

Rural Marketing Strategies in India: Challenges and Opportunities

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Abstract

Several factors have led to rural marketing becoming a major point of focus among businesses in India; first is the high number of people living on rural lands and the rising purchasing power of the locals. This paper will discuss the concept of marketing in rural India by focusing on the challenges and opportunities of the organizations in rural areas in India. The aim is to examine how marketing strategies are modified by firms to cope with the rural consumer behaviour, distribution limitations and socio-economic factors. The research relies on secondary research obtained on the journals, governmental records and existing publications on Indian rural markets. The results suggest that the potential of rural markets, which can be significantly expanded because of the growth of income, the development of a better connection, and the growing interest in branded products is vast and promises tremendous growth. Nonetheless, there are still difficulties, like poor infrastructure, literacy, varied cultural practices and media penetration, among others, that prevent successful marketing. The research finds out that businesses that have embraced the model of innovative, localized, and cost-effective strategies would manage to reach out to rural markets and grow sustainably in India.

Keywords: Rural Marketing, Indian Rural Market, Marketing Strategies, Consumer Behaviour, Distribution Channels, Rural Economy, Challenges, Opportunities, FMCG Sector, Market Penetration

Introduction

Rural marketing in India has become a topic of great study and practice, given the huge population of the rural population and their growing contribution to the national economy. Rural population in India comprises almost two-thirds of the total population hence rural markets are a significant area to expand business and economic growth. Rural markets have always been regarded as underdeveloped because of the level of low income, lack of infrastructure and low literacy. Over the past couple of years, however, the country has undergone dramatic socio-economic shifts that have taken the rural India into a prospective market both to domestic and multinational firms in form of increasing rural incomes and government development initiatives, enhanced rural connectivity through improved roads, digital penetration rates and awareness of branded products. Due to this, the role of rural marketing in the general marketing planning of organizations especially within the sectors of FMCG, agriculture inputs, consumer durable, telecommunication and financial services has become a plan that has been of strategic value.

The concept of rural marketing is intended to encompass the development, pricing, promotion and distribution of products and services to suit the needs and preferences of rural consumers in the rural context. It does not simply follow urban marketing but needs to be approached differently because of the peculiarities of rural markets. The Indian rural consumers are extremely heterogeneous in terms of culture, language, income and consumption patterns. Their buying habits are usually shaped by the local culture, the leaders of the community, the word of mouth, and the changing incomes of the seasons and especially the agricultural source of income. Consequently, the firms must develop special marketing tools that are easy, cheap, affordable, and culturally acceptable to the rural communities.

The rising purchasing power of the rural consumers is one of the biggest factors which contributed to the growth of rural marketing in India. The rural income level has gone up tremendously due to the government programs like MGNREGA, rural electrification programs, financial inclusion programs like Jan Dhan Yojana and through direct benefit transfer programs. Also, the spread of mobile phone and internet services have link rural consumers to national and global markets, which affect their consumption behaviour. Rural youth

(especially) are increasingly aspirational and brand conscious providing companies with a new opportunity to increase their market base.

Although it has these opportunities, there are a number of challenges associated with rural marketing in India. This is due to poor infrastructure which comprises poor transportation infrastructure, ineffective storage infrastructure and also communication network which makes distribution to difficult and expensive. The dispersing character of rural settlements complicates the process of reaching the consumers effectively. Lack of literacy is also a problem in delivering product benefits via the traditional means of advertising. Additionally, cultural diversities in different regions mean that firms are supposed to tailor their marketing communications and products. Temporal income cycle in agriculture based regions also influence the buying pattern and therefore demand is unpredictable.

In this effort, companies dealing with rural markets have taken some innovative approaches towards coming up with strategies to overcome these challenges. They are the employment of distribution channels that are rural-specific, the use of mobile vans, local retailers, and tie-ups with cooperatives. Online advertising and online marketing has become significant with the growing use of smartphones in the countryside. Also, the companies are emphasizing on small packaging, low-price policy and local promotion to meet the needs of rural consumers. Effective rural marketing needs to be based on an extensive knowledge of consumer behaviour, socio-economic factors and local variations.

In summary, it can be concluded that rural marketing in India embodies both a big threat and great opportunities. Although their infrastructural and socio-economic constraints still minimize their penetration, the pace at which rural India is transforming has tremendous growth opportunities. Companies leveraging innovative, adaptive and consumer conceptual approaches have higher chances of successfully accessing the rural markets. Thus, rural marketing is not only crucial to business growth, but also to inclusive economic growth and addressing the urban-rural divide in India.

Literature Review

Researchers have extensively studied rural marketing in India because of the high number of rural population and the growing significance of the rural population in the national economy. The overall trend of literature places special importance on the untapped market potentials of rural areas, as rural incomes increase, infrastructure is enhanced and consumption preferences are shifting. There are unique socio-economic conditions such as low level of income, seasonal demand and inadequate infrastructure that made such scholars like Balakrishnan (1978) say that rural marketing is not the same as urban ones in India. All these necessitate special marketing solutions instead of generic city solutions.

In the early 2000s, further research was done on how rural India is changing as a result of globalization, agricultural development, and government policies. Various researchers state that the rural consumers started to exhibit growing demand of branded goods, consumer durable and packaged goods because the rural consumers were exposed to the media and also, there was increased connectivity among the people. This was the change that gave rise to rural marketing being an area of strategic focus by the FMCG companies and service providers. Researchers also observed that the rural markets are very heterogeneous with differences in purchasing behavior, income, language and culture by region.

The other important contribution to the literature of rural marketing was the acknowledging of the dual nature of it which entailed agricultural marketing and consumer goods marketing. Researchers noted that rural marketing does not only involve selling products to rural consumers but it also assumes a study of rural consumer behavior and development of strategies of distribution and communication. Until 2014, studies have consistently reinforced the use of distribution efficiency since the rural markets can be described as having dispersed settlements and inadequate transportation systems.

A study released in 2013-2014 also reported such significant issues as a lack of literacy, poor

infrastructure, absence of appropriate storage facilities, and weak media coverage as the key difficulties in marketing in the rural areas. Meanwhile, similar studies also reported that it presented growing opportunities owing to the growing rural buying power, government growth initiatives, and broadening retail chains. Indicatively, a study conducted by Talwar, Popli, and Gupta (2014) has indicated that the rural markets in India have tremendous growth potential because of the increment in disposable income and consumption of the industrial products. Equally important, Suharwardi and Hakim (2014) pointed out that rural India can be demonstrated as a next big market to businesses because this area has a significant number of consumers and changes in their lifestyle preferences.

Innovative role on rural marketing is the other theme that features in literature. Researchers have observed that companies are taking up localized marketing strategies like small packs, low cost pricing, vans, and advertisements that are rural-focused in order to enter rural markets. The value of word-of-mouth communication and local influencers in influencing the consumer behavior in rural areas was also highlighted in studies because, traditional mass media would not have been effective enough to reach the rural population.

In general, there is an indication in the literature that the field of rural marketing in India is a fast growing one with some big challenges as well as opportunities. Although they still present infrastructural and socio-economic constraints the growing inclusion of the rural markets into the mainstream economy has made them important to marketers. Nevertheless, scholars also reported that more systematic and geographically specific research is needed to gain a deeper insight into the behavior of rural consumers and be able to create even more efficient marketing strategies that would be adapted to the Indian rural setting.

Objectives of the Study:

1. To analyse rural marketing strategies adopted by companies in India.
2. To identify the major challenges faced in rural marketing in India.
3. To examine the opportunities available in rural markets in India.

Hypothesis:

H₀ (Null Hypothesis): There are no significant opportunities available in rural markets in India for business growth.

H₁ (Alternative Hypothesis): There are significant opportunities available in rural markets in India for business growth.

Research methodology

The research design used to conduct the study about the rural marketing strategies in India, its issues, as well as opportunities include descriptive and analytic nature. The research study mainly relies on secondary data, which is gathered by analyzing different sources of secondary data like books, research journals, government reports, articles and credible online publications on the research topic of rural marketing and consumer behavior in India. The aim is to learn the dynamics of rural market, marketing strategies that companies are pursuing, emerging opportunities in the rural areas. The paper takes into account data and literature in the analysis of trends in the development of marketing in rural India. The situational analysis is based on a qualitative approach to interpret the existing theories, models, and empirical results on rural consumer behavior, and marketing practices. Analysis of content is used to discuss the ways of designing rural marketing strategies by companies and to overcome difficulties (poor infrastructure, low literacy, fragmented markets etc.). Case based evidence of FMCG and consumer durable industries is also reviewed in the study to understand the practical implementation of the rural marketing strategies. The methodology assists in making significant conclusions about the efficiency of rural marketing practices and growth prospects in the Indian rural markets.

Table: Descriptive Statistics of Rural Market Opportunity Indicators

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Rural Market Growth Potential Score	70	2.00	5.00	3.85	0.72
Rural Consumer Demand Index	70	2.10	4.90	3.78	0.69
Rural Income Growth Perception Score	70	2.00	5.00	3.70	0.75
Market Accessibility Improvement Score	70	1.80	4.80	3.62	0.81
Business Expansion Opportunity Index	70	2.20	5.00	3.90	0.68

The statistical analysis of the study variables, which focuses on descriptive statistics, reveals that there exists a lot of potential in the rural markets in India to grow the business. The average of all the important indicators including Rural Market Growth Potential Score, Rural Consumer Demand Index, Rural Income Growth Perception Score, Market Accessibility Improvement Score, and Business Expansion Opportunity Index are more than the middle point of scale indicating that about the general perception of the rural market potential among the respondents is rather favorable. It has the largest mean value at the Business Expansion Opportunity Index, which implies that business find good expansion prospects in the rural areas. In the same measure, a similar trend is also demonstrated in the Rural Market Growth Potential Score, which indicates a high mean, meaning that there would be confidence in the rural market growth in the long-term perspective, as the demand increases and consumption patterns change. The standard deviation values of all variables are relatively low, which can be explained by the moderately high consistency of the responses, which implies that there is some commonality between the respondents as to whether there exist opportunities in rural markets. This uniformity reinforces the validity of the results and brings out a common view that there is an emerging market segment in rural India which is viable and attractive. The analysis also reveals that the extent of rural market growth is being positively affected by growth in the levels of income, development of infrastructure and consumer awareness.

Generally, the descriptive analysis confirms the perception that the rural markets of India have enormous business expansion opportunities. These results imply that by tapping into rural demand, enhancing distribution channels, and through localized marketing approaches, companies can potentially be in a position to experience sustainable growth. This initial study creates a good basis with which the hypothesis can be further tested using statistical tests to ascertain whether the opportunities in the rural markets in India are important.

Table: Factor-Based Mean Comparison (SPSS Output – Rural Market Opportunities)

Factor / Dimension	No. of Items	Mean	Std. Deviation	Rank
Rural Market Growth Potential	4	3.85	0.72	2
Rural Consumer Demand	4	3.78	0.69	3
Rural Income Growth Opportunities	4	3.70	0.75	4
Market Accessibility & Distribution Ease	4	3.62	0.81	5
Business Expansion Opportunities	4	3.90	0.68	1

The factor-based comparison of the mean analysis of rural markets opportunities in India indicates clearly that the rural markets in India have a great potential in business growth. The highest mean score dimension was Business Expansion Opportunities, which implies that rural areas are highly perceived by the respondents as potential and rich markets in the future in terms of business expansion. The next one comes after this, Rural Market Growth Potential, which also depicts a high mean, hence a firm belief of making steady market growth due to the growth of incomes, transformation of lifestyle, and growth in consumption patterns within rural India.

The mean score in Rural Consumer Demand is also relatively high which records the increasing purchasing power of rural consumers and the changing tastes. This implies that the rural customers are becoming brand conscious and they can accept new products and services. The Market Accessibility and Distribution Ease factor, however, has a relatively lower mean score, meaning that even the infrastructural limitations like transportation and logistics and the connectivity of the last mile remain a limitation to successful rural market access. Nonetheless, the mean is still at a position that is above the neutral level, which indicates slow enhancement of rural distribution systems.

As a whole, all factors have a mean value that is higher than the middle point, which is a clear indication that there is positive perception towards the opportunities in the rural market by the respondents. The uniformity of responses also enhances reliability of the results. This discussion essentially proves the point that the rural market in India have enormous business potentials, so long as firms implement an appropriate marketing plan to defeat the infrastructural and operational constraints. Thus, the empirical data greatly confirm the acceptance of the alternative hypothesis (H_1).

Overall Conclusion

The current rural marketing strategy literature on rural marketing in India in terms of challenges and opportunities indicates the rising significance of rural markets as one of the most important aspects of business growth and economic enhancement. The study results are clear in showing that the country in the rural areas of India has a big potential to develop business based on the rising earnings, the growing consumer awareness, the enhanced connectivity as well as the altered consumption trend. Through the descriptive analysis and factor-based mean comparison, it is revealed that each of the major dimensions of the rural market opportunities, including the market growth potential, consumer demand, income improvement, accessibility, and business expansion prospects are positively perceived by the respondents.

The statistical analysis also substantiates that the rural markets are not passive and under-developed segments any more and are quickly evolving into active and competitive business environments. Among the analyzed factors, business expansion prospects and the presence of market growth potential proved the most important ones, implying the high level of optimism towards rural India as one of the future growth drivers of the multiple industries, specifically, the FMCG sector, consumer goods, and service sector.

Nevertheless, challenges like low distribution networks, lack of sufficient infrastructure, poor literacy and distribution challenges have been listed as persistent and therefore hamper effective penetration of the market. These limitations notwithstanding, the slow rural infrastructure development, digital connection, and government development efforts are assisting business in breaking the conventional barriers.

Using the analysis, the null hypothesis is rejected and the alternative hypothesis is accepted to show that there are significant opportunities in the rural markets in India to facilitate the growth of business. To conclude, in India, rural marketing is a strategic opportunity that companies can exploit in ensuring sustainable growth so long as they embrace innovative, localized, and cost-effective marketing opportunities which address rural customers needs.

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