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Rural markets in India: The call of consumerism

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Abstract

Our country is a land of villages. There are about six lakh villages and over 70% of the population lives in these villages. The trust on rural development and the Green Revolution during the late 1960s and early 1970s that focused on the use of high yielding varieties of seeds, increased use of fertilizers and modern pest management practices have resulted in higher yields. From a food deficit nation in the mid-60s, our country became self-sufficient in food production in 1971 and we are now exporting agricultural produce to other countries. The rise in income coupled with increased awareness and the need for possessing modern goods have influenced the rural marketing environment in our country. Expansion of TV network, rising aspirations of rural people and packaging revolution, have contributed to the growth of rural markets.

Keywords: buyer's behaviour, consumerism, IT revolution, rural market

Introduction

Further, there has been a shift from an agricultural economy to manufacturing and service economy and this development has resulted in increase in job opportunities, income and demand for goods and services in rural markets. However, the general impression among marketers is that the rural markets have potential only for agricultural inputs like seeds, fertilisers, pesticides, cattle feed and agricultural machinery. Over 50% of the national income is generated in rural India and there are opportunities to market modern goods and services in rural areas and also market agricultural products in urban areas. Over 70% of bicycles, mechanical watches and radios and about 60% of batteries, sewing machines and table fans are sold in rural India. At the same time, sales of colour television, washing machines, refrigerators, shampoos, face cream, mosquito repellent and toothpaste are very low and there is tremendous potential for such products in rural markets.

Rural India is emerging as a large market for a number of goods and services such as consumer goods, consumer durables, financial services, education, health care and telecommunication. With improvement in infrastructural facilities, organised rural retail stores are coming up in rural and semi-urban areas. Even usage of computers is growing especially in large villages and villages close to towns and cities. We are moving into a new area of development and the base is shifting towards Indian villages. While rural markets offer big attractions to the marketers, it is not easy to enter the market and take a sizeable share of the market within a short period. This is due to low literacy, low income, seasonal demand and problems with regard to transportation, communication and distribution. Further, there are different groups based on religion, caste, education, income and age and there is a need to understand the rural markets in terms of buyer behaviour, attitudes, beliefs and aspirations of people. Many of us think that increase in consumption of consumer goods such as mobile phone and television is an indication of the improvement in the quality of life of people in rural areas. But access to sanitation, electricity, education and health care is still lacking in villages and the people should have basic amenities of life such as Roti, Kapda, Makaan, Bijli, Sadak and Pani.

Rural marketing has become a buzz-word among marketing professionals and preachers. Delivering a better standard of living and quality of life will be the new role of rural marketing. The companies entering rural markets have a major role to play by carrying developmental messages to less informed rural population. Late C.K. Prahalad, the Management Guru, in his famous book on "The Fortune at the Bottom of the Pyramid," has rightly said, "The real source of market promise is not the wealthy few in the developing world or even the emerging middle income consumers. It is the billions of aspiring poor who

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are joining the market economy for the first time.” Thus, rural markets offer opportunities and challenges for the marketers.

IT Revolution in India and the Mobile Platform

Indian telecommunication industry is again one of the fastest growing industry in the world. Its subscribers' base has crossed 525.65 million in October this year and is adding 15 million connections every month. This is one sector, where its growth rate has performed much better than government's expectations. Meltdown did not affect its growth - when most of the sectors were showing negative or no growth, telecommunication sector had registered a growth of around 46%. The teledensity of urban areas is 101.38 % where as the rural teledensity is 18.97% in the beginning of October this year. The rural area has emerged as the new market for the telecom service providers, lowering of tariff and handset costs would act as a catalyst in this direction.

Indian Telecommunications started in 1851 when the first operational land lines were laid by the government near Calcutta. Telephone services were introduced in India in 1881 and at the time of independence there were around one lakh telephone connections only.

After independence its growth rate remained at low pace till nineties. In 1988 when teledensity of American and European countries was more than 50 %, India's teledensity was not even 0.5%. Pricewise also the telecom tariff has witnessed a considerable change and today it is one of the cheapest services in the world. In 2000 National Long Distance tariff for above 1,000 km was USD 0.67 per minute as against the present tariff of USD 0.02 per minute. Similarly the International Long Distance tariff has also come down from USD 1.36 per minute to USD 0.16 during the same period. The first wind of reforms in telecommunications sector began to flow in 1980s when the private sector was allowed in telecommunications equipment manufacturing. Its benefits started showing results 'a decade later. The revolutionary change in Telecom Industry started after the opening up of telecom services sector for the private sector. National Telecom Policy (NTP) 1994 was the first attempt to give a comprehensive roadmap for the Indian telecommunications sector. New Telecom policies were introduced later in 1999 and 2004 to help the industry grow.

The Foreign Direct Investment has also seen a considerable growth due to liberalized government policies. According to a rough estimate the FDI flow in telecom sector from April 2000 to March 2009 was Rs 2,75,444 million. In last fiscal year alone, the estimated FDI flow was USD 2447 million.

But notwithstanding the exponential growth in telecom, India needs another telecom-like revolution in Broadband sector to help IT enabled services and e governance to grow in small towns. Government has set a target for 20 million broadband connections by 2010 covering all high schools and above, gram panchayats and public health care centres.

Rural markets are growing at a faster pace and offer tremendous opportunities for marketing a variety of consumer goods and services. However, rural markets and rural marketing have special features as compared to urban markets. The marketers have to understand the characteristics, the buyer behaviour and the business potential of rural markets. Further, companies with long-term plans and high level of commitment to rural markets

will only be successful in the market-place. We are witnessing the impact of cell phones in every walk of human life. They have only made sea level changes in daily life. The mobile platform has created a new dimension to marketing development strategy/strategic management.

Rural Markets: The Call of Consumerism

It is the youngsters who decide what to buy. And it is not the urban markets one is referring to. So, if we think that the village elder is the most influential decision-maker in the rural household today. Surprise, It is not. Decision-making is shifting towards the younger population. There are many shopkeepers who come to know of new products from these young children and then stock them up in their shops. The wide reach that television has is one major reason for this shift.

This shift has triggered many changes and has affected the buyers as well as the sellers. A couple of years ago, typically, shops in the rural areas offered goods and brands that the shopkeeper was aware of. The choice was limited, but the buyers' market syndrome has hit rural households too. The young probing and thinking minds have triggered many changes on this front. No longer can the shopkeeper pass on what he has, he has to stock brands and products that are being asked for now.

So what will be the effect of this shift? The immediate effect is being felt in the way these children and growing population is targeted, there are many promotional activities that are carried out in the schools. This is just the beginning, there are many marketers who are targeting the younger lot to reach out and increase their market share in these regions. The shift had to happen with more village children going to schools and improvement in infrastructure facilities in these regions.

The advertising front too is experiencing a shift and focusing on the younger generation. Remember the Pepsi ad with Sachin Tendulkar in a rural background some time back? The shift had to take place to attract the right audience, Today, there are many versions of advertisements that are aired to suit the appropriate target in the rural areas and the vernacular advertisements are well received, It is becoming evident that the marketing mix is focusing itself towards the new rural decision-makers.

The shopkeepers on their part are finding it equally difficult to cope with the ever-changing demands of the young ones, this has made them more competitive in the way they approach the buyers. The increasing numbers of regional cable channels too are playing a major role and provide the young decision-makers with a medium to know about new products and brands that are fast evolving.

Village life is governed by customs and traditions. They do not easily adopt new practices. Even rich people do not go for branded shoes/shirts and new models of cars. Most of the women still prefer Soap nut (Shikakai), Green gram, Bengal gram powder for hair wash. Village life-style is in tune with nature, not the calendar or the clock. Sunday is a not a holiday in the village. Bus stops, temple premises and tea shops are the meeting places for villagers.

They follow traditional occupation. In many cases, children of farmers continue to do farming. Apart from farming, the other traditional occupations are priest, blacksmith, washerman, barber, cobbler, carpenter, potter, village nurse, vaidya, grocer, mechanic for cycles, sprayers and pumpsets and cattle rearing.

In most cases, these occupations are carried forward to the next generation. The situation is changing, as educated youngsters are moving to towns and cities in search of employment opportunities.

The rise in income, increased reach of mass media and rising aspirations of people have influenced the consumer behaviour leading to changes in the type of products purchased and consumed in rural areas.

All consumers are not alike. They see the world in their own special ways. For instance, all the members of the family have viewed a particular product advertisement in the television. The members may interpret the same advertisement in quite different ways. This is because needs, wants, values, attitudes and personal experience vary from person to person. Similarly, consumers' perception means what he thinks about the product, producer or the brand. Consumers' action, buying habits, consumption habits are based on perceptions and therefore the marketer should have good understanding of perception of consumers.

Software packages now provide data on rural India to aid the focus on high potential locations in rural markets. Marketers can use criteria on the basis of which the software package identifies the required locations. The marketer can use criteria like male-female ratio, income levels, literacy levels, accessibility, distances from the nearest town, bank deposits, schools, dispensaries. The marketer can provide weightage for each of these dimensions and based on this the software lists all the locations. The marketer can select the areas which meet the required criteria. One of the software packages uses five criteria: demographic, literacy, agriculture, civic amenities and income. This software packages can sort the entire nation and list the most suitable districts. It also lists all the villages within a district that match the requirements specified by the marketer (Rajshekar, 1999).

Villagers attach more importance to the experience of others who have used the product for making a purchase decision. Opinion leaders are person who is considered to be knowledgeable and is consulted by others and his advice is normally followed. Opinion leaders are remarkably effective at influencing the buying behaviour of other persons.

Purchase decisions are made due to advertisements and communication through

- Television
- Mobile Phone
- Radio
- Announcements
- Newspaper
- Poster
- Word of Mouth
- Plays
- Pictures on Wearing Cloths etc.

The factors which have been recognized as responsible for existence in the boom of rural market are:

- Increase in population and hence increase in demand.
- A market increase in the rural income due to agrarian prosperity.
- Standard of living is also growing up in rural areas.
- Large inflow of investment for rural development programmes from Govt. and other source.
- Increased contact of rural people with their urban

counterparts due to development of transport and wide communication.

- Increase in literacy and educational level and resultant inclination to sophisticated lives by the social folks.
- Inflow of foreign remittances and foreign made goods into rural areas.
- Change in the Land tenure systems causing a structural change in the ownership patterns and consequent changes in the buying behavior.
- Rural markets are laggards in picking up new products. This will help the companies to phase their marketing efforts. This will also help to sell inventories of products outdated in urban markets.

Rural markets, as part of any economy, have untouched potential. There are several difficulties confronting the effort to fully explore rural markets. The concept of rural markets in India is still in evolving shape and the sector poses a variety of challenges. Distribution costs and non-availability of retail outlets are major problems faced by the marketers. The success of a brand in the Indian rural market is an unpredictable as rain. Many brands, which should have been successful, have failed miserably. This is because most firms try to extend marketing plans that they use in urban areas to the rural markets. The unique consumption patterns, tastes and needs of the rural consumers should be analysed at the product planning stage so that they match the needs of the rural people. Therefore, marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern.

Conclusion

There is no doubt that the rural India offers tremendous opportunity for any company to tap. The urban markets have almost reached a saturation level that further tapping them 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 weak product features have to be changed often. Needless to say this process needs a huge investment which will have a negative impact on profitability. Think Global and Act Local should be the focus of rural communication as well as other marketing activities. The rural markets and the consumers are scattered over a wide geographical areas. There are certain features like simple living, high personal relations, speaking through the heart, traditional life style in tune with nature, family values, traditional belief, hard working nature, aspirations of rural youth etc which have to be considered for effective rural communication. The advertisement message should revolve around family, affection, love, success, welfare of the society. It should also focus on solving the problems of the villagers.

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