



Problem of Marketing Within Rural Areas

ARUN KOHLI

ABSTRACT

Indian rural market has a vast size and demand base. Rural marketing involves the process of developing, pricing, promoting, distributing rural specific product and a service leading to exchange between rural and urban market which satisfies consumer demand and also achieves organizational objectives. There are several roadblocks that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. The rural market in India is quite fascinating and challenging in spite of all the difficulties existing. The potential is enormous. Even though, these markets have weaknesses they also have tremendous opportunities which should be availed by the marketers. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages.

KEYWORDS

Rural marketing, Distribution, Value Additions, Suggestions.

INTRODUCTION

The rural market of India started showing its potential in the 1960s. The 70s and 80s witnessed its steady development. And, there are clear indications that the 21st century is going to see its full blossoming. In our country, where research on consumer behaviour has been nominal, not much systematized information is available about the rural consumers. Only a few enlightened companies, known for their marketing orientation, viz., Hindustan Lever, Philips India, Asian Paints, Singer and Larsen and Toubro have made concrete efforts in this direction. But, by and large, we have still to understand the rural buyer, his habits, attitudes and behaviour, particularly from the marketing point of view.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these need deep probing for arriving at valid and reliable conclusions.

RURAL MARKETING IN MODERN INDIA

"Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals" (Iyer, 2010). The process should be able to straddle the attitudinal and socio-economic disparity between the urban and rural customers.

	Rural	Urban
Rural	R (R) - (R) (Rural Rural) All Products	U (U) - (R) (Urban Seller - Rural Buyer) Consumer Goods, Services, Agri Inputs, Fairs
Urban	R (R) - (U) (Rural Seller - Urban Buyer) Fairs and Non-Fairs	U (U) - (U) (Urban Urban) All Products

Rural Buyers – Seller Matrix

Quadrant I: explains a situation in which both the buyer and seller are rural. This is a subsistent economy system in which all rural produce is consumed within the system.

Quadrant II: Majority of people concentrate on Quadrant II situation, which unsustainably tries to sell urban products in rural markets.

For QII and III; it is necessary to develop urban-rural marketing linkage, so that both urban and rural products can freely move across the markets. Marketing should work as a process of motivation to deliver and improve standards of living of rural people.

URBAN TO RURAL (U 2 R): A major part of rural marketing falls into this category. It includes the transactions of urban marketers who sell their goods and services in rural areas, like pesticides, fertilizers, seeds, FMCG products, tractors, bicycles, consumer durables, etc.

RURAL TO URBAN (R 2 U): Transactions in this category basically fall under agricultural marketing where a rural producer seeks to sell his produce in an urban market, like seeds, fruits and vegetables, milk and related products, forest produce, spices, etc.

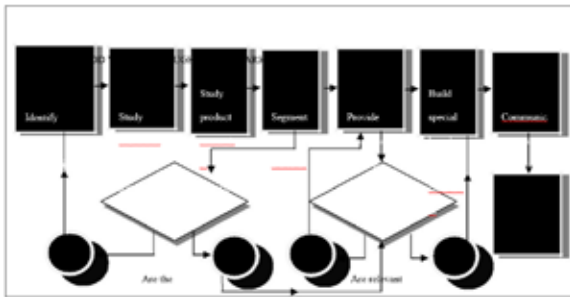
RURAL TO RURAL (R 2 R): This includes the activities that take place between two villages in close proximity to each other, like agricultural tools, handicrafts and bullock carts, dress materials, etc.

Rural Marketing Model



Value Additions to Rural Marketing

HOW TO ADD VALUE THROUGH RURAL MARKETING



ROADBLOCKS OF INDIAN RURAL MARKET

There are several roadblocks that make it difficult to progress in the rural market. Marketers encounter a number of problems like dealing with physical distribution, logistics, proper and effective deployment of sales force and effective marketing communication when they enter rural markets. The major problems are listed below.

- 1. Standard of living:** The number of people below the poverty line is more in rural markets. Thus the market is also underdeveloped and marketing strategies have to be different from those used in urban marketing.
- 2. Low literacy levels:** The low literacy levels in rural areas leads to a problem of communication. Print media has less utility compared to the other media of communication.
- 3. Low per capita income:** Agriculture is the main source of income and hence spending capacity depends upon the agriculture produce. Demand may not be stable or regular.
- 4. Transportation and warehousing:** Transportation is one of the biggest challenges in rural markets. As far as road transportation is concerned, about 50% of Indian villages are connected by roads. However, the rest of the rural markets do not even have a proper road linkage which makes physical distribution a tough task. Many villages are located in hilly terrains that make it difficult to connect them through roads. Most marketers use tractors or bullock carts in rural areas to distribute their products. Warehousing is another major problem in rural areas, as there is hardly any organized agency to look after the storage issue. The services rendered by central warehousing corporation and state warehousing corporations are limited only to urban and suburban areas.
- 5. Ineffective distribution channels:** The distribution chain is not very well organized and requires a large number of intermediaries, which in turn increases the cost and creates administrative problems. Due to lack of proper infrastructure, manufacturers are reluctant to open outlets in these areas. They are mainly dependent on dealers, who are not easily available for rural areas. This is a challenge to the marketers.
- 6. Many languages and diversity in culture:** Factors like cultural congruence, different behaviour and language of the respective areas make it difficult to handle the customers. Traits among the sales force are required to match the various requirements of these specific areas.
- 7. Lack of communication system:** Quick communication is the need of the hour for smooth conduct of business, but it continues to be a far cry in rural areas due to lack of communication facilities like telegraph and telecommunication systems etc. The literacy rate in the rural areas is rather low and consumer's behavior in these areas is traditional, which may be a problem for effective communication.
- 8. Spurious brands:** Cost is an important factor that determines purchasing decision in rural areas. A lot of spurious brands or look-alikes are available, providing a low cost option to the rural customer. Many a time the rural customer may not be aware of the difference due to ill-

literacy.

- 9. Seasonal demand:** Demand may be seasonal due to dependency on agricultural income. Harvest season might see an increase in disposable income and hence more purchasing power.
- 10. Dispersed markets:** Rural population is highly dispersed and requires a lot of marketing efforts in terms of distribution and communication. The entire points discussed above offer challenges to the marketer. He tries to uncover newer ways to market his product as he cannot afford to miss this huge opportunity existing in rural markets. He tries to identify solutions to these marketing problems.

SOLUTIONS TO PROBLEMS OF RURAL MARKETS

To solve the problems of rural markets in India, the following suggestions can be used by marketers:

- Regarding the problems of physical distribution, the marketer may have a joint network of stockist/ clearing-cum-forwarding (C&F) agents at strategic location for facilitation of physical distribution for its products in the rural market. The main advantage of this scheme is that the costs of physical distribution can be shared by the companies and stockists. The combination of different modes of transport based on availability of tracks will be beneficial to the companies. Presently, bullock-cart plays a very vital role in rural distribution where the roads are not available. Some of the leading companies use delivery vans in rural areas for resolving the distribution problems in rural market. The delivery van takes the products to the retail shops in every corner of the rural market and it enables the company to establish direct sales contact with majority of the rural consumers which helps in sales promotion.
- The rural market is composed of a number of retail sales outlets along with fair price shops under the public distribution system. It is suggested that the government should encourage private shopkeepers and cooperative stores to come forward and establish their business in rural areas instead of the weekly market known as weekly bazaar. Fertilizer companies have opened their outlets for proper distribution of fertilizer among the farmers. Similarly, the companies dealing in consumer goods can apply this model. The company may also appoint a number of retailers in and around the feeder towns and attach them to the stockist who distributes the goods to the retailers as per the potential of the market. This system has the benefit of penetrating into the interior areas of the rural markets.
- To solve the problems of sales force management, it is suggested that the company takes due care in the recruitment and selection of sales people because the traits they require are different from urban and suburban sales persons. For the rural markets, only those sales people should be preferred for selection who is willing to work in rural areas. They must be aware of the local language and must have the patience to deal with rural customers and can discharge the duties of a bare-footed salesman. Administration of such a large and scattered sales force, supervising and supporting them in sales calls, guiding them, attending to their official and personal problems, and motivating them for better results should be an exacting task for the sales manager. Thus, the people operating in rural areas should invariably be from the rural background and should have a missionary zeal to serve the rural masses.
- With reference to marketing communication in rural areas, the company should use organized media-mix like TV, Radio, cinema and POP (point of purchase) advertising. Television is gaining popularity in the rural areas but due to poor supply of electricity, radio is performing significantly better. Since, the rural people need demonstration, short-feature films with disguised advertisement messages, direct advertisement films and documentaries that combine knowledge and advertisements will

perform better rural marketing communication. Here the companies may also use audiovisual publicity vans, which may sell the products with promotion campaign. To attract the rural consumers, companies can organize village fairs, dance and drama shows, group meetings to convince the rural consumers about the products and services. In most Indian villages, there are some opinion leaders. For the rural markets, only those sales people should be preferred for selection who is willing to work in rural areas like Sarpanch, Pradhan and other elderly persons. They can be approached by the marketers to propagate their messages; these persons can prove to be effective communicators within the rural masses. The rural market in India is quite fascinating and challenging in spite of all the difficulties existing. The potential is enormous. Even though, these markets have weaknesses they also have tremendous opportunities which should be availed by the marketers. It is well known that "Markets are created and not born". The market so created should be tapped effectively. An ideal example is that of LIC. The Life Insurance Corporation of India generates life insurance business by appointing the insurance agent from the village itself so that he can easily convince his near and dear ones. LIC started a scheme called Gram Vikas where the Sarpanch is given a target to sell a minimum of 10 policy plans and the commission so earned is spent on the development of their respective villages. The marketers have to come up with innovative ideas through which the villagers also get involved in getting business from their respective villages. The Indian rural market is quite fascinating and challenging. It provides tremendous opportunities which beckon a marketer to explore