

Marketing Paradigms For Rural India

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INTRODUCTION

India has become visible on the world economic map after a long time. Post Independence, enormous strides have been made by the nation in most areas of human endeavour. From centuries ago, when India was a destination for travellers and traders, through the dark period when decisions were made for all our efforts by outsiders, to the recent surge in economic activity, the people have experienced it all; poverty, strife, vandalism, despair and natural calamities on the one side and courage, perseverance, patience, action, success and a large share of nature's bounties, including a large manpower base, on the other.

India has grown in a variety of sectors. There are indicators of the excellent performance in infrastructure development, education and health care, public distribution of food and commodities, and exports over the recent past. With the accomplishments and growth in sectors as diverse as information technology, tourism, medicine, engineering to space technology, the once land of snake charmers and rope climbers has come a long way. India has engaged itself in areas that are as mundane as education and social medicine, which have over the years redefined how the proletariat lives and thinks. Poverty alleviation, generation of employment and income opportunities and provision of infrastructure and basic facilities to meet the needs of rural poor were areas that the successive Governments have laid emphasis on. For realizing these objectives, self-employment and wage employment programmes continue to pervade in one form or the other. While the overall records are exciting, a cursory scan would reveal that development has not been even across the nation. One commonly held belief is that rural India has not received the benefits of the various developmental efforts, nor have the villages really come out shining. This is in spite of our founding Fathers', especially Gandhiji's dream that the future of India is in the villages. The efforts taken by independent India to bring about the desired social change has had its impact, though not in expected measures. The percolation of this change and development into the rural area is slow.

RURAL INDIA

What exactly defines rural India is still a moot point. The level of development, distance from a city, town or urban locale and the slower pace of life would be a practical description of the rural setting. Extensive areas of farmland, fresh air, lack of good roads, absence of power and other infrastructure, and people economically less endowed are imagery that the word '*rural*' would raise. Let us examine what constitutes the rural nature of a terrain. A rural area *prima facie* is open, with less-developed infrastructure, including communication, mobility and has inadequate access to amenities, including educational, health care, legal and governmental assistance for day to day sustenance, as compared to an urban area.

However, it is obvious that the word '*rural*' connotes varying images to the discerning. Take, for instance, the continuum of measure of development from the most developed metro to the remotest interior regions and we see the gradual diminution of facilities and infrastructure, slower pace of life, paucity of affluence and a general disregard for power. Where the rural starts and the urban begins is a matter of debate. Though definition of a rural area is not the purpose of this paper, it would be interesting to look at the generally mentioned statistics of rural development. Geographically spread over 70% of the country, rural areas held about 72% of all population, though the proportion of rural population declined from 72.18% to 68.84%. See Table 1 for comparison of population by residence in 2001 and 2011. Apparently, for the first time since Independence, the absolute increase in population is more in urban areas than in rural areas.

Level of urbanization increased from 27.82% in the 2001 Census to 31.16% in the 2011 Census. This could be explained by the transformation of some rural areas closer to towns and the definition as used in the Census. Table - 2

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Table 1: Population by Rural Urban Residence – India - 2011				
Residence	2001		2011	
	Persons	Percentage	Persons	Percentage
Rural	74,24,90,639	72.18%	83,30,87,662	68.84%
Urban	28,61,19,689	27.82%	37,71,05,760	31.16%
Total	1,02,86,10,328	100.00%	1,21,01,93,422	100.00%
Source: Census 2011 – Provisional Population Totals - India				

shows the gender composition of population by residence. The 2011 census does not throw a much different picture from that of 2001 in the rural areas.

Table 2: Gender Composition of Population by Residence – India 2001 - 2011				
Indicator	2001		2011	
	Population (in m)	Proportion (in %)	Population (in m)	Proportion (in %)
Rural:				
Males	381.7	51.4	427.9	51.8
Females	360.9	48.6	405.1	48.1
Sex ratio	946		948	
Urban:				
Males	150.6	52.6	195.8	51.9
Females	135.6	47.4	181.3	48.1
Sex ratio	900		926	
Source: Census 2011 – Provisional Population Totals - India				

Any discussion on rural masses and poverty eradication and development is directly related to the future of Indian agriculture. This is particularly true for India, since almost three fourth of the population still lives in the rural areas where agriculture has been and still is the mainstay. Agriculture and related activities in rural India contribute to 33% of the Gross Domestic Product, and is responsible for the employment of over 60% of the workforce. National self-sufficiency in grain production has been brought about by new agricultural methods through the use of genetically improved seeds, double cropping and expansion of farming land. Constant innovations in farming techniques continue to increase unit output, but these successes are yet to fully insulate the country from the impact of drought and declining water sources. However, the contribution of the rural sector to the nation's economic prosperity does not appear to have brought about the desired improvement in the lives of the 300 million poor, who mostly live in the villages.

As the process of liberalization deepens, there should be significant changes, which will have important implications for the economy, including the rural sector. To formulate a comprehensive reform programme encompassing all issues related to the rural economy - investments, pricing, marketing, distribution, processing, and delivery - a lot of serious research is needed. This would require endowment grants and long-term committed research grants to carry out independent research to help policymakers and help build public opinion.

RURAL INDIAN MARKETS

In spite of the apprehension that rural areas are still undeveloped, marketing companies have made tremendous inroads into the rural terrains with their offers and services. Access to the interior areas, which once were scary even to the most adventurous and mere forlorn desires of the weak minded, is now possible with much more easiness. Physically reaching villages and remote areas and transferring information to the people there pose fewer hassles today. A variety of factors have contributed to this tremendous shift in rural characteristics. Through the past six decades, primary education and efforts of non-governmental organizations (NGOs) have contributed to inform and

transform the rural population. Today, the intricate networking by telephones and the wizardry of the information technology have made inroads into the rural terrain, making dissemination of information much easier. In many states, the roads and related infrastructure has improved, and these have provided the much required network for distributing goods and services faster and more efficiently. The easiness of reaching more of the remote regions have caused great transformation in the lifestyles of the people living in these places.

This shift in affluence may not be even across the 6,56,975 villages of the country. While the villages of Kerala, Tamil Nadu and Punjab are known to be better off in terms of living standards and quality of life, the same is not true about many other villages in say Orissa or West Bengal. Even in the same state, the progression in development from the rural-rural to the urban-would be evident.

The European and the US multinational firms have, for some time now, become household names in rural areas. Companies viz. Phillips, Nestle, Unilever and Gillette have penetrated into the psyche of the rural residents. From personal hygiene products to food products to electrical gadgets, the Indian rural markets have accepted them without much reservation. Indian brands have entered the fray only much later and are yet to make a real impact. For the marketer, rural markets offer a tremendous unexplored territory, calling for them to try out marketing strategies of varying genres. Rural markets of India have fascinated many marketers. Lifestyles are changing and so are the spending patterns. The number of middle-class households, with an annual income between ₹ 0.45 lakh and ₹ 2.15 lakh, is almost as many in rural India, at 15.6 million, as in urban India, at 16.4 million, according to a NCAER estimate. The rural Indian market witnessed a 25 per cent annual growth, while the urban consumer durables market reflected an annual rate of 7 to 10 percent according to a survey by Federation of Indian Chambers of Commerce and Industry (FICCI) in 2008. Some statistics are fascinating. According to the New Delhi based research organization MART (Marketing and Research Team), rural India buys 46% of all soft drinks, 49% of all motorcycles and 59% of all cigarettes. Thirteen percent had access to telephone in 2008, while the figure for the nation as a whole was 31.5%.

The per-capita annual income in rural India is ₹ 9,481 as against urban India's ₹ 19,407. However, as Pradeep Kashyap, Managing Director of MART noted at a seminar on rural marketing challenges, *"nobody in rural India pays the kind of rents or education costs that urban Indians do, making rural disposable incomes almost as high as the urban ones."* According to IRS data, over half of the 145 million rural homes in India earn between ₹ 1,000 - ₹ 5,000 per month. Estimates put the rural market in India at ₹ 80,000 crore plus.

As per Hansa Research - Guide to Indian Markets 2006 - the percentage rise of consumer goods in rural India is just mind boggling. Colour TV sales were up by 200%, motorcycle sales were up by 77% and refrigerator sales were up by 31%. NCAER predicted India's growth rate at 7.6% for '09, when the world was apprehensive about the global meltdown, providing the impetus for developing appropriate marketing initiatives to reach out to the rural markets with more vigour. It is about creating a market from scratch by first developing it, solving its basic problems, figuring out what it needs and then designing a product or service built around that one need that a company could probably service. Though it sounds uncomplicated and somewhat apparent, *"Developmental marketing"* is a long hard grind. There may not be enough TV or print to reach out to people; there is usually no supply chain to manage because there are few good roads or sufficient electricity. Yet, dozens of companies are taking this exhausting route. The reason is simple: more than 742 million people (or about 70 per cent of India) with rising incomes and aspirations live in rural India. Although an exact definition, which will take account of the entire nation is still elusive, it would be crucial for the marketer to identify what constitutes a rural market. The parameters set including infrastructure, economic development, proximity to a major city and access to the terrain, read together with the reality on the ground, would make it a tough proposition to target any promotion or delivery of products, services and developmental schemes on a common platform. Fine-tuning of plans is inevitable to suit the special need of each region.

FACTORS INFLUENCING RURAL MARKETING STRATEGIES

Reposing faith in the fundamentals of the Indian economy, Prime Minister, Dr. Manmohan Singh in October 2008 had said: *"Economy will grow by 7.5 – 8.0 percent this fiscal. There is no question of a recession."*

Apparently, the investment scenario was healthy with GDP growth projected at 8.9 %. Though the global meltdown turned out to be catastrophic to many global players, India with its roots engrained into its philosophic approach to ethics and social responsibilities held on to the slower growth pace. Today, this country has latched on to a better growth rate.

Even before the economy slowed down, Corporates as part of their *social responsibility initiatives* had undertaken projects which reached out to the rural folks. Some of the successfully tried out models included, e-choupal of the ITC and Sakthi of Hindustan Unilever.

Networking of villages through well maintained roads made access to remote destinations easier in states viz. Tamil Nadu and Kerala. The plethora of TV channels made available through cable TV networks, and direct-to-home antennae have facilitated Corporates to communicate with the target rural markets with better response rate. *Connectivity* enhanced through the profligately strewn telephone networks has made access to the remote corners a reality, facilitating faster information dissemination and customer handling. Added to that, satellite technology makes communication with and closer monitoring of individual customers and products possible with minimal loss of time.

Leadership in reaching out to the rural areas has been initiated by the market leaders with the realization that the markets need to grow geographically faster to beat competition. Successfully locating newer remote markets through different strategies instigated immediate response from the market followers, which was soon taken up by the competition. The Government is taking upon itself the cause of developing the rural areas. As the *mentor* of equitable and sustainable growth in the rural terrains, it is imperative to promote other competent players to participate and make the effort effective and sustainable. Obviously, unlike the Government, the other players would look for compensation and even surplus creation.

RURAL MARKETING PARADIGMS

Rural India still being a riddle, many corporations continue to try to entice the rural population to come to their showrooms or outlets in the urban locales. Hindrances and difficulties persist, and marketers prefer to stay back in the urban areas. The typical features of rural India viz. rugged terrain, presence of agriculture, poor roads and transport facilities, undeveloped infrastructure, including power, drinking water, and communication, etc. pose immense challenges to the marketer. The urban, suburban and rural divide is also significant across the length and breadth of the country. A typical rural area in Tamil Nadu would be different in many respects from a rural area in Kerala. Even villages look different. It would be a marketer's nightmare to have the same strategy for all villages of India.

This calls for micro-level segmentation of the villages themselves, and then as the next stage, segmentation of the people living in these villages. Their aspirations, lifestyles, values and concerns, in short, the whole psyche of the rural Indian, becomes the primary focus of the marketer.

Targeting and positioning strategies specifically keeping the rural areas in mind yield rich dividends. Since the terrain remains unexplored and less approached, the initial efforts would call for defining the segments, mastering the tricks of targeting and understanding factors that aid positioning. Answering a series of questions would lead to precise positioning strategies.

✿ What is the specific product attribute sought for by the rural market? *Product Attributes.*

✿ What are the precise benefits required by the rural customers? *Benefits.*

✿ When and how are the products being used? *Usage Occasion.*

✿ Can the rural users be identified as to their characteristics? *Users.*

✿ Can the product or service be positioned directly against a competitor? *Against a Competitor.*

✿ Can the product or service be positioned away from competitor? *Away from a Competitor.*

✿ How best can the product or service be compared to different classes of products? *Product Classes.*

The recent spurt in interest in rural markets is possibly the outcome of stiff competition within the urban arena. Moving out into uncharted waters demands extensive homework. A few Multinationals had realized the potential much earlier and have made their presence felt in the rural areas even a decade ago. Indian companies have taken the bait and are picking up pace.

The fact that 70% of the Indian population, commonly referred to as the '*bottom of the pyramid*' lives in rural areas, Indian corporates as well as Multinationals have realized that this segment presents a huge opportunity for companies. Considering that the rural population in the age group of 15 to 30 years is large, and that they are informed and discerning, the youth segment alone provides ample marketing opportunities for the innovative marketers. Unilever's Indian subsidiary, Hindustan Unilever Ltd. (HUL, earlier HLL), considered one of the best-managed companies in India, is one such organization that understood the importance of rural marketing. It was a local firm Nirma, through its new-product formulation, pricing and distribution, which challenged this leader of the detergent business and acted as

the trigger point. Nirma's attack from below made the Company realize its vulnerability as well as identify a new opportunity. HUL has since then, launched various initiatives to reach out to the rural consumer by changing its product formulations and deliveries. It has begun a number of initiatives in terms of widening distribution reach through traditional as well as unconventional channels. HUL has also empowered rural women by assisting them in obtaining financial assistance through its project 'Shakti'.

While this is just one story, the market is rife with increasing number of instances of how the rural market helps even the small enterprises become vibrant.

SHIFTING PARADIGMS

The marketing approaches of manipulating the elementary marketing mix alone have proven to be inadequate to cater to the fast evolving rural India. New perspectives that defy traditional thought processes have to set in.

What is now known as *developmental marketing* refers to the efforts of reaching out to the rural customers. It implies the building up of a demand where none exists. The whipping effort requires the right kind of stimuli, which can be garnered with the right kind of exposure to the life in the villages. In spite of these efforts, penetration rates are low. This can be attributed to primarily three factors – *different lifestyles, inadequate infrastructure and low income levels*. A fourth and may be a much more pertinent factor could be the *lack of understanding of the rural character*. This understanding will set in only when the marketer chooses to engage with the life and aspirations of the truly rural folks.

Low income levels in absolute terms may explain low purchases. But income levels of the rural population are on the rise and considering the lesser demands for essentials, the discretionary income is almost at par with that of the urban residents. This makes their purchasing power higher than that of earlier times. Infrastructure is improving in various rural sectors. These are, in effect, impacting the lifestyles of the rural people.

Obviously, it is not easy to evolve one single strategy for the entire rural market of India and capture that strategic market share of this evolving market. The approach must be *multipronged*. By now, the early entrants have wielded their skills with all the Four Ps of marketing - Product, Pricing, Place or distribution and Promotion. Some have failed while many have succeeded. The Hindustan Lever experimented with the one-use-sachet shampoo, which, in fact, made almost one-fourth of the rural population start using shampoo, though infrequently. Unlike their urban counterparts, the rural consumer does not buy shampoo bottles since consumption is only occasional. Forming *marketing partnerships* with NGOs and agencies that have a better understanding of lives and the problems in rural areas would materialise into better sales. A long term association with the local farmers and their culture is required. Building trust and assuring a fraud-free environment in business transactions would ensure sustained relationships. Reaching out to their day-to-day problems of farming, cropping, pest control and domestic concerns, including education of their children would go a long way in fostering better rapport. Though once naive, the average rural consumer is today educated, aware and shrewd. This situation is bound to advance further.

Manipulating product features has brought in results to some companies. Size, packing, colour and branding have been modified to suit the rural markets. Another element of the marketing mix that has been worked on is promotion.

Communicating to the rural population demands entirely a new set of skills. Green initiatives by the corporations coincide with the language the farmers speak. These programmes receive better acceptance among the rural people and get integrated into their daily lives.

The unsophisticated, simple and relationship focused existence of the villagers call for absolute *ethical transactions* if the marketer intends to sustain the bond with the target groups for a long period. Any inkling of fraud or betrayal would result in the entire community closing its doors on the swindler.

A prominent role the marketer must play would be that of an *Educator*. Lack of knowledge regarding new techniques of doing things, methods of improving agricultural productivity, latest gadgetry, new ideas for improving quality of life are areas that would come in the purview of the alert marketer. Large number of experts in scientific farming, credit providers, and management and marketing professionals need to step into the environment and contribute to the understanding of the specific requirements and evolve need based assistance.

In short, the ideal route to reach the rural psyche is to understand the culture and sub-cultures, their aspirations and motivations, their needs, power centres and discretionary income. The fabric of social coexistence, existing in the rural areas cannot be easily rended. Moreover, the agriculture dominated economy of the rural people should provide the guidance for designing the marketing efforts there. Given that the monsoon and the climate in general determines the

level of purchasing power among the rural population also would determine the effectiveness of the marketing strategies.

The communication networks and their reach and viability of engaging in promoting products to rural India play a significant role. Though the sophistication of the urban residents has not touched the rural areas in a big way, it is but a matter of time for the new and trendy styles, preferences and demands to percolate into the remote areas. There are no one-stop strategies; a judicious mix is what will work. As rural India becomes more evolved and enlightened, marketing paradigms that were once successful must be revisited, and newer ones must be evolved and introduced. A combination of different approaches judiciously mixed to suit the rural targets, especially those marketing strategies that are based on relationship building, would ensure sustained presence, survival and success in ventures into remote India.

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