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## RURAL MARKETS: 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 fertilisers 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.*



**KEY WORDS:** Branding, IT Revolution, Packaging, Rural Market.

### INTRODUCTION

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 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, 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 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

- I. Television
- II. Mobile Phone
- III. Radio
- IV. Announcements
- V. Newspaper
- VI. Poster
- VII. Word of Mouth
- VIII. Plays
- IX. Pictures on Wearing Cloths etc.

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.

**The main problems in rural marketing are:**

- Understanding the rural consumer,
- Existence of the Barter system i.e; exchange of goods for goods in the villages of India,
- Underdeveloped people and Underdeveloped markets,
- Lack of proper physical communication facilities,
- Inadequate media coverage for rural communication,
- Many language and Dialects,
- Poor market organization and staff,
- Traditional outlook of rural consumers and
- Rural market demand dependency on Agricultural situation.

**The major hurdles in tapping the rural markets can be summarized as:**

- High distribution costs,
- High initial market development expenditure,
- Inability of the small retailer to carry stock without adequate credit facility,
- Generating effective demand for manufactured goods,
- Wholesale and dealer network problems,
- Mass communication and promotion problems,
- Banking and credit problems,
- Management and sales managing problems,
- Market research problems,
- Only about 80 percent of the markets are connected by roads,
- Interior village roads get flooded during monsoon etc.

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. In the face of aforesaid facts, it is hoped that the following suggestive measures would make the marketer to reach the rural customers more effectively.

### 1. Need to focus on Select Haats and Melas

Marketers need to supplement their sales through the retail channel through haats. Haats reach rural consumers efficiently, as each haat serves a number of villages. Haats can be used to sell products that are regularly used including packaged foods, toiletries, cosmetics and certain low-value durables like utensils. Haats offer an opportunity for sales promotion campaigns and also for new product launches. Demonstrations are essential to convert customers at haats since the attitude of rural buyers is utilitarian. Haats can be used for sampling of - new products or increased penetration of existing products. Stalls can be set up later in the morning if the marketer plans to carry out product promotions in the haats. Marketer can effectively reach a number of haats by servicing a limited number of selling traders who cover multiple haats.

Melas are a part of Indian culture. These are fairs where people converge for occasions, festivals or to commemorate other important events. By conservative estimates, at least 20,000 melas are held every year all over the country (Ghosh, 1994).

Melas are very important to the marketer for the following reasons:

- They are invariably connected to religious festivals, which makes it obligatory for people to attend a mela.
- They are part of India's rural culture and history. Rural folk are always aware when and where the mela take place.
- They take place around the time farmers sell their crops, which means that the rural consumer has surplus money to spend in the melas.
- They are usually joyous, lively affairs and create a holiday atmosphere. This atmosphere puts the consumers in a spending mood (Ghosh, 1994).
- Farmers bring their families along. Women, who ordinarily are restricted from moving out of the village, have universal social sanction to visit the mela. Marketers can take advantage of this tradition to establish a face-to-face communication with women, which they would otherwise find difficult to accomplish as women seldom visit local markets (Kashyap, 1998)

### 2. Value Not Price is Important

Marketers can target consumers according to their unmet needs on price or product features and develop new markets through unique positioning.

The product and packaging are to be creatively used for developing and delivering value. The product attributes and features should reflect the environment of these consumers.

Marketers can use product and package design to influence perception. The size, shape and colour are important cues that a rural marketer can use to communicate effectively and create a favourable attitude. Distinct colours, designs and symbols help the illiterate rural consumer identify the brand. The ability to leverage strengths either in distribution or costs is important to deliver the value offering.

Value Not price is important in rural markets. It is relative value that is important, and so the launch price of a new product has to take into account the price of substitute products. In the case of non-essential items for which the consumer pay a large sum, demand for quality and preference for a brand name suggests offering a high-priced model in addition to offering a stripped down version. In the case of high-priced durables, the market potential can be enlarged through hiring the product. The



presence of a large number of consumers has implications for package size of non-durables. It is preferable to have a small sachet with a low purchase price through priced higher than competing brands by unit of measure.

### **3. Branding is Desirable**

Consumers while buying pre-packed branded goods use the following guidelines to measure quality in relation to price: (1) tips from friend, (2) advertising, (3) slogans, (4) brands and trademarks, (5) labels, and (6) comments from salesman. Generally, price is used as a measure of quality. There is a firm belief in the minds of many consumers that high price is an indication of quality. The sellers fully capitalise this consumer belief. Lack of confidence and lack of precise knowledge compel consumers to rely heavily on the familiar, heavily advertised, and generally high-priced goods. Repetitive advertisement tells consumers that advertised brands assure high quality, but consumers are rarely given facts and figures or factual evidence to prove higher quality. Price is no reliable indication of quality.

### **4. Better Packaging for Higher Sales and Profit**

Once the decision is taken on the brand, we have to consider the design and the make-up of the package and the labeling of the package. Branding, packaging and labeling are distinctly specialised activities, demanding the services of advertising experts. In reality, it is not the product which is displayed and sold but it is the brand together with the package and the label which is sold or which enables to sell the product. In a sense, your brand, package and label represent the product personality. Branding, packaging, labeling, the product warranty, and service after sale are the product-related strategies and they are responsible to make the marketing programme effective. They also are the best means of promotion. They project the product in the most favourable way. Package is critically important to the buyer's recognition of the product. Aesthetically pleasing package can secure higher sales and profit.

### **5. Retention of Share is Necessitated**

Retention of share with the entry of new brands is a growing challenge even in rural markets. A quality product that meets the needs of buyers and satisfies them is important even for non-durables as word-of-mouths is important in rural markets. Effective servicing of channels is an important line of defence, as stock outs area route to enter the rural markets. The problem of retention is acute when faced with competition from the unorganized sector. One option for an existing brand is to focus on the quality conscious buyer and intensify distribution and promotion through the classic route of vans. The use of exclusive dealers to the support is also required. The second more aggressive option is to compare in the larger mass market. The introduction of lower priced brands, small package size and demonstration of quality compared to the competition makes use of the value for money proposition.

### **6. Developing the Sales Force is an Important Aspect**

Salespersons are the backbone of an organization and the success of the organization depends upon how effectively they are able to sell goods and services to meet changing needs of the customers. The salesperson has to educate the customers on Products and Services, sell the same benefit to the customer and profit to the seller. In many cases, he has to even create the need for the product. For example, identifying farmers who are cultivating traditional varieties of paddy and educating them to cultivate high yielding varieties which give higher yields. Therefore the rural salesperson is not merely an order taker, he is the "carrier" of development messages to the less informed rural population.

### **7. Integrated Marketing Communication: Crying Need of the Hour**

The messages transmitted through all forms of promotion must describe the product features and benefits in terms of customer wants and desires. The problem solving/need satisfaction approach is better while transmitting the message. For effective communication, sender and receiver must have a

common background of experience, i.e., a common culture, common language so that they will be able to create messages that will be easily understood. Creativity is the main function of advertising messages. The message claims that the advertised product will satisfy consumer needs and wants. The facts and figures relating to the product are to be highlighted to assure them that they will be satisfied by using the advertised product.

Unfortunately, we do come across misleading advertisements. The rural consumer relying on the advertisement, purchases the product. He soon finds out that the product performance does not match the claims made by the marketers. This leads to adverse publicity through word-of-mouth.

### **8. Attitude Towards Rural Market Needs a Fresh Look**

Indian rural market presents huge opportunities for the companies. Expansion of TV net work, mobile phone services, internet facilities, rising aspirations of rural people and packaging revolution have contributed to the growth of rural market. 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, there are wide variations among rural consumers due to socio-economic and cultural factors. The marketers have to understand the rural realities and come out with innovative marketing programmes to establish the products in rural market.

### **9. Benefits of Technological and Infrastructural Developments should be Harnessed**

Infrastructure means the basic physical system of a country. It includes water, energy, roads, aviation, telecom, railways, ports, storage, gas etc. These are considered essential for increasing productivity in the economy. Developing infrastructure often requires huge initial investment, but the economies of scale tend to be significant. A better infrastructure is the backbone of every developed country. The provision of quality and efficient infrastructure services is essential to realize the full potential of the growth impulses surging through the economy. If the infrastructure facilities in a growing country are not up to the mark it is not possible for them to meet up the growing demand of economy. As a result of that the growth process will slow down.

### **CONCLUSION**

Therefore the plans regarding development in infrastructure sector, if implemented and improvised in an organised manner will lead India to a better economy and face the global challenges. The growth rate can be even and India will have a good communication power. As a result of that India can meet up the domestic as well as overseas demand. Through this growing investment opportunity long term sustainable growth can be achieved and overall economy will witness a superior market condition. The basic need of the domestic inhabitants can be meet up and it will lead them towards a enhanced future and a better living.

The rapid expansion of telecommunication facilities through Subscriber Trunk Dialing (STO) system and Public Call Office (PCO) and Mobile Phone have provided opportunities for rural people to keep in touch with men and markets. Development of TV network and more regional channels have enabled the marketers to pass on message about products and services to rural people. As a result of the rapid expansion of land line, mobile telephone services and internet facilities, the rural consumer is exposed to the global village. The Information and Communication Technology is changing the marketing landscape of India. Out of all, India mobile subscriber base of 347 million (2008), rural India contributed around 92 million or 26%. Today about 15 million villagers are aware of internet. In rural areas, especially in large villages and village near to towns and cities, children and youth have access to information such as job opportunities national news, weather conditions, bank loans, examination results, etc. The way television has revolutionised brand communication, IT and Internet are sure to speed up exchange of information in rural India though at a slower rate compared to urban market. Mobile phones have become popular in villages. The impact of mobile phones are seen in every walk of life. The mobile platform has given a new dimension to marketing development strategy.

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