2</sup>, M. Nagarjuna<sup>3</sup>

<sup>1</sup>Research Scholar, Jawaharlal Nehru Technological University, Anantapur District, Andhra Pradesh, (India)

<sup>2</sup>II MBA Student, GATES Institute of Technology, Gooty, Anantapur District, Andhra Pradesh, (India)

<sup>3</sup>II MBA Student, GATES Institute of Technology, Gooty, Anantapur District, Andhra Pradesh, (India)

---

## ABSTRACT

In recent times to promote brands in rural markets requires the special dealings. Due to the social and backward condition the personal selling efforts become a challenging role to play. The word of mouth is an important message carrier in rural areas. Infact the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts. The experience of agricultural input industry can act as a guideline for the marketing efforts of consumer durable and non-durable companies. Relevance of Mass Media is also a very important factor. As everyone know that Indian Rural Marketing is a very complex and unique thing to be forecast. It has been observed that in rural market many companies have entered and proved themselves with proper understanding of the market an innovative marketing idea. It is very difficult for the companies to overlook the opportunities they could from rural markets 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. 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 no 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 towards potentiality of Indian rural markets.

**Keywords:** Rural Marketing, Agriculture, on-durable Companies, Financial Problems.etc

---

## I. INTRODUCTION

The emergence of rural markets as highly untapped potential emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still an enigma. Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned.

## II. DEFINITION

According to National commission on Agriculture "R.M is a process which starts with a decision to produce a shall be form commodity and it involves all the aspects of market structure, both functional and institutional, based on technical and Economic considerations and includes pre and post Harvest operations assembling, Grading and distribution".

### Objectives of the Study

1. 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.
2. To identify the major opportunities available in the rural market.

### III. RESEARCH METHODOLOGY

This study is descriptive in nature. The study is based on secondary data which has been taken from case studies, books, journals, newspapers and online databases and websites of Rural Marketing.

#### **Nature and Characteristics of Rural Market**

There goes a saying that the proof of the pudding lies in the eating. So also the proof of all production lies in consumption/marketing. With the rapid pace of technological improvement and increase in peoples buying capacity, more and better goods and services now are in continuous demand. The liberalization and globalization of the Indian economy have given an added advantage to sophisticated production, proliferation and mass distribution of goods and services. Taking these into consideration, the question may arise whether marketers should concentrate their activities in urban India consisting of metros, district headquarters and large industrial townships only, or extend their activities to rural India.

#### **Indian Rural Market Environment:**

In our country about 70% of the population lives in villages. There are states like UP, MP, Bihar and Orissa where rural population varies from 80 to 90%. Only 6,300 villages have a population of more than 500 or less. There are different factors which are taken impact on the R.M. These are shaped the total performance of R.M like population, occupational, literacy, location, irrigation, land distribution infrastructure population and communication.

#### **Rural Marketng Segmentation**

Segmentation primarily based on the product and company potentiality and depends on some more things. But the general bases are Geographical, demographic, psychographic, socio-economic characteristics, exposure to modernization and income levels.

#### **Rural Marketing Strategies**

The peculiarities of R.M. have forced the companies to rework this marketing stratiges developed for the urban markets. It is not only the product but also the message, media channel and price that are tailored to meet the needs of the rural market effectively. In this area different type s of strategies were focused. They are product, price, physical distribution, promotion strategies separately.

#### **Rural Industries**

Rural Industries are khadi and village industries, Handloom industry and Hand crafts. The Khadi and village are classified as agro based , wood related ,textiles, metal wares and house hold industries, in this point of discussion we need not to we need not take more care towards marketing the products because of the availability and awareness of the customers as well as all facilities like transportation. In these particular goods Rural Industries were contributing and producing satisfactory level to the urban area.

#### **Marketing of Agricultura L Inputs**

This is the point to discuss the relationship between the urban settle and rural sector. Majorly Royts were getting the total agro inputs from urban area and same time this is the product which marked only at rural area like villages. Such as seeds, Fertilizers, pesticides, Tractors etc.. Here consumer has been asked only one i.e. “cheat me in price but not in the goods I purchase “

#### **Difference between Rural and Urban Marketing**

The predominantly rural character of India’s national economy is reflected in the very high proportion of its population living in rural areas. With more than 700 million people living in rural areas, I some 5,80,000 villages, and about two-thirds of its workforce was engaged in agriculture and allied activities with a contribution of 29% of India’s GDP, India’s economy is predominantly rural in character.

#### **Definition of Rural Marketing:**

According to the National Commission on Agriculture-“Rural Marketing is a process which starts with a decision to produce a sellable form commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution.”

According to Thomsen-“the study of Rural Marketing, and the operations, and the agencies conducting them, involved in the movement of farm produced food, raw materials and their derivatives, such as textiles, from the farms to the final consumers, and the effects of such operations on producers, middlemen and consumers.”

#### **Role of Rural Marketing**

Rural marketing implies applying marketing theory and directing marketing efforts to create and satisfy needs and wants of rural market (customers). Importance of marketing indicates the contribution of rural as well urban marketing.

**1. Reduced Burden on Urban Population:**

Rural marketing can contribute to rural infrastructure and prosperity. People can also live comfortably in villages due to availability of all goods and services in villages, even comparatively at low price. People, due to growth of marketing activities, can earn their livelihood in rural places. Population pressure on urban can be reduced.

**2. Rapid Economic Growth:**

Naturally, marketing acts as catalyst agent for economic growth. There exists more attractive business opportunities in rural than urban. Rural market is more potential for consumer durables and services. Rural population largely depends on agriculture and it can contribute nearly 50% to total national income. Agriculture enjoys significant portion in export business, too. Rural marketing improves agricultural sector and improved agricultural sector can boost whole economy of the country.

**3. Employment Generation:**

At present, nearly 70% of total Indian population feeds on agricultural activities in rural areas. Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

**4. Improved Living Standard:**

Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

**5. Development of Agro-based Industries:**

Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

**6. Optimum Utilization of Rural Untapped Resources:**

There are unlimited businesses opportunities exist in rural areas. Untapped and underutilized resources can be utilized at optimum level and that can further accelerate overall economic growth.

**7. Easy Marketability of Agricultural Produces:**

Growth of rural marketing improves whole marketing system. Multiple options are available to farmers and local producers to market their products. Big domestic corporate houses and multinational companies prefer to buy agricultural products directly from villages by their own or through agents and small firms. Rural producers can sell their produces easily at satisfactory prices. Their improved income level can improve their purchasing power that can further fuel to industrial demand.

**8. Improved Rural Infrastructures:**

Rural marketing and basic infrastructures go hand to hand. Growth of rural marketing leads to improved transportation, insurance, banking, communication, entertainment, and other facilities. Due to availability of basic infrastructural facilities, business units can easily reach the target rural buyers.

**9. Price Stability:**

Marketing results into better transportation, warehouses, and communication facilities. Agricultural products can be systematically marketed throughout the year. Huge gap between demand and supply can be avoided and, as a result, prices of most of commodities remain more or less stable.

**10. Quality of Life and Reduced Crime:**

Marketing can refine entire living style and system. Better quality products at reasonable price, improved income level, availability of facilities, etc., have direct positive impacts on quality of life. Quality of life improves and level crime reduces.

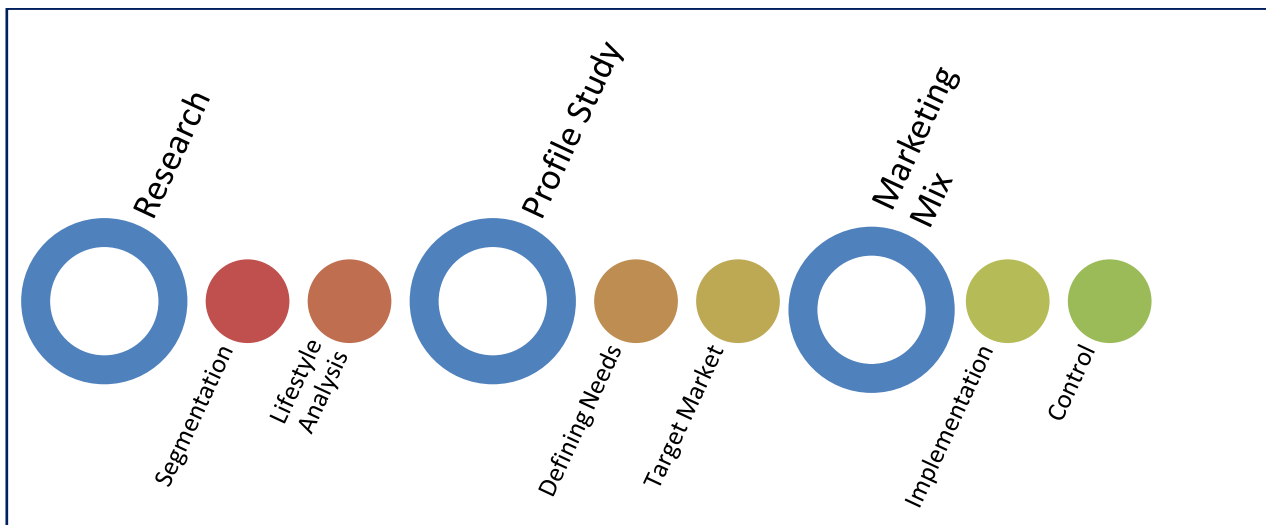
**11. Balanced Industrial Growth:**

The gap between rural and urban development can be reduced gradually. Rural development improves rural life and reduces pressure on urban life.

**12. Others:**

Apart from these points, there are a number of ways that rural marketing can significantly contribute to economic and social development.

## RURAL MARKETING MODEL



### OPPORTUNITIES OF RURAL MARKETING Challenges of Rural Entrepreneurship

#### Rural Marketing has its own drawbacks.

1. **Transportation:** Transportation is an important aspect in the process of movement of products from urban production centres 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.
2. **Communication in rural markets** suffer 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.
3. **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.
4. **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.
5. **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.
6. **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.
7. **Inadequate banking and credit facilities:** In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances, to get replenishment of stocks, to facilitate credit transactions in general, and to obtain credit support from the bank.
8. **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.
9. **Branding:** The brand is the surest means of conveying quality to rural consumers. Day by day, though national brands are getting popular, local brands are also playing a significant role in rural areas. This may be due to illiteracy, ignorance and low purchasing power of rural consumers.
10. **Packaging:** As far as packaging is concerned, as a general rule, smaller packages are more popular in the rural areas. At present, all essential products are not available in villages in smaller packaging. The lower income group consumers are not able to purchase large and medium size packaged goods
11. **Low Literacy:** It is difficult to educate the potential consumers in rural market about products due to low level of literacy.
12. **Seasonal Demand:** Monsoon being the harvesting season in India and agriculture being the primary occupation of majority of the rural population the demand for goods is majorly restricted in during the monsoons when the income is comparatively high.
13. **Many Languages and Dialects:** The presence of local languages causes major difficulty for companies in promoting their products in rural market. People are not educated enough to know one common language like

Hindi or English and it is difficult for the companies to prepare promotional advertisements in every local language.

14. **Availability of duplicate and cheap brands:** Customers in rural India are very cost sensitive. Therefore the existence of duplicate brands, which are quite common in rural parts, at lesser prices gives considerable competition to the firms.

## OPPORTUNITIES OF RURAL MARKETING

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

Almost 70% of the Indian population lives in villages and rural areas. Rural India consumes almost 60% of the total goods manufactured in India with majority of the products coming from FMCG sector. Products like shampoo or skin moisturizer was never affordable to people in the rural areas because the price was too high. CavinCare, came out with an innovative idea of manufacturing small sachets of shampoo priced at 50 paisa. Suddenly shampoo which was not at all a popular product in rural areas had high demand in the market. This model was soon followed by the other FMCG companies where re-packaging of products like shampoos, soaps, toothpaste, detergents was done in the form of small sachets with a low price range. But due to the poor infrastructure in the rural areas marketing the products are a big headache for the FMCG companies.

In rural India marketing of a product mainly happens by the word of the mouth and by peer experiences of use of the product, due to the comparative less use of television and almost no access to internet. Research has also proved that rural consumers do not change their products frequently if they are satisfied with the product. Brand loyalty is high. Therefore the primary aim of any firm should be to position their brand in the mind of the rural population well, during the launching phase which will enable them to have a permanent and long lasting presence in the market. They should try to associate a good-will with their brand. For example, non-availability of drinking water is one of the major issues in rural India. A company can launch a campaign of building tube-wells in the water hit villages in some parts of the country and try to emotionally connect with the people. Likewise a company can open their customer care/business processing units in the rural areas of the country. With growth of education in the rural areas there are enough people available, especially the youth who can be employable. Apart from creating a good-will this will also result in cost saving for the company as the cost of employment in rural India is much less compared to the cities.

With increase in per capita income due to use of superior quality of seeds and fertilizers and also due to the fact that there are a lot of rural schemes introduced by the government of India for the rural population the standard of living has improved. The following sectors can cache in on this development to extend their market to the BoP population of the country.

- FMCG
- Automobile (2 wheelers)
- Telecom
- Electronics



## FEATURES OF INDIAN RURAL MARKETS

- 1. Large and Scattered market:**  
The rural market of India is large and scattered in the sense that it consists of over 63 crore consumers from 5,70,000 villages spread throughout the country.
- 2. Major income from agriculture:**  
Nearly 60 % of the rural income is from agriculture. Hence rural prosperity is tied with agricultural prosperity.
- 3. Traditional Outlook:**  
The rural consumer values old customs and tradition. They do not prefer changes.
- 4. Diverse socio-economic backwardness:**  
Rural consumers have diverse socio-economic backwardness. This is different in different parts of the country.
- 5. Infrastructure Facilities:**  
The Infrastructure Facilities like roads, warehouses, communication system, financial facilities are inadequate in rural areas. Hence physical distribution becomes costly due to inadequate Infrastructure facilities.
- 6. The rural bazaar is booming beyond everyone's expectation.** An estimated induction of Rs 140 billion in the rural sector through the government's rural development schemes in the Seventh Plan and about Rs 300 billion in the Eighth Plan is also believed to have significantly contributed to the rapid growth in demand.
- 7. Problems in the Booming Rural Marketing**  
Although the rural market does offer a vast untapped potential, it should also be recognized that it is not that easy to operate in rural market because of several problems. Rural marketing is thus a time consuming affair and requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The major problems faced are:
- 8. Under developed People and Under developed Markets:**  
The number of people below poverty line has not decreased in any appreciable manner. Thus underdeveloped people and consequently underdeveloped market by and large characterize the rural markets.
- 9. Media for Rural Communication:**  
Among the mass media at some point of time in the late 50's and 60's radio was considered to be a potential medium for communication to the rural people. Another mass media is television and cinemas. Statistics indicate that the rural areas account for hardly 2000 to 3500 mobile theatres, which is far less when compared to the number of villages.
- 10. Many Languages and Dialects:**  
The number of languages and dialects vary widely from state to state, region to region and probably from district to district. The messages have to be delivered in the local languages and dialects. Even though the number of recognized languages are only 16, the dialects are estimated to be around 850.
- 11. Dispersed Market:**  
Rural areas are scattered and it is next to impossible to ensure the availability of a brand all over the country. Seven Indian states account for 76% of the country's rural retail outlets, the total number of which is placed at around 3.7 million. Advertising in such a highly heterogeneous market, which is widely spread, is very expensive.
- 12. Low Per Capita Income:**  
Even though about 33-35% of gross domestic product is generated in the rural areas it is shared by 74% of the population. Hence the per capita incomes are low compared to the urban areas.
- 13. Low Level of Literacy:**  
The literacy rate is low in rural areas as compared to urban areas. This again leads to problem of communication for promotion purposes. Print medium becomes ineffective and to an extent irrelevant in rural areas since its reach is poor and so is the level of literacy.

## CONCLUSION

Rural area is the place where the corporate sectors have the chance to sustain their viability in the market. It has the large percent of proportion in the market compare to the urban and population is more. In spite of having so many challenges in rural marketing the companies have shown considerable interest in the rural India and have tried to market themselves using the 4A model which says that the products marketed should be acceptable by the rural population, the products should be easily available, they should be affordable and most importantly an awareness drive should be created to educate people about the products. There is rapid rise in developing national infrastructure all these opportunities attract companies to target rural market.

## REFERENCE

- [1] S. Neelamegham, "Marketing in India, Cases and Reading, Vikas Publishing House Pvt. Ltd, III Edition, 2000.
- [2] Singh, AwadheshKumar, SatyaprakashPandey, "Rural Marketing Indian Perspective", New Age International Pvt Ltd, I Edition, 2005.
- [3] Avdesh, K. S., & Satyaprakash, P. (2005). Rural Marketing: India Perspective (1st ed.).

- [4] New Age International Pvt. Ltd. Hagargi, A. K. S. (2011). Rural Market in India: Some Opportunities and Challenges. International Journal of Exclusive Management Research.
- [5] G.R.Basotia, K.K.Sharma, "handbook of entrepreneurship Development",
- [6] <https://www.mbaskool.com/business-articles/marketing/5690-rural-marketing-challenges-opportunities-and-beyond.html>
- [7] Neelamegham. (2004). Marketing in India, cases and Reading.
- [8] Vikas Publication House pvt.Ltd. Prahalad, C. K. (2004).
- [9] The Fortune at the Bottom of the Pyramid. Wharton School Publishing.
- [10] Ramakishen, Y. (2004). Rural and Agriculture Marketing.
- [11] Subramanian, R., Gupta, P. Leveraging the Indian rural opportunity: a new approach. Tata Strategic Management Group, 1-4.
- [10]Wath, M., Agarwal P. (2011). Rural marketing in Indian corporate world: issue and challenges. 1 (4), 750-755.
- [12] Census of India 2011
- [13] [www.smehelpline.com](http://www.smehelpline.com)
- [14] [www.managementcanvas.iimindore.in](http://www.managementcanvas.iimindore.in)
- [15] [www.coolavenues.com/mbajournal/marketing/rural-marketing-challengesopportunities-strategies](http://www.coolavenues.com/mbajournal/marketing/rural-marketing-challengesopportunities-strategies)
- [16] [www.ibef.org/artdisview.aspx?in=78&artid=32933 &catid=938&page=2](http://www.ibef.org/artdisview.aspx?in=78&artid=32933 &catid=938&page=2)
- [17] [www.ibef.org/industry/consumer\\_markets/ruralmarket.aspx](http://www.ibef.org/industry/consumer_markets/ruralmarket.aspx)
- [18] [http://jobs.siliconindia.com/career-forum/what-arethe-opportunities-in-rural-marketing-gid-814-catid2.8.](http://jobs.siliconindia.com/career-forum/what-arethe-opportunities-in-rural-marketing-gid-814-catid2.8)  
<http://prjukebox.blogspot.in/2011/05/opportunitiesin-rural-market>
- [19] [www.miteshk.webs.com](http://www.miteshk.webs.com)
- [20] [www.indianmba.com/occasionalpapers/op264/op264](http://www.indianmba.com/occasionalpapers/op264/op264).