

# Challenges and Problems of Intermediaries at Rural Markets

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## Abstract

Mainly this paper focus on how intermediaries face problems and what are the challenges they may go through the problems at rural markets which affects their business and profitability. by usage of internet in mobile customer is accessible of more information and product knowledge more than intermediary. distributor may not cooperative for all instances he charge more for the products has more demand or shortage in the market, In actual who is this intermediaries (IT Hardware and Software) how they will handle the challenges at rural markets we will discuss here .

**Key words:** intermediaries, rural market, urban market, marketing mix

## Introduction:

From 2009 to 2012, spending by **India's** 800+ million **rural** residents reached \$69 billion, some 25% **more than** their **urban** counterparts spent over the same period. ... Their increased purchasing power is largely due to the steady migration of manufacturing jobs to the countryside. Communication, transportation and infrastructure were the main blocks for **growth of rural markets** and penetration of urban products in **rural markets**. But these things of the past have been changed. Now everyone is looking at **rural markets** as the next **growth** driver in **Indian market**. Consequently, in case of **rural marketing**, the **marketing** mix has changed from the traditional '**4 Ps**' to the new '**4 A s**', i.e., **affordability**, **awareness**, **availability** and **acceptability**. In fact, **rural markets** have unlocked new fronts for the modern **marketers**. 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**. **Rural Consumer Behaviour** v Study about the **behaviour** shown by **rural consumer** about acquisition, **consumption** and **disposition** of various products. v Consumers of **rural** markets are spread throughout the **country side** with **low income** levels, **lack of education** where income comes in seasonal basis during **harvesting time**. 27-Jun-2017 Local mediums: **Rural** India has limited or no access to traditional media platforms such as television and newspapers even today. Thus, communicating to them in their local dialect and using mediums like road shows, radio, outdoor advertising, fairs and weekly bazaars would be more effective.

## 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.

## **Features of Rural Marketing:**

The main reason why the companies are focusing on rural market and developing effective strategies is to tap the market potential that can be identified as follows:

### **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 and It's Importance**

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.

Rural market is growing faster than urban, rural marketing results into overall balanced economical and social development. Rural marketing turns beneficial to business units, people residing in rural areas, people residing in urban areas, and to the entire nation. Let's see how growth and development of rural marketing contribute to overall prosperity and welfare.

### **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:

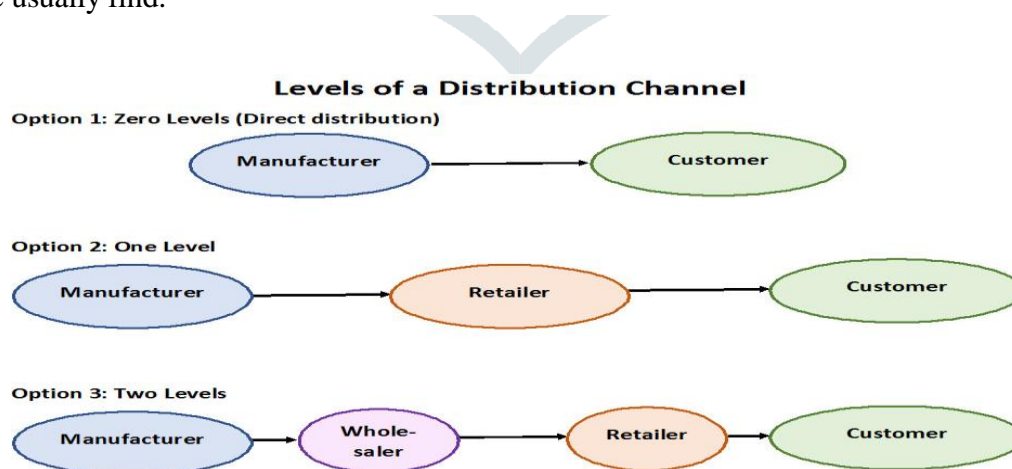
Marketing can refine entire living style and system. Better quality products at reasonable price improve income level, availability of facilities, etc., have direct positive impacts on quality of life. Quality of life improves and level crime reduces.

## 11. Balanced industrial Growth gradually.

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

## Types of Intermediaries

These are the middlemen that ensure smooth and effective distribution of goods over your chosen geographical market. Middlemen are a very important factor in the distribution process. Let us take a look at the types of middlemen we usually find.



**Distribution:**

Distribution means the process by which we make the goods or the service available to the end consumer. Generally, the place of **production** is not the same as the place of **consumption**. So the goods have to be distributed to overcome the barrier of place

Now the **distribution** of the products can be done by the organization itself which is direct distribution. Or it can hire intermediaries and form distributions channel i.e. indirect distributions. The plan will depend on several factors, some of which are

- ❖ **Product:** Whether the product is perishable or durable will be a factor in deciding its distributions model.
- ❖ **Market:** The size of the **market** will be a factor. In a large market, the direct distribution may not be a perfect choice. Also if the markets are scattered indirect channel will be more suitable
- ❖ **Company:** The size of the company and its product-mix are also deciding factors in the decision about distributions.
- ❖ **Marketing Environment:** In a slow **economy** or depression a shorter distributions chain is preferable. In a healthy economy, there is a wider choice for alternatives.
- ❖ **Cost:** The cost of the channel like **transportation**, warehousing and storage, tolls etc are obviously a factor in this decision.

**Who are these IT intermediaries in rural markets?**

IT Hardware intermediaries at rural markets : the persons who has basic knowledge of IT hardware products or who is ex employee of IT shop from urban area location who can afford little bit investment and small market relationships art rural market.

**Where they sell IT hardware products:** Government business, small shops, educational institutions, small offices and House hold customers etc

**Challenges:**

**Technical expertise:** The day IT intermediaries start his own shop or business his technical knowledge is very minimal which not sufficient to handle customer's requirement they need to update their knowledge.

**Knowledge of Hardware:** Hardware knowledge is limited at the business front and customer requirement is different to fulfill customer requirement.

**Knowledge of software:** Due to the change in customer working culture in more of software job they need to go habitat with various software's where as the intermediary is not having that much updated with the software's

**Sales person shortage:** Right manpower shortage for the sales at rural markets to run the business who has right skill set and handling the customer needs .in most of the intermediaries support or service person handle the sales part too.

**Owner centric:** Most of the all activities were monitored by owner of the intermediaries only and he needs to monitor from customer mapping to funding of the institution in all aspects of his business based on his capability.

**Capital availability:** Intermediary if suppose quite capable of getting sales but capital availability is very difficult at bulk order business or any big order in education institution or Govt purchase where as customer will not pay advance in maximum time.

### Problems of intermediaries:

**Customer needs & expectations:** By usage of internet in mobile customer is accessible of more information and product knowledge more than intermediary. Customer might ask more advanced technological models which is not available at Indian market or nearby locations. If this is not available at local market he will apt to buy from digital marketing or online buying like (Amazon, flipkart) etc.

**Information availability:** About new models and their specifications is more dependent on either distributor or sales person from the company.

**Product availability:** Customer desired product availability is little bit more concern, needs tailor made products at economical price or less than online platforms.

**Dependency on company sales people:** For products and price more dependency on sales people from the product if he is not cooperative then information inflow is in problem.

**Distributor support:** Distributor may not cooperative for all instances he charge more for the products has more demand or shortage in the market .most of the IT Hardware products are imported only lot of supply issues creates price fluctuation and they may create artificial demand at the market and they make more profitability.

### Conclusion:

To grow the intermediaries at rural market they need to go with the synchronization of the all basic things. Service revenue is contributing 60 % and sales revenue is 40% and they need to maintain the in proper model for running his profitability.

Intermediary should update with new technology, new models which are going to launch and his technical team should know about new software packages ,need to maintain the relationship with OEM and Distributor for the better products and best price to make more customer satisfaction and finally to reach the profitability.

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