

RURAL MARKETING - OPPORTUNITIES AND CHALLENGES WITH REFERENCE TO DAVANGERE DISTRICT

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ABSTRACT

Rural marketing is having special place in the marketing of FMCG and durable goods. With the expansion of rural marketing tends to the growth of economic development of India. The villagers have accepted the modern way of living style due to their increase in the income and purchasing ability. Impact of globalization has made rural market higher than the urban market because of stiff competition. Due to increase in population and increase in purchasing power of rural people, the companies are realizing the importance of reaching the consumers with alternative channels such as direct marketing and haat's. Government is giving the benefit for the companies which are trying to penetrate the rural market. As rural people live in rural area which is far away from cities and towns. So they prefer to purchase at local kirana shops and they won't discriminate about local or branded products. Authorized dealers and distributors feel that transportation is the major problem, where the profit will go down and it's very difficult for them to make available product directly in rural areas. This paper is descriptive in nature. Primary data has been collected from the 60 dealers and 120 kirana shop owners and 120 rural consumers through Close ended questionnaire (structured questionnaire) in the different villages of Davangere district, Secondary data has been collected from the various Journals, Magazines, News Papers and Internet source. Appropriate statistical tools used to analyse the available data.

Key words: Rural Market, Rural Consumers, Government, Authorized Dealers and Distributors

INTRODUCTION

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According to Census 2001 number of villages in India are 6,38,588 & Census 2011 number of villages are 6,40,867. In span of 10 years there is increase in number of villages in India i.e,2,279. Out of the total of 1210.2 million population in India, the size of Rural population is 833.1 million (or 68.84% of the Total Population) Urban population 377.1 million (or 31.16%). During 2001-11 the growth of Rural Population has been stood at 12.18%. The improvement in literacy rate in rural area is two times that in urban areas The rural urban literacy gap which was 21.2 percentage points in 2001, has come down to 16.1 percentage points in 2011.

As per the census of India 2011 during 2001-11 the growth of Rural Population has been 12.18%. Growth in Rural Population in India is steadily declining since 1991. Meghalaya (27%) & Bihar (24%) witnessed largest growth among States in 2001-11 Four States recorded decline in Rural Population during 2001-11. These are Kerala (by 26%), Goa (19%), Nagaland (15%) & Sikkim (5%).

In India rural marketing has developed as an important discipline. Rural marketing mainly comprises reaching customers, understanding their needs and expectation, circulation of goods and services, and most importantly taking care of consumers & satisfying them, leading to increased sales generation. At present, rural marketing in India is facing so many problems such as transportation, warehousing, packaging, Media Problems, Seasonal Marketing, power problems, advertising and sales promotion activities.

Other major challenges are literacy and poverty in rural area is certainly affecting the business objectives. Generally in India it is observed, there is a great demand for agriculture produce; this shows the growth of rural marketing. In recent years developing country like India is has showing positive indication towards purchasing power of rural communities.

Despite the fact that rural markets are enormous attraction to marketers, it is not simple to enter the market and take an ample market share due to the following factors. Proper infrastructure is required for transportation and distribution. Many villages are not connected by rail transport. The poor road connectivity and the subserviced roads is yet another disadvantage. Large number of intermediaries lead to higher cost, therefore an effective distribution system has to be put in place, like a state level distribution dealer to a stockiest at district level and to the village shopkeepers.

The presence of too many levels in the distribution channel increases the cost of distribution, inadequate banking and credit facilities. Low literacy rates in rural areas are the biggest cause of

concern. Agriculture being the large source of income in the rural area, demand for good depends upon agricultural condition because agriculture to a large extent depends upon monsoon hence, the demand or buying capacity is not stable or regular. People living in the rural areas are driven by customs and traditions and they adjust to new trends. For example, even rich and educated classes of farmers do not brand and stylish garments and accessories. Rural consumers take caution in buying new products and are slow decision makers.

They would buy the product only after they have tried the product further being personally satisfied. The rural consumers comprise different groups based on caste, religion, age, education, occupation type, income, and politics and each group exercises the influence on the behavior of people. Rural market has a remarkable potential that is yet to be tapped. A sizeable increase in rural income will result in an increase in the buying power. (Dr. M. A. Durairangaswamy, Mr. Anish K. Ravi).

Rural marketing engages in delivering product and services to the rural consumers to meet the vast unexploited rural market. In today's tricky market both locally & globally, all FMCG as well as other companies explore new potential consumers and markets. Roughly 4 out of 5 of India's poor live in rural areas which are open with an opportunity as well as a problem, as this market has been epitomized by unbalanced growth and infrastructural problems. Thus looking at the vast opportunities which rural markets offer to the marketers it seems that the future is highly promising for those who can comprehend the dynamics of rural markets and utilize them to their best. (Dr. M. A. Durairangaswamy, Mr. Anish K. Ravi).

Rural marketing and urban marketing are very similar with regard to the basic marketing structure and marketing strategy. However, rural markets and rural marketing have special features and dilemmas as compared to urban markets. The rural markets offer a great scope for a concentrated marketing effort because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities. (Deepti Srivastava Dec 2010)

The McKinsey report (2007) on the rise on consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today, and almost four times the size of today's urban Indian market and estimated the size of the rural market at \$577 Billion. It is no wonder that even MNCs have cottoned on to the idea of a resurgent rural India waiting to happen.

Literature Review

Crafts persons suffer greatly from lack of accessible credit and loan facilities. This might be due to lack of information on facilities and credit procedures, lack of properties to serve as collateral, necessity of having a “contact man” in the bank etc. Civic infrastructure is another hurdle, poor condition of roads, irregular electricity, lack of transportation facilities are major issues. Professional infrastructure like work sheds, storage, shipping and packing facilities and social service infrastructure like insurance, medical care etc. are addition to these problems. **(Problems and Prospects for Marketing of Rural Products: An Empirical Study of Tribal Regions (India) Shubangi Rajput, Bharat Siddhartha and Sanjeev Shukla)**. The main problem of rural marketing is seasonal demand in rural areas, because 75 percent of rural income is also seasonal. For example, the demand for consumer goods will be high during the peak crop harvesting period, because this is the time at which the rural people have substantial high cash flow. Rural marketing depends upon the demand of rural people and demand depends upon income and consumer behavior. **(Indian Rural Market – Opportunities and Challenges Mr. K. Phanindra Kumar Mr. S. Swamy)**. Rural market differs by geography, occupation, social and cultural factors. This in turn influence of product design, promotion, pricing and use of channels. There is need to develop positioning and product variant according to geography and social grouping. The product offering in rural market need to reflect the product use-situation. The changing behavior of a segment of rural market suggests an initial entry strategy of mimicking the urban marketing program. The product and packaging are to be creatively used for developing and delivering value. The product attribute and feature should reflect the environment of that consumer. **(Changing Rural Market and Role of Marketers, Prof. (Dr.) G.L. Pedhiwal, Prof. Pankaj Arora, Prof. (Dr.) J.H. Vyas)**. Today's the agriculture marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer qualities are often forced out of business. Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions. **(New Perspective in Rural & Agriculture Marketing Hardeep Singh, Manoj Kr. Goel and Amit Kr. Singhal)**. Today, rural market occupies a larger part of our

economy and it is expected to grow at least four times the existing size. Another contributing factor for rural push was growing saturation in urban markets. **(Retailing in Rural India: An Overview of Markets and Opportunities Dr.RajeshKesari ,Abhishek Kumar Srivastava).** Marketers need to understand the psychology of the rural consumers and then actconsequently. Rural marketing involves more exhaustive personal selling efforts comparedto urban marketing. Firms should abstain from designing goods for the urban markets andsubsequently pushing them in the rural areas. To effectively tap the rural market, a brandmust associate it with the same things the rural folks do. This can be done by utilizing thevarious rural folk media to reach them in their own language and in large numbers so thatthe brand can be associated with the myriad rituals, celebrations, festivals, "melas", andother activities where they assemble. **(The Challenges and Strategies of Marketing in Rural India by Ms. Suchi K. Patel)**

Objectives of the study

1. To identify the opportunities of Rural Marketing at Davangere District.
2. To analyze the challenges of Rural Marketing at Davangere District.
3. To know the perceptions of Rural Consumers at Davangere District.

Research Methodology

This research paper is descriptive in nature. Primary and Secondary data collected. Primary data collected by face to face interaction with the rural consumers and dealers of fast moving consumer goods (FMCG) through close ended structured questionnaire. Secondary Data collected through magazines, journals, newspaper and internet.120 rural consumers, 120 Kirana shop owners and 60 dealers from various taluks of Davangere District such as Davangere, Channagiri, Harihara, Honnali, Harappanahalli, Jagalur.Five Point likertscales is used for questionnaire. Appropriate Statistical tools used to analyze the data collected from primary and secondary source.

Table 1 Profile of Davangere District.

| S No | Taluks | No. of Villages |
|------|----------------|-----------------|
| 1 | Davangere | 172 |
| 2 | Harihara | 87 |
| 3 | Honnali | 168 |
| 4 | Harappanahalli | 75 |
| 5 | Channagiri | 246 |

| | | |
|--------------|---------|------------|
| 6 | Jagalur | 170 |
| Total | | 918 |

Source: <http://www.census2011.co.in/census/district/253-davanagere.html>

As per 2011 census, 67.67 % population of Davangere districts lives in rural areas of villages. The total Davanagere district population living in rural areas is 1,316,487 of which males and females are 668,267 and 648,220 respectively. In rural areas of Davanagere district, sex ratio is 970 females per 1000 males. If child sex ratio data of Davanagere district is considered, figure is 946 girls per 1000 boys. Child population in the age 0-6 is 147,770 in rural areas of which males were 75,951 and females were 71,819. The child population comprises 11.37 % of total rural population of Davanagere district. Literacy rate in rural areas of Davanagere district is 71.77 % as per census data 2011. Gender wise, male and female literacy stood at 79.63 and 63.69 percent respectively. In total, 838,823 people were literate of which males and females were 471,688 and 367,135 respectively.

Table 2 Dealers and Kirana Shop owner's opinion towards Opportunities of Rural Marketing at Davanagere District

| S no | Taluku | Opportunities | | | | | | | | | |
|---------|----------------|--------------------|-------------|-------------|-------------|-------------------|-------------|----------------------|-------------|------------------------|-------------|
| | | Untapped Potential | | Market size | | Increasing Income | | Competition In Urban | | Literacy In rural area | |
| | | Dealers | shop owners | Dealers | Shop owners | Dealers | Shop owners | Dealers | Shop owners | Dealers | Shop owners |
| 1 | Davanagere | 20 | 25 | 29 | 35 | 15 | 40 | 05 | 35 | 15 | 10 |
| 2 | Harihara | 10 | 35 | 18 | 20 | 05 | 20 | 10 | 15 | 05 | 20 |
| 3 | Honnali | 05 | 10 | 03 | 15 | 05 | 10 | 08 | 30 | 10 | 20 |
| 4 | Harappanahalli | 05 | 10 | 02 | 15 | 10 | 10 | 05 | 20 | 05 | 30 |
| 5 | Channagiri | 15 | 20 | 05 | 15 | 20 | 25 | 12 | 10 | 10 | 20 |
| 6 | Jagalur | 05 | 20 | 03 | 20 | 05 | 15 | 20 | 10 | 20 | 20 |
| | Total | 60 | 120 | 60 | 120 | 60 | 120 | 60 | 120 | 60 | 120 |

Source: Field survey

Table 2 reveals that there is a low positive negative correlation i.e 0.20 between dealers and kirana shop owners, for untapped potential in the villages of Davangeretaluk. There is high positive correlation i.e 0.898 between dealers and kirana shop owners for Market size in rural areas. There is high positive correlation i.e 0.6240 between dealers and kirana shop owners for

Increasing Income among the rural area people. There is a high negative correlation i.e -0.72934 between dealers and kirana shop owners for competition in urban market. There is a high negative correlation i.e -0.541 between dealers and kirana shop owners for literacy in Rural Area.

Table 3 Challenges for Rural Market

| Sl no | Taluks | CHALLENGES | | | | | | | | | |
|-------|----------------|----------------|--------------------|-----------------|--------------------|------------------------------|--------------------|---------------------------------------|--------------------|----------------------|--------------------|
| | | Transportation | | Lack of Finance | | Less support from government | | lack of availability of raw materials | | Basic Infrastructure | |
| | | Dealers | Kirana shop owners | Dealers | Kirana shop owners | Dealers | Kirana shop owners | Dealers | Kirana shop owners | Dealers | Kirana shop owners |
| 1 | Davangere | 05 | 10 | 02 | 04 | 02 | 03 | 15 | 30 | 10 | 28 |
| 2 | Harihara | 05 | 10 | 03 | 06 | 05 | 08 | 15 | 30 | 10 | 12 |
| 3 | Honnali | 10 | 20 | 12 | 24 | 20 | 46 | 05 | 10 | 10 | 18 |
| 4 | Harappanahalli | 20 | 40 | 22 | 44 | 15 | 28 | 05 | 05 | 05 | 12 |
| 5 | Channagiri | 15 | 30 | 10 | 20 | 10 | 20 | 10 | 25 | 10 | 20 |
| 6 | Jagalur | 05 | 10 | 11 | 22 | 08 | 15 | 10 | 20 | 15 | 30 |
| | Total | 60 | 120 | 60 | 120 | 60 | 120 | 60 | 120 | 60 | 120 |

Source: Field Survey

Table 3 reveals that there is a high degree of positive correlation i.e 1 between dealers and Kirana shop owners for transportation. There is a high degree of positive correlation i.e 1 between dealers and Kirana shop owners for lack of finance. There is a high degree of positive correlation i.e 0.99 between dealers and Kirana shop owners for less support from government. There is a high degree of positive correlation i.e 0.959 between dealers and Kirana shop owners for lack of availability of raw materials. There is a high degree of positive correlation i.e 0.752 between dealers and Kirana shop owners for lack of availability of Basic Infrastructure.

Table 4 Rural Consumer perception towards Opportunities and Challenges towards Rural Marketing at Davangere District

| Sl no | Taluks | Davangere | Harihara | Honnali | Harappanahalli | Channagiri | Jagalur |
|----------------------|------------------------|-----------|-----------|-----------|----------------|------------|-----------|
| Opportunities | | | | | | | |
| 1 | Untapped Potential | 10 | 05 | 10 | 02 | 03 | 02 |
| 2 | Market size | 10 | 05 | 05 | 02 | 03 | 02 |
| 3 | Increasing Income | 10 | 10 | 05 | 02 | 03 | 03 |
| 4 | Competition In Urban | 10 | 00 | 00 | 02 | 01 | 02 |
| 5 | Literacy In rural area | 10 | 00 | 00 | 02 | 00 | 01 |
| Total | | 50 | 20 | 20 | 10 | 10 | 10 |

Source: Field Survey

| Sl no | Taluks | Davangere | Harihara | Honnali | Harappanahalli | Channagiri | Jagalur |
|-------------------|---------------------------------------|-----------|-----------|-----------|----------------|------------|-----------|
| Challenges | | | | | | | |
| 1 | Transportation | 05 | 02 | 02 | 03 | 10 | 02 |
| 2 | Lack of Finance | 05 | 02 | 03 | 01 | 10 | 02 |
| 3 | Less government support | 10 | 02 | 00 | 02 | 05 | 02 |
| 4 | Lack of availability of raw materials | 10 | 02 | 03 | 02 | 03 | 02 |
| 5 | Basic Infrastructure | 20 | 02 | 02 | 02 | 02 | 02 |
| Total | | 50 | 10 | 10 | 10 | 30 | 10 |

Source: Field Survey

Table 4 Reveals that rural consumers reacted towards opportunity (**41.66%**), district headquarters Davangere is not taking the advantages of major opportunities and are not utilized properly, **16.66%** of rural consumers from Harihara and Honnali respectively. **8.33%** of rural consumers respectively from Harappanahalli, Channagiri and Jagalur.

Rural consumers reacted towards Challenges (**41.66%**), district headquarters Davangere is facing Challenges, which is quite difficult to face competition. **8.33%** of rural consumers towards

challenges from Harihara and Honnali, Harappanahalli and Jagalur. 25% of rural consumers respectively from Harappanahalli, Channagiri and Jagalur.

Findings

1. Channagiritluk have more number of villages compare to other taluks of Davangere district. More opportunities are waiting for establish their product in Channagiritluk
2. There is a low positive negative correlation i.e 0.20 between dealers and kirana shop owners, for untapped potential in the villages of Davangeretaluk. There is high positive correlation i.e 0.898 between dealers and kirana shop owners for Market size in rural areas. There is high positive correlation i.e 0.6240 between dealers and kirana shop owners for Increasing Income among the rural area people. There is a high negative correlation i.e -0.72934 between dealers and kirana shop owners for competition in urban market. There is a high negative correlation i.e -0.541 between dealers and kirana shop owners for literacy in Rural Area.
3. There is a high degree of positive correlation i.e 1 between dealers and Kirana shop owners for transportation. There is a high degree of positive correlation i.e 1 between dealers and Kirana shop owners for lack of finance. There is a high degree of positive correlation i.e 0.99 between dealers and Kirana shop owners for less support from government. There is a high degree of positive correlation i.e 0.959 between dealers and Kirana shop owners for lack of availability of raw materials. There is a high degree of positive correlation i.e 0.752 between dealers and Kirana shop owners for lack of availability of Basic Infrastructure.
4. Majority of the respondent's i.e 41.66 % of expressed, as Davangere is headquarters, but still it is not taking full advantage over the Opportunities available in the market.
41.66% of rural consumers expressed as a challenges due to stiff competition.

Suggestions

1. Channagiritluk should take full advantage of opportunities and make necessary strategies to circulate the products at all villages in its premises.
2. Dealers and Kirana shop owners should maintain mutual trust and relationship to have potential to distribute the goods for village people, and should have atleast required knowledge regarding to market and overcome from illiteracy.
3. Dealers and Kirana shop owners should approach the government address the basic problems such as transportation, Lack of Finance, Less support from government lack of availability of raw materials, Basic Infrastructure.
4. At Davangere as a major headquarters, need to advertisement and attract the consumer at lower price to penetrate and provide the special offers.

Conclusion

Changing aspects of rural markets differ from other types of market and similarly rural marketing strategies are also significantly different from the marketing strategies aimed at different level of consumer's i.e urban or industrial consumer. Due to increase in the population India has attracted the multinational companies and goods which are standard should be made available for all types of villages by having proper channel to supply.

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