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A study of rural market potentials in India with specific reference to Akola district (MS)

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Abstract

Rural markets offer immense growth opportunities due to untapped market, large population, and huge scope for penetration. Rural markets are an important and growing market. Though characteristics features such as thin population situated at distance from one another, heterogeneity, low literacy rate, limited purchasing power, and cyclical cash flows of rural consumers make them less attractive. But suitable marketing strategy such as acceptability, affordability, and awareness, and adopting some innovative marketing strategies there by creating a win-win situation, can help companies in tapping the vast rural market. Increased receptiveness to new businesses has also had an impact on the growth of markets in some rural regions.

Keywords: Rural Market, Marketing Opportunities, Work Diversity and Rural Distribution Strategy.

Introduction

The rural market in India is spread over a wide geographical area. Indian market is divided into urban and rural markets. India is an agro-based economy and the growth of most of the other sectors of economy is driven by rural demand. Urban market is heading towards a saturation point. Therefore, there is an urgent need to focus on rural development. Furthermore, more than 70% of India's population lives in villages and constitutes a big market for industry because of increasing disposal incomes and awareness level. Real India resides in the villages. Mr. Adi Godrej, Chairman, Godrej Group said that "The rural consumer is discerning and the rural market is vibrant". At the current rate of growth it will soon outstrip the urban market. The fact is that there are certain unique characteristic of rural market which call for separate marketing strategies to be distinctively developed to suit the rural and urban market behavior. The urban markets have almost reached a saturation level and further tapping it with a high profit margin has become difficult. Competition is becoming tough in urban markets compelling many firms to incur heavy costs in promotional expenditure. The awareness level of urban consumers is high and hence product features have to be changed often. This process needs a huge investment which will have a negative impact on profitability. It is often said that markets are made, not found. This is particularly true for rural market in India. In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. But every rural area is different and the responsiveness of the rural consumers need has to be kept in mind. It is the billion hopeful poor who are joining the market economy.

Literature Review

There are many studies carried out in India in connection with rural marketing, a survey by the National Council for Applied Economic Research (NCAER) (2013) confirms that the rural income levels are matching that the urban level and quality of life is improving at a very faster pace in the rural areas. With the availability of a variety of products in any domain, buyers are more inclined towards quality and feature rich products rather than just paying and settling down for anything.

Narayan Krishnamurthy (2000) pointed out that by using the regional language; it becomes much easier to increase the penetration in rural areas.

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Vivek Parikh (2001) pointed out that most of the rural marketers underestimate the verbal power magic of words to enter into the rural market.

Rakesh Singh and Kapil Bhagat (2005) explained that the corporate and rural India have entered into collaborative partnership through vertical coordination.

Pradeep and Siddhartha (2006) elaborated that various aspects of rural marketing like the rural customers, rural marketing research, rural products, pricing, distribution strategies, and the role of media and government initiation contributed in uplifting the rural demand and market.

These studies on related issues are useful to indicate the possible shortcomings and suggest new line of approach to present and study of the problems in new context

Need of the Study

Marketers are enthusiastic to enter into rural market. Rural consumer differs from their urban counterpart on a large number of important attributes, so their buying behavior is different and has got important implications for the markets. There has been increasing thrust about how to develop a marketing framework for exploiting marketing opportunities in widely scattered Indian rural market. Hence it is proposed to study the potentials (Opportunities and challenges) of rural market with a specific reference to Akola Rural Market.

Objectives

1. To understand the environment in which the rural market operates.
2. To analyze the various parameters of potential of rural market.
3. To find out the problems associated with rural market.
4. To offer the conclusions

Scope and Limitations

The study has been planned within the rural territory of Akola. It may not represent whole India.

Methodology of the Study

Primary data has been collected by the rural consumers. The information has been obtained by interviewing the respondent through structured questionnaire, keeping in view the time and availability of the respondents, group interview and interviews at the individual level have also been conducted. A preliminary study is conducted in the form of interviews with 150 persons.

Secondary data have been obtained from the published reports, internet, libraries, journals, and reports of certain government agencies i.e. Census of India, National council of applied economic research, District statistical reports, Rural Marketing books and Journals and Reserve Bank of India Report,

What Makes Rural Markets Potential?

- In India As per census 2011 Total population is 1,210,193,422 out of which Rural population is 833,087,662 and 138 million households reside in 6, 40,867 villages. The size of rural are itself speaks of its potential market.
- The agricultural development programs of the government have helped to increase income in the agricultural sector. These in turn have created greater purchasing power in rural markets.
- Increased literacy and greater awareness in rural markets create new demands. This is observed more in the

younger generation. In villages today, this segment of buyers consumes a large variety of products, both durables and non-durables. There is a visible increase in the consumption and use of a variety of products, which is easily observed.

- Intensified competition in urban markets increases costs and reduces market share. The rural markets are therefore increasingly attractive in relation to urban markets. The automobile market brings this out clearly. Hero Honda motorcycles, Bajaj bikes or Bajaj four wheelers find ready acceptance in rural markets as compared to urban markets where there is a propagation of brands.
- Co-operative banks and Public sector banks are extending loans to rural people, thereby creating job opportunities for them.
- With co-operative banks taking the lead in the rural areas, every village has access to short, medium, long-term loans from these banks. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to seeds, fertilizers and every consumer goods on installments.
- Government schemes have created new employment opportunities in Rural India. The Indian Government launched a number of schemes like and REP (Rural Electrification Programme) which gave a boost to the agrarian economy. This resulted in changes in people’s habits and social life. REP gave impetus to the development of consumer durable industry.

Above facts clearly denotes the potential of rural market.

Demographic Profile of Akola

The demographic profile of Akola is as per table.

Table 1: Demographic Profile of Akola

Description	Rural	Urban
Population (%)	60.32 %	39.68 %
Total Population	1,094,165	719,741
Male Population	563,933	368,401
Female Population	530,232	351,340
Sex Ratio	940	954
Child Sex Ratio (0-6)	918	903
Child Population (0-6)	129,187	81,893
Male Child(0-6)	67,347	43,025
Female Child(0-6)	61,840	38,868
Child Percentage (0-6)	11.81 %	11.38 %
Male Child Percentage	11.94 %	11.68 %
Female Child Percentage	11.66 %	11.06 %
Literates	829,355	581,926
Male Literates	453,144	305,833
Male Literacy	91.25 %	93.99 %
Female Literacy	80.32 %	88.36 %

Source: Census of Maharashtra 2011

This table indicates 60.32% population belongs to rural areas having male literacy rate 91.25% and in case of female it is 80.32%. This factor contributes the rural market.

Analysis of Sample

The respondents in the sample consisted of rural consumers. 150 respondents in and around the border areas of Akola are interviewed. The respondents had certain exposure to the urban lifestyle. The details of the demography of the respondents are depicted in numbers in the form of Tabulation. The outcome of the study analyzed for each of the questions asked in the interviews. Each of the questions

covers different aspects of the potential area in rural marketing. The analysis is as follows.

Analysis as Per Age Response

Table 2: Respondents' Age Response

Response	No. of Respondents	% of Respondents
Less than 20 years	15	10.50
21-30 years	27	17.69
31-40 years	50	33.00
41-50 years	35	23.33
50 years and above	23	15.48
Total	150	100.00

Source: Primary Data

A question was administered to sample of respondents describing the age. The 33.00% having age group 31-40 years and 23.33% with age group 41-50 years, constituting rural market. By and large 84.52% with 21-50 years of age group, forms the potential market.

Analysis as Per Gender

Table 3: Respondents' Gender Response

Response	No. of Respondents	% of Respondents
Male	99	66
Female	51	34
Total	150	100

Source: Primary Data

Gender wise analysis shows that 66% respondents are male and rest of them are females. It means rural markets are being dominated by male.

Analysis as Per Education Response

Table 4: Respondents' Education Response

Response	No. of Respondents	% of Respondents
Less than V	03	02.00
Till VII	56	37.33
Till X	39	26.00
Till XII	25	16.16
Graduation	17	11.85
Beyond Graduation	10	06.85
Total	150	100

Source: Primary Data

The above reveals the respondent educational background. It is evident that the majority of the respondents are having the education between VII-XII which constitutes the rural market.

Analysis as Per Income

Table 5: Respondents' Monthly Income Response

Response	No. of Respondents	% of Respondents
Less than Rs. 2000	18	12.00
Rs. 2001 - Rs. 5000	55	34.57
Rs. 5001 - Rs. 8000	38	25.33
Rs. 8001 - Rs. 10000	20	13.33
Rs. 10001 - Rs. 15000	10	06.66
More than Rs. 15000	09	06.00
Total	150	100

Source: Primary Data

It is found that monthly income of the majority respondent ranging between Rs. 2000 and Rs. 10000, which is an indication of the respondents affordability of making purchases.

Analysis as per communication Response

Table 6: Preferred Mode of Communication Response

Response	No. of Respondents	% of Respondents
TV	72	48.00
Mobile	04	2.83
Radio	17	11.28
Announcements	12	8.00
News paper	09	6.00
Poster	08	5.33
Word of mouth	28	18.66
Total	150	100

Source: Primary Data

Advertisements through television as communication mode are most desirable. Rural communication depends on two major factors – Creating Awareness and Inducing Trials. With the penetration of television media increasing rapidly, the rural consumers are becoming more aware of brands through advertisements.

Analysis as Per Language Response

Table 7: Effect of Languages Response

Response	No. of Respondents	% of Respondents
Regional	119	79.33
National	16	10.66
Both of them	15	10.00
Total	150	100

Source: Primary Data

It is obvious from the above that regional languages are preferred in marketing. The success of rural marketing depends on the appropriate localization of campaigns and regional language plays an important part in it.

Analysis as Per Purchasing Decision

Table 8: Purchasing Decisions Response

Response	No. of Respondents	% of Respondents
Self	57	38.31
Parent	33	21.49
Spouse	40	26.16
Children	20	14.04
Total	150	100

Source: Primary Data

Above table reveals that the decision making in the rural market are taken by self followed by spouse. No particular tactic can be derived out of this, rather the idea is to target the individual or the spouse or the child as per the product types and categories.

Findings

- Analysis as per age explains the pattern of purchasing in the rural markets where in the age group between 21-50 years is dominating, with majority of males persons.
- Advertisements through electronic media are preferred over other method of communication.

- Marketers can benefit most if they can make the rural people feel that they value them as their customers.
- Regional languages are playing vital role in the rural marketing.
- Rural customers are increasingly becoming brand conscious as well as price and discounts.

Challenges of Rural Markets

- The impact of agricultural technology is not felt uniformly throughout the Akola. Some taluka in Akola, where the rural consumers are somewhat comparable to their urban counter part; but there are large areas and grown of people who underdeveloped. In addition, the farmers with small agricultural land holding are also unable to take advantage of the new technology.
- Nearly 50 percent of the villages do not have all weather roads. Physical communication to the villages is highly expensive. Especially during the monsoon these villages become inaccessible.
- Primitive methods of cultivation, lack of storage facilities, transportation problem and inadequate market intelligence, including long chain of intermediaries between cultivator and wholesaler are the problems of Akola rural market.

Conclusions

There is no doubt that the rural India offers tremendous opportunity for any marketers to tap. However, companies face many challenges in tackling the rural markets. Some of the important factors being an understanding of the rural customers' needs, a reliable distribution channel, and an effective marketing communication strategy to put their message across to the rural consumer. Rural market witnesses a high demand of consumption and that contributes more profit than its urban counterpart. On account of the green revolution and the white revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. Rural marketing players delivering manufactured or processed goods or services to rural consumers. When we consider the scenario of India there is an enormous market for products.

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