

# North Asian International Research Journal Consortium

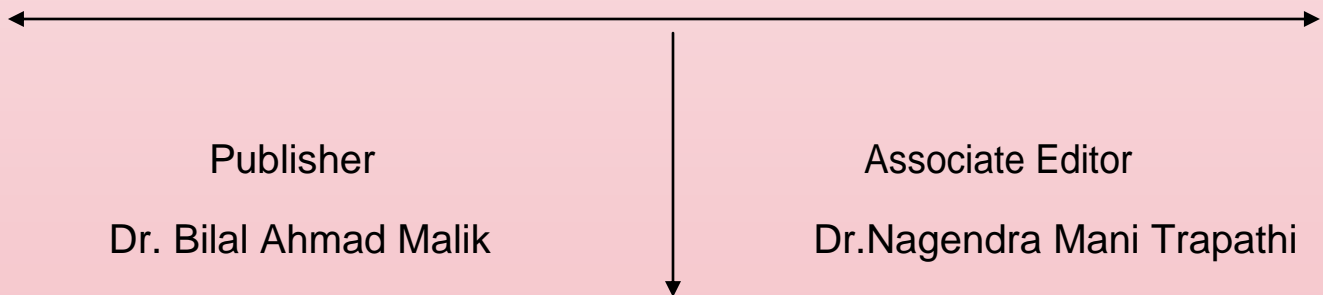
*North Asian International Research Journal*

*Of*

*Multidisciplinary*

Chief Editor

Dr. Nisar Hussain Malik



NAIRJC JOURNAL PUBLICATION

North Asian  
International  
Research Journal Consortium



## Welcome to NAIRJC

ISSN NO: 2454 - 2326

North Asian International Research Journal is a multidisciplinary research journal, published monthly in English, Hindi, Urdu all research papers submitted to the journal will be double-blind peer reviewed referred by members of the editorial board. Readers will include investigator in Universities, Research Institutes Government and Industry with research interest in the general subjects

### Editorial Board

J.Anil Kumar Head Geography University of Thirvanathpuram	Sanjuket Das Head Economics Samplpur University	Adgaonkar Ganesh Dept. of Commerce, B.S.A.U Aruganbad
Kiran Mishra Dept. of English,Ranchi University, Jharkhand	Somanath Reddy Dept. of Social Work, Gulbarga University.	Rajpal Choudhary Dept. Govt. Engg. College Bikaner Rajasthan
R.D. Sharma Head Commerce & Management Jammu University	R.P. Pandday Head Education Dr. C.V.Raman University	Moinuddin Khan Dept. of Botany SinghaniyaUniversity Rajasthan.
Manish Mishra Dept. of Engg, United College Ald.UPTU Lucknow	K.M Bhandarkar Praful Patel College of Education, Gondia	Ravi Kumar Pandey Director, H.I.M.T, Allahabad
Tihar Pandit Dept. of Environmental Science, University of Kashmir.	Simnani Dept. of Political Science, Govt. Degree College Pulwama, University of Kashmir.	Ashok D. Wagh Head PG. Dept. of Accountancy, B.N.N.College, Bhiwandi, Thane, Maharashtra.
Neelam Yaday Head Exam. Mat.K..M .Patel College Thakurli (E), Thane, Maharashtra	Nisar Hussain Dept. of Medicine A.I. Medical College (U.P) Kanpur University	M.C.P. Singh Head Information Technology Dr C.V. Rama University
Ashak Hussain Head Pol-Science G.B, PG College Ald. Kanpur University	Khagendra Nath Sethi Head Dept. of History Sambalpur University.	Rama Singh Dept. of Political Science A.K.D College, Ald.University of Allahabad

**Address: -North Asian International Research Journal Consortium (NAIRJC) 221 Gangoo, Pulwama, Jammu and Kashmir, India -192301, Cell: 09086405302, 09906662570, Ph. No: 01933-212815, Email: [nairjc5@gmail.com](mailto:nairjc5@gmail.com), [info@nairjc.com](mailto:info@nairjc.com) Website: [www.nairjc.com](http://www.nairjc.com)**

## TROUBLES FACED BY INDIAN RURAL MARKET

**S.M. FAIZ H.RIZVI-1 & DR. PEEYUSH PANDEY-2**

1- Research Scholar at Maharishi University of Information Technology Lko.

2-Registrar at Maharishi University of Information Technology Lko

### **ABSTRACT**

*Many companies were successful in entering the rural markets. Indian Rural Marketing has always been complex to forecast and consist of special uniqueness. They proved with proper understanding of the market an innovative marketing idea it is possible to bag the rural markets. It is very difficult for the companies to overlook the opportunities they could from rural markets. As Two - Thirds of Indian population lives in rural areas the market is much unexpected for the companies to be successful in rural markets. They have to overcome certain challenges such as Pricing and Distribution. The present paper has been covered to know the rural market status in India, the identification of different Rural Marketing Strategies to highlight the Opportunities and Challenges of rural marketing in India to analyze Rural Marketing Strategies Adopted by stated business houses.*

**KEYWORDS:** Rural Market, Innovative Marketing, Rural Marketing, Strategies, Pricing and Distribution.

## **INTRODUCTION**

### **Rural Market in India**

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-third of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear.

Rural India accounts for more than 50% of the GDP and out of total 62.97 million households, having income more than 5 lakhs per annum nearly 28.68 million households live in Rural India. The rural market is projected to be bigger in India than the urban market for the fast moving consumer goods, with an annual size of Rs. 48000 crore in 2004 and growing. Rural consumption expenditure is accounted for around 60 per cent of the country's total consumption expenditure. The figures show the significance of rural marketing.

Out of the 593 rural districts in India, 67 were classified as urban cousins 118 close to rural economic centers around 160 with basic minimum infrastructure and 248 are deprived. Many giant companies are planning to link India's agricultural products to the world markets.

These companies particularly include those venturing into the domestic retail sector like Reliance Godrej or Field Fresh Snowman Frozen Food Amalgam foods and HUL Radhakrishna Group DCM Sriram Gufic Labs Jain Irrigation Tata Group Dabur Blue Star Voltas and many others.

Tax incentives being given by the government for food processing including income tax and excise holidays for industries involved in the processing of fruits and vegetables have led to interest in the sector. These companies are establishing direct contact with farmers to source their requirements by eliminating middlemen and cutting down costs to offer higher yields to farmers.

A look at the marketing scenario indicates that most of the products are sold in local rural haats. Besides these haats the government at various levels has also helped in promoting the sale of these products outside the confines of the local environs.

For example, State Government established societies like the District Supply and Marketing Societies (DSMS) have made significant contribution to the sale of these products. Furthermore the State & District government departments extend preferential treatment to these products at the time of procurement thereby increasing the sale of these products. The respective state governments extend further assistance to the rural poor by organizing trade fairs and exhibitions in major urban centers where these products are publicized and promoted.

These people may not be literate in the true sense but they know what is happening around the world because of television. They know how the rest of the country lives. It has been reported that by 2009-10, the number of urban households is projected to grow by 4 per cent, while rural households are expected to grow by 11 per cent. The total expenditure of urban India is almost equal to what has been spent by rural India. But what is being spent by urban India is only a small percentage of the population.

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-third of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for products like colour TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent.

The rural market is zooming ahead at around 25 per cent annually. “The rural market is growing faster than urban India now,” says Venugopal Dhoot, the chairman of the Rs. 989 crore Videocon Appliances.” “The urban market is a replacement and up-gradation market today,” adds Samsung’s director, marketing, Ravinder Zutshi.

About 25 per cent of the urban India is spending as much as 75 per cent of what rural India is spending. This shows the potential exists in rural India. There is a huge market waiting to be tapped in rural India. Yes, corporate world cannot afford to ignore rural India. Unfortunately, they are only talking about it; they are not investing enough to get the maximum mileage out of it.

For them, rural India is an unknown entity even today, and it calls for a lot of investment. Initially, the ratio between investment and returns will not be the same as you see in urban India. For urban India, one television spot is enough but it’s not so in rural India.

You have to slog it out there. You will not be able to survive without rural India in future. One company that conquered the rural market 50 years ago and has consistently ruled is Hindustan Unilever. About 50-55 per cent of HUL’s sales come from the rural market. Even today, it is constantly innovating and improvising.

And Hindustan Unilever is marketing directly in the rural markets. Rural India has changed tremendously. The data published by the National Council for Applied Economic Research shows that, in the last ten years, the income of rural India has grown several- fold. There is a definite shift from middle to upper middle class and from lower to middle class segments.

### **Rural Marketing**

Over 700 million Indians live in 638 thousand villages in the new millennium. Unlike the developed countries, ‘rural’ in India means a complete absence of physical infrastructure (i.e., roads, electricity) and social infrastructure (i.e., schools, healthcare, sanitation and drinking water, sewage treatment).

If India is falling behind on the target of attaining of Millennium Development Goals Set for 2015, that is largely because of certain geographical areas, largely because of the rural areas. Rural areas are deprived not only of physical and social infrastructure but also to markets. That prevents the exploitation of comparative advantage and specialisation.

Seventy two percent of the populations live in 638,000 villages of which not more than 125,000 are integrated into the rest of the economy. Rural Sector is high on the priority list of the present government, within the National Common Minimum Programme and outside it.

Facilities available to India's village may be divided into five heads:

- i. Administrative centres
- ii. Proximity to the rest of the economy
- iii. Physical and Social infrastructure
- iv. Government Support Programme and
- v. Private initiatives.

Even in the new millennium, these facilities available are pretty bad. Among larger states these facilities are especially bad in Jammu and Kashmir, Uttaranchal, Assam, Bihar, Orissa and Jharkhand. Among smaller states these facilities are bad in Meghalaya, Mizoram and Arunachal Pradesh.

For rural economy, it has been seen that where public delivery is bad private initiatives are also non-existent. The presence of public delivery in rural areas is required as a catalyst for private initiatives to be step up. Thus, responsibility of core physical and social sector infrastructure development will have to be public.

## **TROUBLES FACED BY INDIAN RURAL MARKET**

**Troubles faced in rural marketing are as follows:**

1. Deprived people and deprived markets
2. Lack of communication facilities
3. Transport
4. Many languages and dialects
5. Dispersed markets
6. Low per capita Income
7. Low levels of literacy
8. Prevalence of spurious brands and seasonal demand
9. Different way of thinking

10. Warehousing problem
11. Problems in sales force management
12. Distribution problem.

### **1. Deprived people and deprived markets**

The number of people below the poverty line has not decreased in any appreciable manner. Thus, poor people and consequently underdeveloped markets characterize rural markets. A vast majority of rural people is tradition bound, and they also face problems such as inconsistent electrical power, scarce infrastructure and unreliable telephone system, and politico-business associations that hinder development efforts.

### **2. Lack of communication facilities**

Even today, most villages in the country are inaccessible during the monsoons. A large number of villages in the country have no access to telephones. Other communication infrastructure is also highly underdeveloped.

### **3. Transport**

Many rural areas are not connected by rail transport. Many roads have been poorly surfaced and got severely damaged during monsoons. The use of bullock carts is inevitable even today. Camel carts are used in Rajasthan and Gujarat in both rural and urban sectors.

### **4. Many languages and dialects**

The languages and dialects vary from state to state, region to region and probably from district to district. Since messages have to be delivered in the local language, it is difficult for the marketers to design promotional strategies for each of these areas. Facilities such as phone, telegram and fax are less developed in villages adding to the communication problems faced by the marketers.

### **5. Dispersed markets**

Rural population is scattered over a large land area. And it is almost impossible to ensure the availability of a brand all over the country. District fairs are periodic and occasional in nature. Manufacturers and retailers prefer such occasions, as they allow greater visibility and capture the attention of the target audience for larger spans of time. Advertising in such a highly heterogeneous market is also very expensive.

## **6. Low per capita Income**

The per capita income of rural people is low as compared to the urban people. Moreover, demand in rural markets depends on the agricultural situation, which in turn depends on the monsoons. Therefore, the demand is not stable or regular. Hence, the per-capita income is low in villages compared with urban areas.

## **7. Low levels of literacy**

The level of literacy is lower compared with urban areas. This again leads to a problem of communication in these rural areas. Print medium becomes ineffective and to an extent irrelevant, since its reach is poor.

## **8. Prevalence of spurious brands and seasonal demand**

For any branded product, there are a multitude of local variants, which are cheaper and hence more desirable. Also, due to illiteracy, the consumer can hardly make out a spurious brand from an original one. Rural consumers are cautious in buying and their decisions are slow, they generally give a product a trial and only after complete satisfaction they buy it again.

## **9. Different way of thinking**

There is a vast difference in the lifestyles of the people. The choice of brands that an urban customer enjoys is not available to the rural customer, who usually has two to three choices. As such, the rural customer has a fairly simple thinking and their decisions are still governed by customs and traditions. It is difficult to make them adopt new practices.

## **10. Warehousing problem**

Warehousing facilities in the form of godowns are not available in rural India. The available godowns are not properly maintained to keep goods in proper conditions. This is a major problem because of which the warehousing cost increases in rural India.

## **11. Problems in sales force management**

Sales force is generally reluctant to work in rural areas. The languages and dialects vary from state to state, region to region, and probably from district to district. Since messages have to be delivered in the local language, it is



difficult for sales force to communicate with the rural consumers. Sales force finds it difficult to adjust to the rural environment and inadequate facilities available in rural areas.

## **12. Distribution problem**

Effective distribution requires village-level shopkeeper, toluca-level wholesaler/dealer, district-level distributor and company-owned depot at state level. These many tiers increase the cost of distribution.

Rural markets typically signify complex logistical challenges that directly translate into high distribution costs. Bad roads, inadequate warehousing and lack of good distributors pose as major problems to the marketers

## **MEASURES TAKEN FOR EFFECTIVE RURAL MARKET**

There are many measures but four measures taken for effective rural marketing are as follows:

The rural market may be attractive, but has its own problems low per capita incomes, large number of daily-wage earners, acute dependence on the monsoon, seasonal consumption linked to harvests, festivals, and special occasions, poor roads, power problems, and inaccessibility to conventional advertising media.

### **1. Solving the problem of availability**

The first task is to ensure availability of the product or service. Finding the rural consumers is not easy. However, given the poor condition of roads, it is an even greater challenge to regularly reach products to the villages.

Over the years, India's largest MNC, Hindustan Lever, a subsidiary of Unilever, has built a strong distribution, which helps its brands reach the interiors of the rural market. Coca-Cola, which considers rural India as a future growth driver, has evolved a hub and distribution model to reach the villages.

### **2. Solving the problem of affordability**

The second task is to make sure affordability of the product or service. With low disposable incomes, products need to be affordable to the rural consumer, most of whom are on daily wages. Some companies have addressed the affordability problem by introducing small unit packs.

Godrej recently introduced three brands of Cinthol, Fair Glow, and Godrej in 50-gm packs, priced at Rs. 4-5. Hindustan Lever, among the first MNCs to realize the potential of India's rural market, has launched a variant of its largest selling soap brand. Lifebuoy at Rs. 2 for 50 gm. The move is mainly targeted at the rural market.

### **3. Solving the problem of acceptability**

The third task is to gain acceptability for the product or service. Therefore, there is a need to offer products that suit the rural market. One company, which has benefited by doing so, is LG Electronics.

It was a runaway hit selling 1, 00,000 sets in the very first year. Because of the lack of electricity and refrigerators in the rural areas, Coca-Cola provides low-cost ice boxes a tin box for new outlets.

### **4. Solving the problem of awareness**

The majority of the rural population is not exposed to mass media. Unconventional media has to be used for generating awareness. Events such as fairs, festivals are used as occasions for brand communication.

Cinema vans, shop-fronts, walls and wells are other media vehicles utilized to increase brand and pack visibility. Putting stickers on the hand pumps and walls of the wells are some new ideas for advertising, with the objective to advertise not only at the point of purchase but also at the point of consumption. With large parts of rural India unreachable to conventional advertising media- another important task.

## **CONCLUSION**

The rural market is where the markets of the future are likely to be. Urban markets are becoming increasingly competitive for many products. In some cases they are even saturated. On the other hand, rural markets offer growth opportunities. Rural market is the market of the new millennium. Marketers will have to understand the rural customers before they can make inroads into the rural markets. The size of the rural market is fast expanding. The rural market is fascinating and challenging at the same time. It offers large scope on account of its sheer size. It is often said that markets are made, not found, this is especially true of the rural market of India. It is a market for the truly creative markets.

## REFERENCES

1. Rural Marketing (2003), by T P Goplalawamy, Second Edition, Excel Books.
2. The Rural Marketing Book (2006), by Pradeep Kashyap & Siddhartha Raut, Biztantra Publications.
3. Rural Marketing (2002), by Sanal Kumar, Sage Publications
4. Rural Marketing: Text and Cases, 2/e, C.S.G.Krishnamacharyulu & Lalitha
5. Ramakrishnan, Pearson Education, New Delhi Rural Marketing in India: Strategies and Challenges,
6. Ruchika Ramkrishnan, New Century Publications, New Delhi
7. Kashyap, P. and S. Raut. 2006. The Rural Marketing Book. New Delhi: Biztantra-Nabi
8. M. K. and K.C. Raut. 1995. 'Problems and Imperatives of Rural Marketing in India', Indian Journal of Marketing, February-March: 16-24. Rajagopal. 1998.
9. Rural Marketing: Development, Policy, Planning & Practice. Jaipur: Rawat Publications.
10. Rao, K. L. K. and R.G. Tagat. 1985. 'Rural Marketing: A Developmental Approach', Vikalpa, 10 (3): 315-326. Velayudhan, S. K. 2002.
11. Rural Marketing: Targeting the Non-urban Consumer.
12. New Delhi: Response Books.
13. J.B.Ambekar yadav, Communication and Rural Development, Published by Mittal Publications (New Delhi), 1992.
14. R.S.N. Pillai & Bhagavathi, Marketing Management, S.Chand & Co Publishers, 2010. edition.
15. <http://www.miteshk.webs.com>. Copyright © 2011-14. Vandana Publications. All Rights Reserved.
16. Rama Bijapurkar. (2000). "Prospects for the consumer goods sector". The Economic Times, October 16,p6.
17. Dr. Rajagopal, Development of Agricultural Marketing in India, Published by Print well, Jaipur.
18. Pradeep Kashyap. (2003)."Revolution-in-waiting-Praxis". Managing-Markets, A Business Line publication, July, p6.
19. Jillian,C.S. & Macy, C..2002, Understanding consumer-service trademark relationships: A case study approach, Australasian Marketing Journal, (2).
20. Saxena, Ranjan. (2014) "Marketing Management, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, p371.

## Publish Research Article

Dear Sir/Mam,

We invite unpublished Research Paper, Summary of Research Project, Theses, Books and Book Review for publication.

**Address:- North Asian International Research Journal Consortium (NAIRJC)  
221, Gangoo Pulwama - 192301**

**Jammu & Kashmir, India**

**Cell: 09086405302, 09906662570,**

**Ph No: 01933212815**

**Email: [nairjc5@gmail.com](mailto:nairjc5@gmail.com), [info@nairjc.com](mailto:info@nairjc.com)**

**Website: [www.nairjc.com](http://www.nairjc.com)**

