

Challenges in Innovative Rural Retail Marketing

Sukhavasi Santha kumara, B. Balanagalakshmi

Abstract: In the words of Peter F. Drucker, the father of Modern Management, "any organisation will have two types of functions, one is marketing and another one is an innovation". The Indian market contains rural market as well as the urban market. These two markets are recognized with enormous prospective for marketers and rural marketers face the problem of setting a proper marketing mix, unlike urban marketers. Rural markets have been evolved on its own and relatively less contact with the corporate markets which are virgin in nature. With the evolution of Global structure, the ever change tastes and preferences of consumers are providing direction for retail markets in India. The area of retailing gives possibilities to look at and make funds as investment in rural areas and corporate as well as marketers have made a foray in the earlier period. The people in rural areas are more in India, who are the eye catcher for rural retailers, looks for growth in market position. The rural buyer/purchaser represents a separate and distinct category. The rural population has unique needs and literacy levels as that of urban buyers. The remoteness and the uniqueness of the rural markets call for special distribution strategy and channel management to be followed to satisfy the needs and wants of the rural people. In order to meet this unique environment, rural marketers have to design creative solutions. The quality of services and costs are adversely affected by physical distribution and channel management issues. The success of any product largely depends on rural markets where exists no or poor means of communication. So there is a need for an innovative strategy for rural markets to overcome the problems in retail rural markets. This paper reviews the innovations required and challenges faced by rural retail markets.

Keywords: Innovations, Retailing, Retail Marketing, Rural Markets

I. INTRODUCTION

A silent revolution is sweeping the Indian country aspect. It is compelled promoting whiz youngsters to travel rurally. The promoting battlefield has shifted from the cities to the villages. Rural markets became the most street with potential for consumption of form of product and services. Among the varied factors that have created rural markets engaging area unit massive population, rising prosperity, growth in consumption, life vogue changes, product life-cycle advantage, comparatively high market growth rates, price effectiveness of rural promoting and convenience in reaching rural areas.

Retailing is involved those activities which directly related to the selling for the personal or non-business use. It provides the opportunity to the owners to sell their products

either through their own stores by house-to-house canvassing or by mail-order business. Manufacturers engage in retailing when they make direct to consumer sales of their products through their personal stores by door-to-door canvass or mail order or even on telephone and the wholesaler also can engage in retailing by selling directly to the customers along with his wholesale business. The retailer is also playing a role as an intermediary through the marketing channel because he is acting as a marketer as well as customer and in turn selling his products to the customer directly. He takes a special role to maintain the contact in between consumer and the producer as a link in a complex mechanism of marketing. All middlemen are playing a dual role as buying agents towards their customers and as sales person for their suppliers. Retailers perform several functions such as anticipating customer's desires, development of the collection of several products, gathering and providing market information and investment. Anybody can change as a retailer in a simple manner. For this purpose, no need a huge amount of investment for production equipment. For so many times stock can be purchased on credit and can store in a leased space without any down payment or with a little cost can be maintained with a simple website. To be a retailer firm, any firm must cater to the needs of consumers as their basic role to perform their job as satisfactory. Now almost retail innovation is in changing. But it is meant for providing tangible value to its customers. It offers that value because it provides something fresh or betterment on something exist in the field of technology, services, goods or business systems. In addition, to offering value to consumers, it has benefits for retailers as well. The benefits may be in the form of an increase in sales. It might be that may come in the form of increased sales, progress in business and the competitive advantage on market rivals.

II. RURAL RETAIL MARKETING

Rural retail marketing means management of all activities of assessing, stimulating and converting the buying power of the village consumers into real demand for particular goods and services and making them to available to the rural people to increase the satisfaction levels and for a better standard of living to achieve organizational goals.

III. GENERAL FUNCTIONING OF RETAILING

Retailing is the sale of goods and services from the small vendors to individuals for end use or from small vendors to

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Dr. Sukhavasi Santhakumari, M.Com., MBA., M.Phil., AP-SET., Ph.D., Asst. Professor, Dept. of Commerce, Koneru Lakshmaiah Education Foundation, Vaddeswaram., Guntur-522502. A.P, India. Cell: 9397339760 (Email: Santa8023@gmail.com)

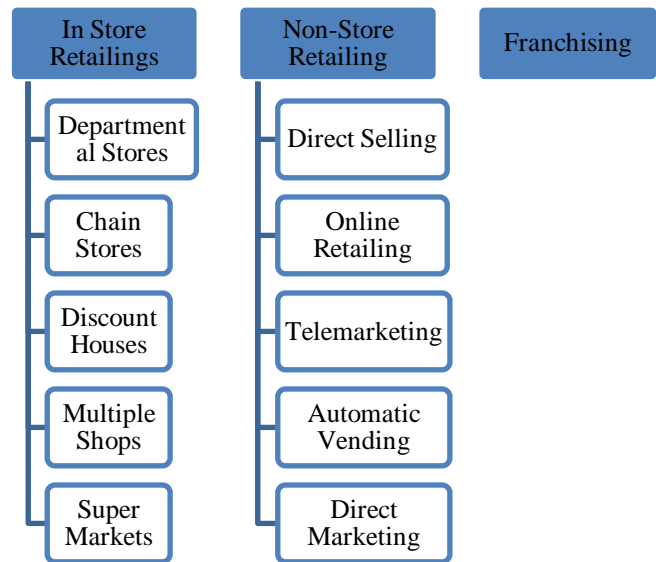
Dr. B. Balanagalakshmi, M.Com., MBA., M.Phil., PGDCA., PGDFM., TN-SET., Ph.D., Asst. Professor, Dept. of Commerce, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Guntur-522502. A.P, India. Cell: 9894079450 (Email: balanagalaxmi@gmail.com)

street hawkers and peddlers for resale to the interior part of the villages and rural areas. The word 'retail' originated in the year 1365 from the French word 'tailor' which gives the meaning of 'to cut off' or 'divide'. But it is familiarized from the year 1433 in terms of selling in small quantities. This retailing provides a lot of services to the ultimate customer, few of which are explained below:

- The retailer has to forecast the needs and desires of prospective customers. He has to supply the required products and services at reasonable prices. He has to make the consumers feel ease in buying the products and make the process as convenient as possible.
- The retailer has to give time and place utility for the products. He has to do breaking the bulk function in such a way to attract prospective customers. In addition to this, he has to concentrate on the type of containers, labels, packages, type of materials to be used for packaging and re-use of containers.
- He has to offer an assortment of goods of suitable units and sizes, colour and design, style and nature of products.
- Time and utility for products should also be created by storing the products during the non-season periods and made available to the time of requirements which may avoid the unwanted price rises and demands for the products.
- He can offer of after sale services to the customers by offering a guarantee and warranty to the products, which may reduce the risks of the customers.
- Additional services like delivery of goods at free of cost, liberal credit facilities, instalment plans, free alteration for the readymade clothing, liberal exchange policy for goods sold and proper usage instructions should be given.
- He has to facilitate convenience and ease of shopping to the prospective customers. In addition to this, proper instruction about the product, free demonstration after purchase and etc. should also be given to enjoy extended patronage from the customers.
- The retail sale is one of the important areas where the nation can get maximum returns to get increased Gross National Income.

IV. FORMS OF RETAILING

During the last two decades, drastic changes have taken place in the retailing sector. The new organisations are getting into the market to face the existing giants who already are playing a vital role to serve the end customers. In addition to the traditional way of retailing, new advancements are being introduced by the new entrants. The hawkers and peddlers who roam around the markets and sell their products and services started settling in a single place to offer their products and services. The following is few of the new variants of retailing.



Different Forms of Retailing

V. ELEMENTS OF RETAIL MARKETING MIX

Retail marketing consists of various elements like Product, Price, Place, Promotion, People, Presentation and Customer Service which are detailed below:

Product

Product mix consists of different products intended for the same may be of closely related or substitutes. These products or services are offered for the same set of end customers with or less same price level.

Price

Pricing is one of the most critical aspects of the retail marketing mix. Pricing policy of the concern is based on the target customers for the products offered and the nature of the products.

Place (Distribution)

This is another important element of the retail marketing mix that offers time utility to the products or services. The retailers have to select the appropriate channel of distribution for making the products to reach the ultimate consumers based on the nature of the product and the distance to be covered. With the help of technology advancement, online shopping is gaining its advantage.

Promotion

The promotion policy of the retailers is based on the budget, target customers, skill set of the sales personnel and the target markets. To sell the products to the target customers, the proper communication is needed to tell about the products. Appropriate advertising is to be given in advance and proper publicity should also be given for selling the products.

Presentation

The way of presentation of the product is very much important to influence the sales. The ambience and neatness of presentation is another important aspect to be taken. The

products should be presented in a systematic, orderly and in an intelligent manner to give treat for the individuals who may make them to buy the product from the stores. In online sales, the advertisement, slogans, pictures and colours used should be attractive to influence customers.

Customer Service

In addition to the prompt and timely delivery of the product, after sales services like guarantee, warranty, appropriate credit policies and return policies should also be given to the prospective customers. These services should be explained clearly both for the sales personnel and to the end customers.

People

Rural retail marketing is a unique environment. It consists of a variety of people at different levels to serve the end users. They are workers both experienced and inexperienced, employees in the stores who convert the walk-ins into the customers, the salespeople who influence the end users in different ways and different other people who work in making and reaching the product to the end customers. The attitude, behaviour and knowledge about the products of consumers play a special role in deciding the longevity of the relationship with those people.



Elements of Retail Marketing Mix

VI. OVERVIEW OF THE RETAIL SECTOR

In the worldwide market, retailing is undertaking the evolution process with a drastic transformation in the strategies and communication process. Retail chains like supermarkets, departmental stores and malls also have gained its importance even in remote and rural areas. Availability of quality products, reasonable and fair prices for the products, delivery at the doorstep of the customers, convenient and improved shopping and display of the products to attract the customers by giving the visual treat and completing the shopping with entertainment under the same roof are the few factors that should be considered while concentrating on the rural marketing under single roof, an ever new concept for the rural people. Another traditional form outlet even now is gaining attention in the rural markets are shop houses. These shops are run by the families in the ground floor and they reside on the upper floors of the building.

The number of intermediaries in the rural markets is getting decreased, due to the mis-operation of wholesale business where there exists a threat from the suppliers. Here, the specialised distributors will take lead those who can provide value added services such as the distribution of frozen food items which facilitate supply for throughout the year irrespective of the production. This function adds both time and place utility for the products.

VII. REQUIRED SKILLS FOR ORGANIZED RETAILING

The skills needed for organized retailing encompass many activities like deciding on stock levels, the product mix, brand mix and human relations, customer and staff management skills which deals with cost control and regulatory authorities. Merchandising and supply chain management, in addition to customer service, the range of activities performed at an average retail store is summarised.

VIII. RECENT TRENDS IN INDIAN RETAIL SECTOR

In India, day-by-day the retailing scenario is changing. There are several changes in the variety of retail stores and its' size and competitive strategies also. Just the concept of discount stores are catching on and the major retail chains in India are up a market. The food stores are getting more demand and becoming growth part of the retail sector which followed by the garment sector and is based on retail.

The traditional formats such as the grocers, hawkers and pan shops are exist with modern formats like supermarkets and without store retailing channels like multi-level marketing and teleshopping. The modern trend in stores is becoming large and it carries more stock keeping units and with a self-service format and practical environment. Some of the categories such as dry groceries, electronics, men's apparel and books are getting quick modernization in these retail formats. Some of the products like fresh groceries, fast food and personal care products are also reshaping and there is a chance for adaptation happening.

In India, the foreign direct investment not yet permitted by the Government, even though it is desirable, as it would improve productivity and can increase competitiveness. New stores will introduce efficient methods in approaching customers. The customers can also obtain their requirements at these stores with low prices. There are several changes like increased per capita income, changing lifestyle and increased product availability are witnessing the demand side of the Indian retail environment in developed markets, and there has been a power shift with power moving from manufacturers to the retailers. The recently increased power of retailers has led to the introduction of new tactics by the producers such as day wise low pricing, a partnership with retailers and an increase in the use of direct marketing methods.



IX. NEED OF INNOVATION FOR RURAL RETAIL MARKET

As the competition increases in the rural market, there might be the need for competitively priced products that are developed as per the needs of the rural consumers. Non-consumers of yesteryears are entering into the rural market as first-time buyers for a large number of products in large numbers. This call for a shift in management thinking from gross margin to higher profit from high-value unit sales to a game of high volumes, capital efficiency and from one solution fits all thinking to market innovation.

X. RURAL RETAILING INNOVATIONS

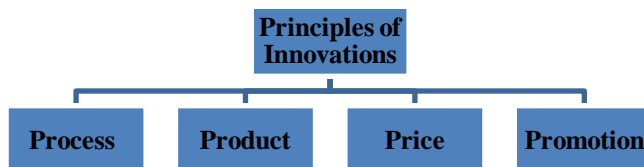
India is a country of villages and more than 80% of the population lives in villages. Marketing innovation is all about introducing the main changes in designing the product or packing, product placement, product promoting or pricing etc., But, rural retailing can leverage that marketing mix based on the requirements of rural people and which is suitable for those people. Rural retailing can be successful depends on the planning and implementation of marketing in rural areas. Before planning the pulse of the rural people is to be properly identified and accordingly the marketing functions are to be planned. Indian rural market is vast and scattered in nature, offers wide opportunities to the marketers than the urban markets. In the Indian context, the innovations in rural retail marketing consist of 4A's, they are -

- i. Awareness
- ii. Acceptability
- iii. Affordability and
- iv. Availability.

Exploiting new ideas should always lead to the creation of a new product or service which lowers the cost at the same time has the potential to meet the demand.

XI. PRINCIPLES OF INNOVATION FOR RURAL MARKETS

The needs and wants, their lifestyles and behaviour of the rural people should be considered by the retailers before identifying innovative practices for the particular local market. Not the marketing mix, the products offered and value of the products should be innovative and should meet the requirements of the customers.



Process Innovation

In rural markets, the process innovation is one of the perilous factors. It must concentrate on the development of logistics infrastructure and production based on the needs of rural customers and develops a suitable delivery plan to reach them in a cost-effective manner.

Product Innovation

The products developed for the urban markets might not be useful/good for consumers from the rural markets. The environment, facilities available, living conditions prevailing there and desires of the rural consumers is different from the urban consumers which may demand the rethinking of the products or services to be offered to them. With the help of existing technologies, it may be difficult to look into the needs and wants of the rural mass and there is the need for the development of new emerging technologies. The new technology should be relevant to the rural environment and the development of which is the first step for the success of rural retail marketing.

Price Innovation

The principles of 3R should be following while fixing the prices of the product taking into consideration the income level, spending capacity, urgency of the need for the product, distance to be covered to deliver the product, and etc. are Reuse, Refill and Recycle. It may reduce the cost of the product, in turn, increases the value for money. In addition to this, the marketing strategies like re-engineering, cost saving in operations (production of large quantity or buying of materials in large quantity to avail the benefits of trade discount, free delivery at door step insurance coverage during transit and etc.) and reduction in the sizes of either the products or packs will be implemented to reduce the product price to keep the price of the products under control. The efforts can be taken to reduce the cost of the products but not at the cost of the quality of the products.

Promotional Innovation

Corporate sector should concentrate on the opportunities available for the retail markets by considering the spending profile and changing the demographic structure. Promotional campaigns should be innovative and new to target different customers. To attract young customers' visual and audiovisual media should be used to offer regular advertisements keeping in view the impact of a visual treat. Advertisement through speakers in common area and video mounted on trucks are few of the promotional methods to be followed to make the rural retail marketing a success one.

Opportunities and Challenges in Rural Retail Marketing

Sl. No.	Opportunities	Challenges
1	It opens a door for developing new markets to reach the ultimate customers.	It creates a large number of small markets, which in turn difficult for the organisation to concentrate and monitor. There are chances for the poor display of products on the rural shops.

2	It increases the disposable income of the consumers by offering convenient shopping locations and giving free delivery of goods and at their doorstep.	There is a need for a large number of human resources to concentrate on the multiple numbers of markets created and in developing various kinds of strategies.
3	It helps in increasing the per capita income of the consumers in such a way by creating multiple job opportunities.	Poor road connectivity restricts the Rural Retail Marketing to reach the rural area to offer their services effectively.
4	It tends to offer services and reach the large mass of the population with the help of recent advancements in marketing strategies.	There are chances for non-availability of dealers to concentrate on the individual markets which may affect the market share of the organisation.
5	It increases the purchasing capacity of the consumers also. Because the retail rural marketing offers manifold job opportunities to the individuals and in turn increases the per capita income and disposable income.	Inadequate credit facilities also another hindrance faced by rural retail marketing, because of the risks involved in it. This affects the investment capacity of retailers.
6	It assures market growth of the organisation in such a way by opening doors to manifold strategies of marketing to reach all the markets without any restriction in terms of manpower, information, locality and etc.	In order to concentrate on the varied number of customers and markets, the business entity should store a lot of quantity of goods and maintain the storage system in such a way to offer effective and efficient distribution of goods. It is a time and cost consuming process.

XII. CONCLUSION

Nowadays the marketing world is going on change. This change is more attributed to the way business practices and strategies are changing across the globe. Business organizations are rapidly changing their domain and strategy to take benefit of this emerging global order. Indian Rural markets offer multiple choices for marketers to tap the opportunities in the market. At the same time, various challenges are also put forth among the market players like reliable distribution pattern, understanding the needs, effective communication among the players in the market etc. A company will become successful company when it offers the required products at affordable cost to meet consumers' expectations and with a view to earn a

reasonable return on investment if it is strong, efficient and wise distribution channel and can grab the market share.

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