

Challenges, Opportunities and Strategies for Selling Product of Rural Market

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ABSTRACT

Recently, the growth of the Indian economy after starting of liberalization and globalisation policy in 1991 has been substantial increase the purchasing power of the rural habitants. Since Green revolution in India, the rural areas are started to use a large quantity of consumable and non-consumable products. In this way, rural marketing has been used as a strategy to combat against the competition by the marketers. The rural marketing and agricultural marketing prior to globalisation of Indian economy convey the same meaning, but after wards both understand by the markets in different context—the later denotes agricultural and rural production for the urban consumer or industrial consumer, whereas rural marketing involves marketing of manufactured or processed inputs to rural consumers.

The marketer must understand the growing complexities of the rural market and making strategy for the proper mixing of marketing mix. It involves high risk and attractive for those who are searching challenge and having a courage to face those challenges. The key to face the challenges is to understand the market, the consumer need and behaviour. Hence, it is proposed to undertake in this study to assess the various dimension of Indian rural markets. The main aim of this study is to observe the potentiality of Indian Rural Markets and finding out various problems are being faced by rural markets. This paper attempts to look into the challenges and opportunities of Indian rural marketing by adopting SWOT analysis matrix on rural markets.

1. Introduction

The demand and living pattern of Indian rural habitants are different and varies considerably. The cultural dimensions are also varies. These factors certainly make an impact on the need and behaviour of rural consumers. With its vast size and widespread array of consumers, marketers have been finding it difficult to understand and penetrate into rural areas, and finding difficulties to understand the norms of enter into the rural market. Rural Markets distinct from the other types of markets like stock market, commodity markets or Labour economic sand urban market. The rural market has been defined from various perspectives.

The purchasing powers of the people in the rural areas mainly depend upon marketable agricultural surplus and rural-urban trade. Increase in marketable surplus of food grains leads to the consumption of manufactured consumer goods. To a larger extent Indian agriculture depend on rainfall and therefore, rainfall indirectly influences the rural demand for consumer goods.

The government spending with various schemes /planning on irrigation, flood control, infrastructure development anti-poverty schemes, and fertiliser's subsidy directly generate income and lead to the consumption of manufactured items and improved the condition of the rural masses. The buying behaviour of rural consumer is different from urban consumer. The rural consumer is more of an adopter than an innovator.

2. Need for the Study

Most of us having being learnt paradigms to urban markets with reasonable success, and urban markets are becoming competitive, perhaps saturated. Thus, Indian rural market has caught the attention of many

corporations and marketers. The tempo of development is accelerating in rural India coupled with increase in purchasing power, increasing literacy level, social mobility, and improved means of communication. These factors contribute to change the pattern of rural demands. Earlier, the general impression was that the rural markets have potential for agricultural inputs. There is a growing market for consumer goods.

But now, the marketers are considering serious all-out efforts to tap the rural markets, they likely to face some challenges in their rural endeavours. Hence it is proposed to study the challenges and Opportunities of rural market with a special reference to Indian Rural Market.

3. Methodology of the Study

The literature review indicated that there is insufficient theory and understanding of Indian Rural Marketing within the context of particular phenomena. A general research strategy needs to be explored by finding out opportunities and challenges faced by the marketers to enter into the rural market. The information for this purpose of the present study has been obtained by interviewing the respondent through structured and unstructured questionnaire, keeping in view the time and availability of the respondents, group interview and interviews at the individual level have also been conducted. The observation methods have also been used wherever conditions are favourable for the same.

Exploratory research gives valuable insight, generates ideas and valuable aspect in more explorative manner. Primary data gives first hand information for specific purposes in hand, whereas secondary data consist of information important to describe and highlight valuable insights in the research. Secondary data have been obtained from the published reports, internet, libraries, journals /magazines, and reports of certain government agencies:

Census of India

National council of applied economic research

National sample survey

District statistical reports

Panchayat office

Central statistical organization

Rural Marketing books/Journals/Magazines

Reserve Bank of India Report

Planning commission Annual/ Five- Year Plan Reports

The respondents have been chosen randomly and requested to grant interviews. The questions have then been asked in a pre-determined sequence. The secondary data have been collected from various books, journals, reports. In order to study the various challenges and opportunities of rural markets, to find out the facts, to analyse the findings and to offer suggestions – a tool, namely, SWOT Analysis Matrix has been adopted. The inputs for this matrix have been collected from past studies of rural marketing, reports published by various institutions etc. With the help of thorough analysis of these data and their interpretation and examination, fruitful conclusion and findings have been formulated at the end of the study.

Objectives of the Study

Today, the marketers have realized the burgeoning purchasing power, vast size demand base of the once neglected Indian hinterland. It would be totally naïve to think that any firm can easily enter the market and walk away with a sizeable share of it. On the contrary, any corporation that seeks a sizeable share of market has to work hard for it, and the market bristles with a variety of challenges.

The present study mainly attempts to examine the following issues:

To examine the current rural marketing scenario,

To identify rural marketing opportunities,
To examine the challenges facing the marketers, and
To suggest effective strategies for marketing in rural areas

4. Presentations and Discussions of Findings

Indian Rural markets are now dominating the urban market in terms of demand and potential. The rural population is nearly three times of the urban market. The rural society is also urbanizing gradually with the increase in literacy rates and exposure to global trends. It's showing interest in branded products and services. The consumption trend in rural areas has shown a paradigm shift from price-driven to quality-driven products. The winds of liberalization removed barriers and presently, many nationals and international manufacturers have made a foray into different markets. The rural market is becoming day-to-day attractive because of its size and growth of population and households despite the exodus by migration to urban areas. About 68.84% or 833 million people are living in rural areas, consisting over 40% of the Indian middle class, and about half the country's disposable income.

5. Here are some of the strategies may adopt by Companies for Rural Markets for their products and Services:

Best Promotion and Quality Perception

Companies with new technology are properly capable to communicating its products and services to their customer. There is a trade-off between Quality a customer perceives and a company wants to communicate. Thus, this positioning of technology is very crucial. The perception of the Indian about the desired product is changing.

Changing Pattern of Rural Customers

Nowsday villagers are constantly looking forward for new branded products and good services. Indian customer in rural market was never price sensitive, but they want value for money. They are ready to pay premium for the product if the product is offering some extra utility for the premium. Regards for Cultural and Social Values.

Focus on Customer Requirement

Every customers want value for their money. They do not see any value additional associated with the products. They aim for the basic functionality. However, if the sellers provide frills free of cost. they are happy with that. They are happy with such a high technology that can fulfill their need. For example Nokia and Reliance has launched a simple product, which has captured the market.

Patriotism with Products and Services

Companies are associating themselves with India by talking about India, by overtly saying that they are Indian and they are more patriotic. Using Indian Tricolor while doing advertisement during Independence Day and Republic Day like Nokia has designed a new cellular phone 5110, with the India tricolor and a ringing tone of "Sare Jahan se achcha".

Promoting Indian Sports Team

Companies are promoting Indian sports teams so that they can associate themselves with India. With this, they can influence Indian mindset like during Cricket World Cup. For example Hero Honda has launched a campaign "Dhak Dhak Go" Similarly, Other companies has also launched a campaign during world cup.

Effective Media Modes of communication

Traditional media or the modern media used for rural marketing is being used by companies. The traditional media include melas, puppetry, folk theatre etc. while the modern media includes TV, radio, e-chaupal. LIC uses puppets to educate rural masses about its insurance policies. Govt of India uses puppetry in its campaigns to press ahead social issues.

Adopting Best localized way of Distributing Channels

Proper distribution channels are recognized by companies. The distribution channel could be big scale Super markets; they thought that a similar system can be grown in India. However, they were wrong; soon they realized that to succeed in India they have to reach the nook and the corner of the country. They have to reach the "local Paanwala, Local Baniya or Kirana Shop Owners" only they can succeed.

6. SWOT Analysis Matrix of Indian Rural Markets

A SWOT analysis matrix has been developed to interpret the challenges and opportunities of rural markets. SWOT analysis matrix contains Strengths, Weaknesses, Opportunities and Threats of Rural Markets. After defining SWOTs of rural markets, Opportunities are compared against Strengths and then Weaknesses to draw SO and WO Strategies. Threats are also compared against Strengths and then Weaknesses to draw ST and WT Strategies. These strategies help out the marketers to tap the rural market, and to combat the threats, and grabbing the opportunities available in rural India. SWOT analysis matrix of Indian rural market

Internal Factors	Strengths' (S)	Weaknesses(W)
S1: Large Indian Rural Population S2: Good Government Support S3: Availability of Products, Raw Material	W1: Lack of good Infrastructure W2: Lack of physical distribution network W3: Low consumption level W4: Less Research and Development activities	
External Factors	Opportunities	SO Strategies
O1: Growing Income Levels of Rural Consumers	1. Customization of Products according to rural consumer demographics.(S1,S3.,O1,O4)	
O2: Growing Literacy Levels	2. Strengthening of supply chain system with government support and infrastructure.(S2,O5)	
O3: Growing quality Consciousness	3.Launching of Branded Products in rural markets due to increasing literacy rate and brand awareness.(S3,O2,O3)	
O4: Changing Socio-Economic Scenario		
Threats(T)	ST Strategies	
T1:Increasing Grey Market	1. Educate rural consumers on Product quality and usage(S1,T2)	
T2:Growing Competition	2. Implementation and Amendment of Laws /rules/regulations to control the Grey Market(S2,T1)	