

# Rural Marketing in India: Challenges and Opportunities

**Dr.Ramesh L Rathod**

Assistant Professor

Government First Grade College Sunkalbidari

## ABSTRACT

In recent years, the rural market has grown in importance and drawn the attention of marketers due to the fact that 68.84% of India's population lives in 6,38,000 villages, and the country's general economic growth has significantly increased the purchasing power of rural people. Due to the urban market's saturation, the rural market is becoming more important. Due to the intense rivalry in the urban market, there is a greater or lesser degree of market saturation because most of the potential customers have been targeted by the marketers. In order to expand their product categories, marketers are appealing to the rural market, which is an untapped market. As the economy's general expansion has significantly increased the purchasing power of rural people in nations like China and India, rural marketplaces there have grown in importance.

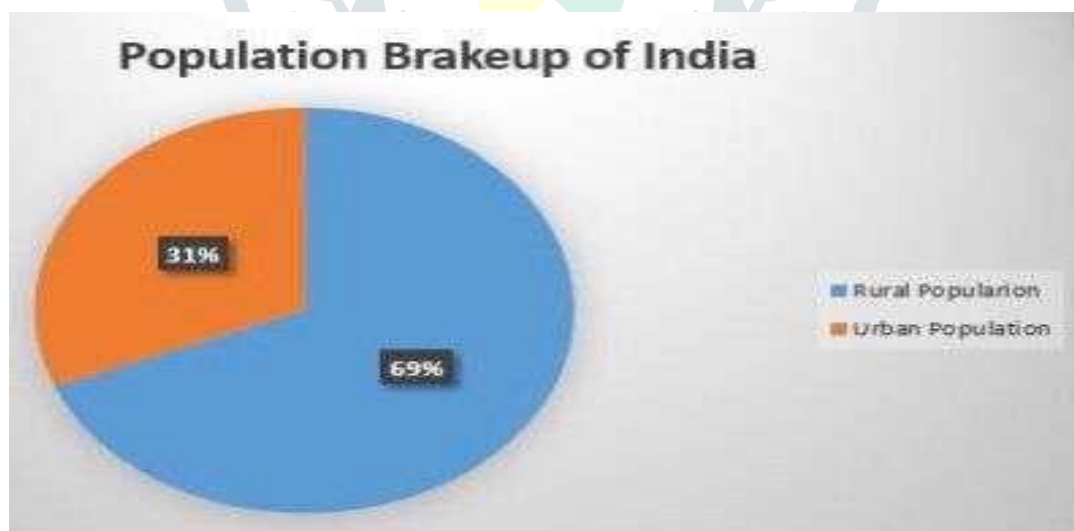
Key Words: Rural Marketing, Customer, FMCG, MNC's

## OBJECTIVES

- To study the present scenario of rural market in India.
- To identify the major opportunities available in the rural market.
- To study the major challenges faced by marketer in rural market.

## Review of Literature:

There are 6, 38,000 villages and 83.3 crore people living in rural India . The rural urban distribution ratio today is 68.84% and 31.16% respectively.



**FIG 1:Share of rural in total population**

During the previous few years, the per capita rural GDP has also seen significant development. Its compound annual growth rate (CAGR) since 2000 has outpaced the per capita urban GDP by 6.2 percent compared to 4.7 percent. Rural consumption increased by 19 percent annually between 2009 and 2012, two percentage points faster than consumption in metropolitan areas. In terms of additional expenditure, rural India spent \$69 billion during these two years, a substantial amount more than urban inhabitants, who spent \$55 billion. Consumption in rural areas swings from essentials to luxuries as earnings grow, including two-wheelers, cell phones, and television sets. In 2009–2010, over 42% of rural homes had a television, up from 26% in the preceding five years.

- **Importance of Rural Markets:** Due to the urban market's saturation, the rural market is becoming more important. Due to the intense rivalry in the urban market, there is a greater or lesser degree of market saturation because most of the potential customers have been targeted by the marketers. Hence, marketers are attempting to expand their product categories into the rural market, which is an untapped market. As the economy's general expansion has significantly increased the purchasing power of rural people in nations like China and India, rural marketplaces there have grown in importance. Due to India's Green Revolution, the rural areas are consuming a significant amount of produced goods from the industrial and urban sectors.
- **Rural market status:** Today's rural market environment is undergoing fast change. Because of their higher levels of literacy and disposable cash, rural customers are increasingly demanding branded goods. Expenses for building, consumption, weddings, and religious travel are not things that rural households like to cut back on. Rural customers now consume a wide range of goods, both durable and non-durable, and are more prepared to pay a fair price for quality goods since they have higher expectations. The bulk of our population is based in tier III and tier IV cities and villages, according to Pardeep Kashyap, CEO of MART: "Rural India has cash in hand and is not limited by EMIs or loans. It is the ideal time to enter the rural market."
- In order to have a clear understanding of the problems and difficulties faced by rural markets, a review of related literature has been conducted. In order to analyse the numerous evidences produced and the recommended policy recommendations therein, it is important to understand the right tools and approaches that may be applied. This examination of research papers in the relevant subject has been helpful in this regard. Many research on rural marketing have been conducted in India, and they have all highlighted a serious flaw in the temperamental attitude of underestimating a potentially useful source like rural marketing.

#### What Does Rural India Buy?

- \* Items more regularly (mostly weekly).
- \* Numerous companies, including those for shampoo, detergent, talcum powder, and beauty cream, are forging strong rural presences without much backing from advertising. \* Buys tiny packs, cheap unit price more significant than economy.
- \* Fewer brand options; the number of FMCG brands in rural locations is half that in metropolitan areas.
- \* Purchases quality goods rather than inexpensive ones..

Indian rural economies are expanding steadily. According to a Nielsen poll, the rural markets for FMCG (\$65,000 billion), durables (\$5,000 billion), and apparel and footwear (\$35,000 billion) were all as large as \$1.0 billion in 2008. The size has undoubtedly increased. According to Nielsen, the present \$12 billion in rural FMCG sales are expected to increase to \$100 billion by 2025. Rural India offers stable revenue and profit for expansion. In India nowadays, rural areas have more businesses than urban areas, and these businesses greatly increase non-farm productivity. The following elements have fueled the expansion of rural marketing:

- Employment Opportunities
- Agricultural Revolution
- Favourable Government Policies
- Literacy Growth
- Rising Disposable Income

#### What Makes Rural Market Attractive?

The following characteristics and statistics apply to the rural market:

There are around 833 million rural residents, compared to 377 million urban residents. The rural market accounts for the sale of 53% of all FMCGs and 59% of all durable consumer goods. Estimated size of the rural market each year: -

- FMCG \$65,000 billion and durables \$5,0 billion
- 45,000 crores for tractors and agricultural inputs
- 2/4 wheelers rs 8,000 crores of rupees
- 42 million more rural families than urban ones utilise financial services.
- India's rural market is nearly double the size of the combined markets in the US and Russia.
- Rural regions account for 46% of the sales of soft drinks.
- Rural regions account for 49% of motorbike sales.
- 59% of cigarettes are sold in rural India.
- In 20 years, the rural Indian market will be approximately 4 times as big as the urban market today and bigger than the whole consumer markets in nations like South Korea and Canada.
- Almost 10% of Maruti Suzuki's sales occur in rural areas.
- In tiny towns and villages, BSNL has about 50% of the mobile connections.

FIG 2. MARKET SIZE OF FAST MOVING CONSUMER GOODS IN INDIA FROM FINANCIAL YEAR 2011 TO 2020, WITH ESTIMATES UNTIL 2025

year	FCG market size in billion US \$
2011	31.6
2012	33.3
2013	35.7
2014	38.8
2015	43.2
2016	49

2017	52.8
2018	68.8
2019	83.3
2020	110
2025	220

FIGURE 3: ATTRACTING ATTRIBUTES OF RURAL MARKETS ESTIMATED ANNUAL SIZE: RURAL

<b>FMCG</b>	<b>INR 650000 MILLION</b>
<b>Durables</b>	<b>INR 500000 MILLION</b>
<b>Agri-input</b>	<b>INR 450000 MILLION</b>
<b>Two/four wheelers</b>	<b>INR 800000 MILLION</b>
<b>TOTAL</b>	<b>INR 12300000 MILLION</b>

#### RESULT AND DISCUSSION CHALLENGES IN RURAL MARKETING:

- **UNDERDEVELOPED CUSTOMERS AS WELL AS UNDERDEVELOPED MARKETS:** The majority of the populace in rural areas is underdeveloped, has little knowledge of the numerous goods, and is unable to change with the times. Underdeveloped due to which the market in the rural areas is underdeveloped. People are less awareness regarding the technology as a result products based on technology cannot see growth in the rural areas.
- **INADEQUATE MEDIA COVERAGE FOR RURAL COMMUNICATION:** Due of inadequate media coverage for rural communication, the goods are less well known to rural residents. The lack of technology in rural regions leads to insufficient marketing coverage.
- **LACK OF POWER, PHYSICAL COMMUNICATION FACILITIES:** Most of the villagers have no idea about roads and physical communication. During the monsoon period, most of the villages become inaccessible.
- **VARIOUS LANGUAGES AND DIALECTS:** India is the country where languages change from place to place. It is quite difficult to manage the language while implementing any marketing strategy.
- **CHALLENGES OF NATURAL CALAMITIES:** Epidemics, extreme rain or drought, lack of proper storage facilities, and inadequate market intelligence are the most common problems faced by the marketers during the implementation of any strategy.

#### Suggestions:

**Create New Goods for the Rural Market:** Redesigning a product from the ground up is a possibility. Modest adjustments to an existing product won't function well. The product must function in challenging environments with noise, dust, and power outages, among other things.

**Distribution Network:** As opposed to very dense urban markets, it should be built to reach geographically scattered rural markets.

**More Effective Communication:** The right media must be identified in order to connect with the rural population's hearts. This is necessary since the rural population is completely unreachable by any form of media, including television, print, radio, etc.

#### Conclusion:

The study came to the conclusion that rural India has enormous chances for businesses to expand and prosper. To compete in India's rural marketplaces, businesses must overcome several obstacles. India has 833 million people, compared to 377 million in cities, thus there are enormous untapped prospects in rural

India. Yet, lack of infrastructure, marketers are unable to take advantage of these chances. People cannot distinguish between brands in rural areas because of the low literacy rate. Now that fashion has changed, the cost of literacy in rural areas is rising. The number of middle-class and higher-earning households in rural India is expected to increase from 80 million to 111 million. For marketers and multinational corporations (MNCs) who comprehend the dynamics of rural marketplaces, the future may be quite promising. Many difficulties and chances exist that may entice marketers to increase their market share in rural areas. Marketers must create tactics that take into account the characteristics and consumer base in rural areas. Customers' demands and expectations in urban and rural markets differ from one another. Hence, by comprehending the characteristics of the rural marketplaces, marketers need to build various techniques. The issue of communication, which encompasses marketing and advertising, has to be addressed by academics and professionals. Future marketplaces are most likely to be found in rural areas. For many items, competition in urban marketplaces is rising. They may even be saturated in some instances. Rural markets, on the other hand, have expansion prospects. The new millennium's market is the rural one. Before entering the rural markets, marketers must first comprehend the needs of the clients there. The rural market's size is rapidly growing. The rural market is both interesting and difficult at the same time. Due to its enormous size, it provides a wide range. Markets are frequently said to be created, not discovered; this is particularly true in India's rural market. It serves the markets that are genuinely inventive. Because the vast majority of people in the nation lack access to banking and financial services, they continue to be kept out of the country's economic growth plans. Lack of suitable delivery models and goods that meet the financial needs of families with low incomes is the primary cause of sluggish inclusion.

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