

Challenges and Opportunities in the field of Rural Marketing with reference to Punjab

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Abstract:

With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. The rural market of India started showing its potential but there are challenges in rural markets and need some strong strategies for overcoming these challenges. This paper helps in putting light on various challenges and opportunities in the field of rural marketing in Punjab state. In this paper we have used secondary data to find out various challenges and opportunities.

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Introduction:

Marketing may be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behaviour, therefore, is vital for a firm to achieve its marketing goals. The consumer's behaviour comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behaviour helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing programme in a more efficient manner.

With urban markets getting saturated for several categories of consumer goods and with rising rural incomes, marketing executives are fanning out and discovering the strengths of the large rural markets as they try to enlarge their markets. 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.

Rural Marketing:

The term 'rural marketing' used to be an umbrella term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revaluation in Indian after 1990. "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).

Methodology:

This study is purely based upon the secondary data and findings and has been compiled in a form of a generalized study. The primary objective is to study the challenges and opportunities in the field of rural marketing in Punjab. Secondary objective is to develop an insight into rural marketing in Punjab.

Review of literature:

There is a noticeable change in recent times in the rural markets, the consumption pattern, purchasing power, income levels and literacy rates of rural population has increased. In Punjab the total no of villages are 12673 according to the 2011 census with population of 17,316,800 which is 62.7% of total population of Punjab which means the rural market in Punjab is much bigger than the urban market in Punjab. If we see the literacy rate in rural Punjab is 71.42% according to 2011 census, the major part of rural Punjab is literate.

Mr. K. Phanindra Kumar; Mr. S. Swamy (2013) finds, the rural market is where the markets of the future are likely to be. Urban markets are becoming increasingly competitive for many products. In some cases they are even saturated. On the other hand, rural markets offer growth opportunities. Rural market is the market of the new millennium. The size of the rural market is fast expanding. The rural market is fascinating and challenging at the same time. It offers large scope on account of its sheer size. It is often said that markets are made, not found, this is especially true of the rural market of India.

Pardeep Kashyap, CEO, MART, says "The rural India has cash in hand and is not bound by EMIs or loans, with the majority of our population based in tier III, tier IV cities and villages. It is right time to penetrate into rural market."

Thakur , Anand hundal, B.S (2008) in his research has found that the consumers in rural Punjab prefer washing machine as a symbol of social status, rural people seem to be strongly concerned about maintaining their social status. They do not regard washing machine as an item of necessity.

Ravinder, H. Dholakia , Manish, B. Pandeya and Payal M. Pateriya: The estimated per capita income in rural Punjab is Rs 73417 for the year 2011-12 which was only Rs 12492 in year 1993-94.

Rural Market Status in Punjab:

Green revolution in Punjab leads to tremendous increase in agriculture production. In 1965-66 the food grain production was only 33.89 lakh tonnes that increased to 119 lakh tonnes in 1971-72 and 247.7 lakh tonnes in the year 2003-04. The increase in production leads to increase in income of rural population and which further leads to development of rural markets.

Other factors contributing to the development of rural market is technological changes which are occurring with the flash of an eye. Rural population has shown no intention on cutting down their expenses on weddings, construction, consumption; even Punjabi's are famous for big fat weddings both in urban and rural areas. Rural people have the cash in hand and not bound by EMIs and loans. They are ready to pay the right price for right product. These people do not want only cheap products but product with greater value. The beat penetration in this segment is made by mobile phone companies. It has been found that mobile phone has become a tool of prosperity for farmers.

Opportunities for Marketers in Rural Punjab

1. Untapped Market:

The major part of rural market is still untapped which offers a great opportunity for the marketers. There is great chance for branded goods and service industry to tap this segment.

2. Market Size:

There are 12673 villages in Punjab with more than 17,000,000 people residing in these villages which are 62.7% of total population of Punjab. It means the size of rural market is more than the urban market in Punjab.

3. Change in income:

With efforts of Indian government to uplift the rural segment many programmes were implement in rural areas to increase their income e.g Green Revolution, Kissan cards, NREGA

Many private players has also provided opportunities for farmers to increase their income by adopting contract farming.

4. Approachable Market:

The pace of development in rural areas is very slow but still most of the villages of Punjab are connected by road and rail network irrespective of the conditions of roads. The rural market is connected with the major urban areas of Punjab making the supply of products easier.

5. Saturation in Urban Market:

The urban market is getting saturated for some consumer products and the expansion in urban market is not possible, in this scenario rural market is the best opportunity for marketers to increase sales of their products.

6. Communication:

With the development in technology the rural areas which are isolated from rest of the world earlier is now 24 hr online. The use of mobile phone and DTH has increased in villages due to which it has become easier for marketers to reach the rural customer.

Challenges for Marketers in Rural Punjab:

With so much opportunities present in rural market one cannot forget the challenges which are present in rural market. There many villages in Punjab which are surrounded by rivers and there are no roads or bridges connecting these villages and remain cut off during the monsoon season. The elder generation in rural areas is not much educated so they hesitate to adopt new products, which is a major road block for marketers.

The major challenges in rural Marketing:

1. Transportation problem:

In Punjab the maximum no of villages are connected by roads but the conditions of these is really bad and transporting goods to the rural market is a big difficulty.

2. Storehouse:

There is problem of storing goods in rural areas as there are no store houses or warehouses. The cost of storage is very high due to which it becomes difficult for marketers to provide products at cheap rate.

3. Packaging and Labelling:

Packaging is an important part in product processing. In rural areas of Punjab there is culture of joint families of large sizes, so these families require goods in bulk quantities and require product in large size packing whereas some families belong to middle class and lower income class which require product in economic size and small size packing. So marketers face a real challenge in deciding the packaging size. Problem exists while labelling the product as the regional language of Punjab is Punjabi which is different from the national language. Different labelling is required in Punjabi language for rural customers of Punjab.

4. Media :

Communicating with rural customer is also a big challenge. Television is advised as the best medium for communication after the advent of DTH service but the television and DTH works with the help of electricity which is not available round the clock in Punjab. It becomes difficult to communicate with the customer.

5. Seasonal Demand:

Another major challenge for marketers is the seasonal demand for products. The 75% of income of in rural areas of Punjab is from farming which is a seasonal.



Demand for consumer goods rise during the harvesting season and declines afterwards.

6. Language barrier:

Punjab is divided into three main regions called Majha, Malwa and Doaba. There is difference in the language which people of these area uses. It becomes difficult for marketers to communicate with customers.

State Government Initiative:

Punjab govt. tried to overcome these challenges with the help of Punjab state cooperative supply and marketing federation limited which was formed in 1954. It is known as 'Markfed'. It was started with capital of Rs 54000/- and now the annual turnover is Rs 11600 crore/-. Markfed has emerged as a very solid and stable organisation committed to the service of the farmer community of the State of Punjab. Markfed, being a State Government procuring agency is engaged in Procurement of agricultural produce. It procures wheat, paddy, Cotton, oil-seeds like mustard, sunflower on behalf of Govt. of India through FCI / NAFED as part of Minimum Support Price (MSP) policy / Price Support Scheme. The food-grains business comprises more than 85% of the business turn-over of the Markfed.

Aadhaar has 45 outlets in Punjab and Gujarat, two of the country's most prosperous states with relatively good transport and infrastructure. One such store is located in Dauraha village, 30 km from Ludhiana in Punjab. The 3,000 sq ft company owned store looks like a regular midsize outlet in a city. The store manager says every product is sold at a discount ranging from two to 10 per cent. On average, 300 people visit the store every day and buy products worth Rs 400-500 each.

Suggestions:

1. Communicate and change quality Perception;

Marketers should try to communicate with the rural customer and try to educate them about the utility of their products. The communication should be in regional language so that customers can easily understand the message which marketer wants to deliver.

2. Distribution Channels:

There should be more efficient distribution network to tap the full potential of rural market.

3. Promoting products with the regional celebrities.

Marketers should use regional celebrities to promote their product as they are more close to the customers.

4. Finance and credit facilities;



Provide easy credit facilities to farmers. The income of farmers is seasonal so they cannot buy costly products other than the harvesting season. But if credit facilities are easily available and the return pattern is six monthly instead of monthly can benefit the marketers for sale of costly products.

Conclusion:

Rural market is the market of future. The urban markets are getting saturated for many consumer products but the rural market is offering great opportunities for the marketers irrespective of the challenges present in rural market. The rural market of Punjab is bigger than the urban Market as 62% of population resides in villages. Punjab is a prosperous state and had great opportunity for marketers to expand their market in Punjab. There are challenges in Punjab also but these challenges can be dealt by creative marketing strategies. The rural market of Punjab is market for truly creative marketers.

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