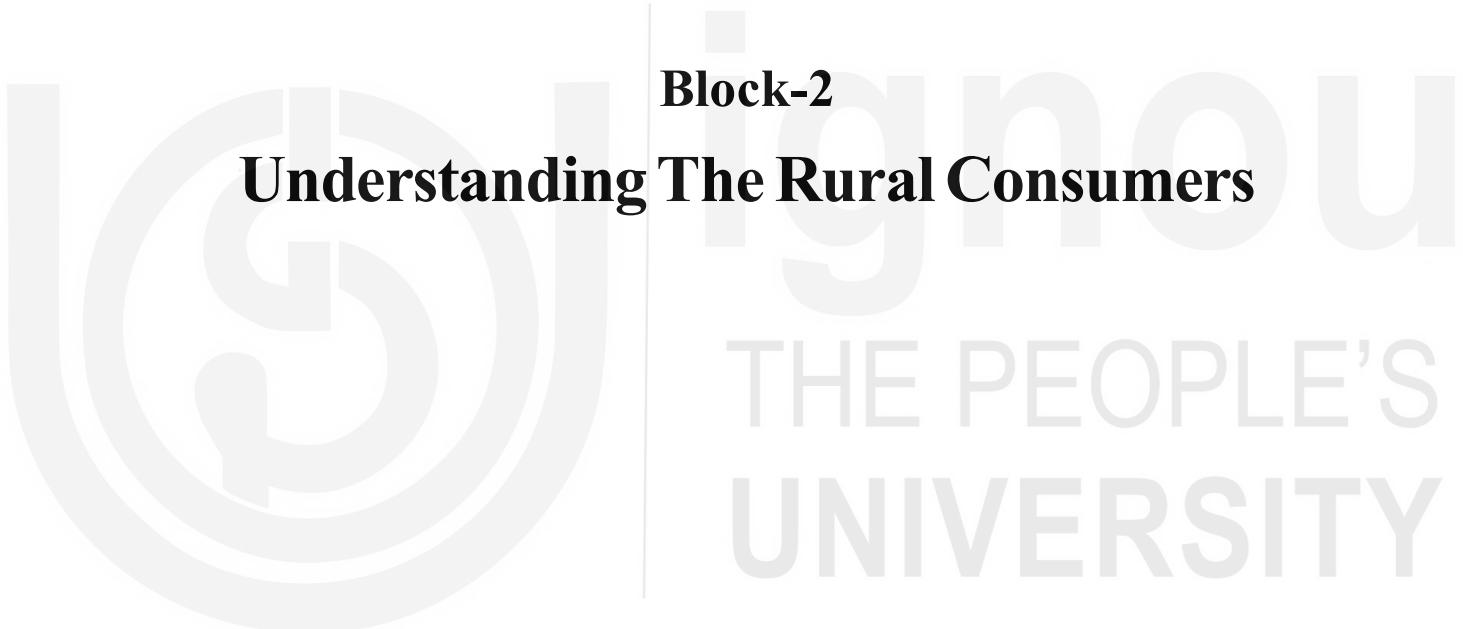


The background of the page features a large, light gray watermark of the IGNOU logo, which consists of a stylized 'U' and 'G' intertwined, followed by the word 'ignou' in lowercase. To the right of the logo, the text 'THE PEOPLE'S UNIVERSITY' is written in all caps.

Block-2

Understanding The Rural Consumers

BLOCK 2 UNDERSTANDING THE RURAL CONSUMERS

Unit 4, “Rural Buying Behaviour and Influencing Factors,” discusses the factors that lead to shaping rural consumers’ buying behaviour. The unit also provides insight into the buying behaviour process followed by the rural consumer in a rural environment.

Unit 5, “Trends in Consumer Behaviour,” explains rural market consumption trends as well as the rural market growth scenario. The unit also provides the road map for designing future marketing strategies based on past consumption data and current trends in rural consumption. The analysis of urban and rural consumers tries to answer the question of why most companies consider rural India a potential market. This unit also covers the recent strategies used by companies to explore and penetrate rural markets.

Unit 6, “Rural Marketing Research,” discusses the scenario of rural marketing research, the organizations involved, and the methods in use. This unit addresses the main issues in rural research, introduces you to the rural marketing research process, outlines the techniques of rural marketing research, suggests guidelines for conducting rural marketing research, and outlines the routes that rural research is likely to take.

Unit 7, “Case Study,” explained rural buyers’ behaviour in the internet era. The unit discusses “A Case Study of Rural and Urban Consumers’ Buying Behaviour for Mobile Handsets”. In view of the differential buying behaviour displayed by the rural consumers, the marketing strategy will need to be differentiated and innovative in their product offering to rural consumers. Rural marketing efforts cannot succeed if the marketing strategy and action plans are only extrapolations or minor modifications of the urban marketing strategy and plans.

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UNIT 4 RURAL BUYING BEHAVIOUR AND INFLUENCING FACTORS

Learning Outcomes

After going through this unit, you should be able to :

- explain the rural consumer's buying process
- critically analyze the social and cultural factors that affect buying decision
- discuss the role of Family, Opinion leaders and other reference groups in the Rural Environment
- analyze how personal factors influence the rural buying process
- apply this understanding of rural buying behaviour in the real marketing environment

Structure

- 4.1 Introduction
- 4.2 Consumer Buying Behaviour Process in Rural Market
- 4.3 Factors that Influence Buying Behaviour
- 4.4 Influence of Culture
 - 4.4.1 Sub Culture
 - 4.4.2 Social Class
- 4.5 Social Factors
 - 4.5.1 Reference Groups
 - 4.5.2 Family
 - 4.5.3 Roles and Status
- 4.6 Personal Factors
 - 4.6.1 Age and Life Cycle
 - 4.6.2 Occupation and Income
 - 4.6.3 Economic Situations
 - 4.6.4 Lifestyle
 - 4.6.5 Personality and Self Concept
- 4.7 Psychological Factors
 - 4.7.1 Motivation
 - 4.7.2 Perception
 - 4.7.3 Learning
 - 4.7.4 Beliefs and Attitudes
- 4.8 Summary
- 4.9 Self- Assessment Questions
- 4.10 Further Readings

4.1 INTRODUCTION

Indian rural economy is a potential market for capturing untapped. Most companies understand the untapped potential and, thus, have shifted their focus to understanding rural consumers. Although 68.84% of the population lives in rural India and is involved in agriculture (Census of India 2011), rural markets still have massive demand for FMCG, durable and technical products. Many companies like ITC, LG, Dabur recognized this in the early 1990s.

Several other brands find it challenging to sustain in rural markets because of differences in rural consumer behaviour regarding their culture, preferences, education, income, occupation, etc. This leads to different consumption patterns of rural consumers compared to urban populations. For example, rural consumers prefer to wash clothes with their hands, but with a change in consumption behaviour, the demand for large-size semi-automatic washing machines is observed in rural areas. FMGC products with low prices or smaller packs like navratan oil one-rupee sachets are easily acceptable in rural India.

Marketers must understand that rural consumers differ in their needs and product usage. Dhabas in Punjab use semi-automatic machines for preparing lassi. Ambassador cars became popular in the rural market due to their capacity to run on rough roads of villages and luggage space.

Marketers are recognizing the need to innovate and customize product offerings for greater success in rural markets. Nokia, after researching that due to humidity in the agricultural field, it becomes hard for farmers to hold a sleek mobile phone. So, Nokia 1100 model was designed with a non-slip silicon coating on its keypad and sides to resist the damage caused by the dust common in arid climates. They also observed that an energy-efficient flashlight helps farmers during power blackouts, and this basic model will withstand more battery life. This made Nokia a popular name in the rural market.

While the rural market has huge potential, only a few marketers are able to venture into these rural markets because of the following problems:

- Problem in understanding buying behaviour of rural consumer
- Lack of adequate infrastructure
- Problem in physical distribution of products and services
- Difficulty in management of distribution channels and channel members
- Challenges in marketing communication in rural areas

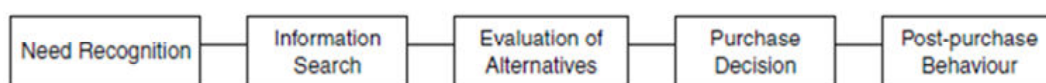
However, one issue which needs attention in this process and is an important factor in rural marketing is our understanding of rural consumer behaviour. The rural consumer is generally perceived as one with limited education, price sensitive consumer with limited exposure to products and influenced by reference groups. But with changes in consumption patterns due to lifestyle changes, there is an increase in the purchase and consumption of products. This has let marketers from all sectors - FMCG, durables and service providers- explore the untapped market of rural markets. With this objective, the need to understand consumer behaviour is felt in analysing rural consumers' economic background, cultural and regional influences affecting consumers buying preferences.

In this unit, you will get a basic understanding of factors that lead to shaping rural consumers' buying behaviour, the role of opinion leaders and influencers in rural marketing, and cultural and personal factors that influence the rural consumer. The second part of the unit will provide insight into the buying behaviour process followed by the rural consumer in the rural environment.

4.2 CONSUMER BUYING DECISION PROCESS IN THE RURAL MARKET

In this section, we will discuss how consumers make a decision. The buyers' decision process consists of five stages, as shown in figure 4.1. Some of these stages may be skipped based on the type of product purchased.

Figure 4.1: Buying Decision Process



Source: Kotler and Keller, *Marketing Management*, page 170, 10th Ed.

4.2.1 Problem Recognition

The buying process starts when the consumer recognizes the need for some product or service. This stage is initiated by some stimulus, which could be both internal, and external. Physiological needs like hunger, thirst, pain, etc. are internal, whereas, heat, cold, advertisement, others' lifestyle, etc. are some of the external stimuli. In rural areas, majority of people are guided more by their needs, than pleasure and luxury. When it comes to biological needs like hunger and thirst, no external motivation is required. However, marketers put in their efforts to expose them to a variety of information, so as to arise an urge to buy. For instance, a company promotes its new brand of mobile handsets during a trade fair. Some people might already possess a set, but because on innovative features that are advertised, they might be inclined towards trying it. This is exactly what marketers try through their innovative promotional campaigns.

Hajbeer lives in village of Totaladoh, near Nagpur district. His basic occupation is agriculture and has a pacca house. He is looking for good paint for his house, as last year the paint he took from the local village vendor peeled off and faded. So, for getting some reference he approached to Mr. Uday Pal Sing, the sarpanch of the village. He came to know about Asian Paints, Utsav range of distemper paint which can help Hajbeer to solve his problem. Mr. Uday Pal suggested that him to visit the local post office for the utsav range of paint that is used on walls of local post office as a demonstration by Asian Paints. Hajbeer was happy to see the paint and found its texture very good. He was also told by the post office staff that the paint is almost a year old but still it has good shine and is not having any peel off the walls. So he decided to go to Nagpur and buy Asian Paint utsav range for his house this Diwali.

The example helps to understand that when a customer is able to identify any need he will search for alternatives to satisfy his need. The marketers try to identify such needs and provide a solution in terms of demonstration especially in rural areas which help customers to trust the brand and buy products.

4.2.2 Information Search

Rural consumers mainly acquire information from personal sources like family, friends, relatives, and knowledgeable persons within the village. In addition, he also consults pradhan mukhiya, the owner of such products in their village and their friends and relatives who live in urban areas before buying a new product or brand. Due to limited exposure, rural consumers depend less on commercial sources of information like communicating with salespersons, dealers, packaging, displays, advertising media etc. The potential customers also look for recalling public sources (T.V, internet, radio, print media, etc.) for information search.

Experiential sources play an essential role in rural marketing information search. These allow rural consumers to touch and feel the product, view demonstrations and use trial packs. Many marketers participate in rural exhibitions and road shows so that rural consumer can gain awareness and personally evaluate the product. Informal consumer interactions in haats, mandis, and melas enable consumers to seek and gather relevant information from each other. Consumers prefer to supplement information from these sources by visiting company outlets outside their villages and interacting with salespersons/company representatives. This also helps to evaluate competitive products and their performance critically.

Marketers can simplify this information search by reaching rural consumers using their preferred information channel and providing product trials. In the case of creating awareness among rural consumers, television plays a vital role. Marketers also use displays at rural fairs, mobile vans and nukkad natak as a communication strategy in rural marketing. Intensive personal selling efforts, connecting the brand to day-to-day activities and the psyche of rural consumers are some strategies that can help penetration in the rural market.

In case of Harbeer, he gathered information from personal sources i.e., the sarpanch of the village to identify the alternatives available. He also used experiential sources by visiting the local post office to check the paint Asian Paint utsav range. This helped Harbeer to satisfy his query of peel off issue apart from texture and shine.

4.2.3 Evaluation of Alternatives

The rural market has a limited product range for customers compared to the urban market. Moreover, it is observed that rural customers are loyal to brands because of past usage and familiarity with those brands. Consumers' evaluation process depends on the kind of product, the type of buyer and buying situation. Rural buyers, during evaluation, consider multiple attributes like price, quality, usage method, etc. and compare the brands, each of which is weighted differently.

Consumer durables involve logical and careful evaluation based on several parameters like operational benefits, price, maintenance costs and brand choice. Thus, the time required in evaluation for durable goods is more. However, suggestions from family, friends and reference groups are taken for shopping goods like apparel and jewellery, which makes the process lengthy. The evaluation period is short for convenience goods (shampoo, toothpaste, tea, hair oil, etc.). Sometimes these purchases result in impulse buying. The buyer is attracted to a product and buys it immediately without any evaluation. Rural consumers try to recall brands based on the reference group and word-of-mouth publicity during the evaluation stage. They try to identify local retailers to check the assortment and even travel out of villages in case of high-involvement products.

If a farmer is willing to purchase a new tractor, he will try to get information from other farmers using the same type and brand of tractor. Then he will visit the tractor dealer available in the village. During the evaluation process, he also recalls other brands demonstrated in rural melas. Finally, he will visit a showroom in the nearby town to personally check the product and talk to the sales representative to get his queries answered. As the product is durable and will be purchased for improving field performance, several factors, like maintenance cost, motor power, wheel size, lifting capacity, etc., will be checked along with brand comparison.

Marketers can conduct field studies and surveys to understand product-specific evaluation criteria to improve its chances of selection during the evaluation.

4.2.4 Purchase Decision

After evaluating the alternatives in the prior stage, all selected alternatives are taken into consideration. However, the following will influence the final choice:

- Perceived risk associated with the product
- Attitude of others
- Unanticipated situational factors

Time taken in this stage is higher as compared to previous stages due to the perceived risk involved and limited exposure to relevant information processes in the previous stages. Thus, a general phenomenon in rural purchases is the collective decision for high-ticket items.

Key influencers (opinion leaders, family, and relatives) play an important role in the final purchase. Female members are consulted before buying FMCG products for the household, even though the male head of the family makes the final decision. Households consult Shakti ammas for buying HUL products in rural India.

Unanticipated situational factors like a final choice made by a customer on the suggestion of a vendor or because of heavy discounts offered by channel members, attractive offers for promoting new brand trials, etc., also affect decision-making in this stage.

Marketers can identify and highlight the satisfaction level of experienced users, use personal-selling tactics and establish service stations at nearby locations to address the issue of perceived risk among rural consumers. Tie-ups with NGOs, social group members, local retailers and opinion leaders can help purchase the product in favor of companies. A farmer using a Jeevan Sathi brass torch will also prefer the same brand battery. The advice of a local retailer for buying a Samsung refrigerator will be considered during purchase as he is also using the same product in his home.

4.2.5 Post Purchase Behaviour

After the purchase and consumption of the product, the customer develops favourable or unfavourable attitude towards the product. If the product matches the customer's expectations, the customer is satisfied. This leads to positive word-of-mouth referencing of the product. If the product does not meet customer expectations, this leads to dissatisfaction or complaint behaviour. The customer may decide to return or exchange the product if this option is available and will not re-buy the product. Many times, such post purchase dissatisfaction results not only in losing

the trust of existing users, but also in endangering potential buyers' future purchase decisions if negative word of mouth is shared widely as may be the case in close knit communities in Indian rural markets.

Customer satisfaction is the key to success for profitability and sustainability in any market. This helps in building trust and customer loyalty among rural customers. Marketers should carefully make the brand promise as it leads to the development of customers' expectations. If performance is overstated in promoting the product, this can create dissatisfaction among rural consumers.

They should try to build/modify their products as per rural customers' requirements and perceptions.

CavinKare was the first company for the small sachet revolution in India. As rural consumers were willing to buy small-size products, other companies like Chik, Nile, Meera, Fairever, and Spinz followed small-size packaging to penetrate in rural markets. Eveready, industries' plastic torches received an outstanding response in urban areas. Still, it had to change its plastic material to brass in manufacturing torches for rural consumers. This was due to rural consumers' perception that using metal like brass makes the torch durable and will provide salvage value when sold as scrap.

Godrej No.1 advertised its products on Doordarshan and All-India Radio (traditional media) to advertise the product as the best-selling Grade 1 soap and market leader in north India. As customers will not forego quality for the price, it made the soap affordable by reducing its quantity and price accordingly.

Thus, the critical factors in crucial consumer's buying decision process are -

- Need recognition for product
- The purchasing power of rural consumer
- The cost-benefit analysis by rural consumer
- The societal acceptance of purchase
- The rural consumer's attitude toward products and brand

Activity 1

Interview three rural consumers and identify their product choice of one durable product and one FMCG product. Also, try to get information about some new product purchases by them to answer:

- a) How did they get information about the new product?
- b) Why did they buy this product for the first time?
- c) What all they evaluate (price, quantity, etc.) before making a purchase decision?

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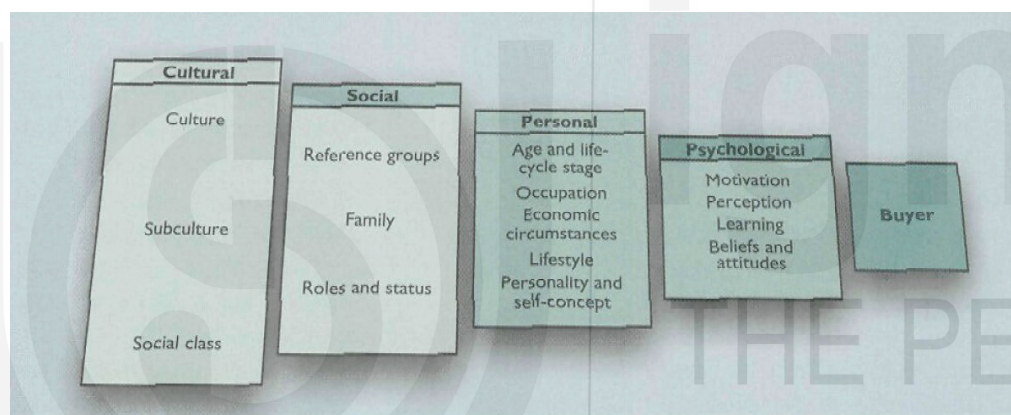
4.3 FACTORS THAT INFLUENCE BUYING BEHAVIOUR

It is easy for marketers to analyze what consumer's buy, in what quantities and from where they make the purchase. However, the foremost question marketers need to solve is why they buy. This is the most crucial aspect of buying behaviour that marketers are interested in. Thus, understanding the factors that affect consumer behaviour, especially in rural areas, is vital for marketers.

Rural consumers follow their own customs and traditions, which vary from region to region. They, within their society, have developed and nurtured their own belief systems, which are passed on from one generation to another. However, with changes in the transportation system, exposure to media, and the internet, their behaviour is changing and thus affecting their consumption pattern.

Consumer behaviour in rural India is affected by four major factors (see Fig. 4.2): cultural, social, personal, and psychological.

Figure 4.2 : Factors Influencing Consumer Behaviour



Source: Kotler and Keller, *Marketing Management*, 12th Ed.

4.4 INFLUENCE OF CULTURE

Culture and sub-culture are deep-rooted in the life of people in rural India. These behavioural patterns are transmitted from one generation to the next. Culture includes beliefs, social norms, values, customs and traditions. As a child grows up, he acquires these family values and develops perceptions and preferences learned from his family, society and key institution. The behaviour so developed is shared by society and demonstrated by a collective group is termed culture. Rural people do not leave their culture even if they migrate from rural to urban areas. Their values and beliefs are entrenched and they are always connected to their rural counterparts.

In continuation of the previous example in section 4.2.1, Mr. Uday Pal Singh, the sarpanch Totaladoh, near Nagpur district, has sent his son Pratap Pal Singh to Nagpur government college to study and complete his graduation in social science. Pratap has been living in Nagpur for three years and has returned to his village and joined the higher secondary school of the village as lecturer. During his stay in Nagpur, Pratap switched to colgate toothpaste from the regular neem datoon that he was using in the village. So, in the local kirana shop of his village, he will now demand colgate toothpaste.

This does not mean that he has left his cultural values but would have extended his value systems through the ability to make better value judgments through his experience in the urban area. He will still follow the personal cleanliness rituals as earlier.

Culture also influences people's perception of product features, size, shape and colour. As rural mothers will prefer biscuits over chocolates for their children, understanding this perception, Cadbury launched a chocolate biscuit - Chocobix, in the rural market. Godrej launched hair-washing soap as Godrej Shikakai, which was accepted by rural people, as they believed that ayurvedic herbs like shikakai are good for long and beautiful hair. Similarly, it is rural tradition to give the message to newborn babies for stronger bones and muscle growth. This was encashed by Dabur, by their daburlal tail, which was promoted among rural mothers through daayiammas in rural India. **Hathi Chhap adhesive (Fevicol) is considered as a stronger bonding element in rural markets because the elephant on the product pack represents the strength.** Rural customers are comfortable with names and symbols that are easy to remember. To penetrate rural India, LG Electronics developed a customized television called Sampoorana, which facilitated on-screen display in regional languages like Hindi, Tamil and Bengali.

Rural people generally purchase from haats, melas and bazaars, which are organised weekly in the rural villages. They believe that they will get cheaper products with a wide range of products from vegetables, groceries, crockery to apparel. The products are as per the consumption pattern of rural consumers and such locally organised markets vary in products from region to region due to varied cultural differences across the country.

Customs and traditions affect rural consumers buying decisions.

During Pitra Pakshya, people avoid buying new clothes, electronics etc. Region-wise there is a difference in tradition for even the celebration of marriage, pregnancy and even festivals. The head family's head is primarily consulted before purchasing major products in rural India as a social norm. Even marriage presents are purchased in consultation with elderly family members.

Due to the conservative nature of rural consumers, the purchase process and decision-making are done in consultation with family members and other known village people. This makes the purchase process time-consuming and collective. Marketers must understand the cultural aspects of customers concerning traditional ceremonies, social norms and customers' perceptions as an opportunity to sell food, electronics and other products and services. Rural marketing communication is a sensitive issue that is to be taken care of by marketers willing to penetrate in rural markets.

Activity 2

According to you, how will rural culture affect the following:

- a) Product Packaging
- b) Product Advertising
- c) Media used by marketers

How can variations in these factors influences consumption behaviour?

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4.4.1 Subculture

Subcultures are smaller cultural groups within the culture that represent values and beliefs shared by people based on real-life situations and experiences. Many subcultures include religion, geographical regions, social groups, nationalities, etc. In rural India, people belonging to different castes will show differing patterns in the usage of resources like drinking water, temples for worship, customs for marriage, location of residential houses as also in the use of different language patterns etc. For example, in Punjab, the Punjabi culture may find expression in choice of food traditions, dress and language. Similarly, Kannad culture is followed in Karnataka, but *the Kodava community follows Coorg traditional rituals*.

4.4.2 Social Class

Social class is defined by three main indicators - income, occupation and education. But, in rural areas, it becomes difficult to define social class on these bases as the rural population switch to multiple occupations due to changes in seasons and agricultural requirements in off and in season. Most of the rural people are not taxpayers and due to their involvement in multiple jobs, it becomes difficult to calculate their annual income. For example, in Kalpattu, a village in Tamil Nadu, the farmers grow paddy crops, but they are also involved in making baskets, utensils, pots, bricks, bullock carts, etc. Other non-farm activities performed by farmers in Madhubani, Bihar are jewelry and trunk making by small farmers and daily wage workers.

Socio-Economic Classification (SEC) was developed in the early 1980s by the MRSI (Market Research Society of India) on two factors - the education of the head of the family and the type of house he lives in rural India. This was based on a scale ranging from R1 to R4, where R1 and R2 are the most consuming customer classes in the market and constitute 18% of the population, whereas the remaining 81% in R3 and R4 are poor rural families.

In urban areas, social class is defined on the basis of education and occupation, but in rural areas, these variables cannot be clearly identified and vary across the rural population. Fig 4.3 shows that chief wage earner who has passed higher secondary and lives in the pucca house is denoted as R2 and the graduate living in the pucca house is denoted by R1.

Social economic class R1 go for bulk purchases from nearby cities, but R2 and R3 purchase from villages, preferably from local shops and weekly haats. Thus, according to SEC, marketers can use this classification for segmentation and targeting rural customers while launching new products and designing marketing strategies for different segments.

Table 4.1 shows the distribution of agricultural workers in India and Table 4.2 gives an insight into consumption patterns with regard to purchasing and usage of television, two-wheelers and refrigerator by rural consumers in India.

Figure 4.3 : SEC Grid in Rural

Education	Type of house		
	Pucca	Semi-pucca	Kuchha
Illiterate	R4A	R4A	R4B
Below SSC	R3A	R3B	R4A
SSC/HSC	R2	R3A	R3B
Some college not graduate	R1	R2	R3B
Graduate/PG (General)	R1	R2	R3A
Graduate/PG (Professional)	R1	R2	R3A

Source: Kashyap, P. Rural Marketing, 2016

Table 4.1: Agricultural Workers in India

Particulars	1991		2001		2011	
	Absolute (Million Numbers)	Share in Total Agricultural Workers (%)	Absolute (Million Numbers)	Share in Total Agricultural Workers (%)	Absolute (Million Numbers)	Share in Total Agricultural Workers (%)
Cultivators (Main)	--	--	103.6	44.3	95.9	36.5
Cultivators (Marginal)	--	--	23.7	10.1	22.9	8.7
1. Total Cultivators	110.7	59.7	127.3	54.4	118.8	45.1
Agricultural Labourers (Main)	--	--	63.5	27.1	86.2	32.7
Agricultural Labourers (Marginal)	--	--	43.3	18.5	58.2	22.1
2. Total Agricultural Labourers	74.6	40.3	106.8	45.6	144.3	54.9
Total Agricultural Workers (1 +2)	185.3	100.0	234.1	100.0	263.1	100.0
Decadal Annual Growth Rate (%)	2.3		2.4		1.2	

Source: DFI Committee's estimates based on Census data.

Table 4.2: Proportion of Households Reporting Ownership of Various Consumer Durables (in percentage)

Type of Household	Television	Radio/ Transistor	Computer/ Laptop	Air Conditioner	Car	Scooter/ Motorcycle	Telephone- Landline	Telephone- Mobile
1	2	3	4	5	6	7	8	9
Agricultural Households	55.7	3.9	1.8	1.9	2.9	37.9	0.5	89.1
Non-Agricultural Households	59.4	5.4	2.9	2.2	2.3	31.3	0.9	85.3
All Households	57.6	4.7	2.4	2.1	2.6	34.4	0.7	87.0

Source: NABARD All India Rural Financial Inclusion Survey 2016-17

ACTIVITY 3

Discuss how education and occupation affect the consumption and buying process by interviewing some segment of rural consumers in case of:

- a) Mobile Phones and internet services
- b) Two wheelers
- c) Banking Services

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4.5 SOCIAL FACTORS

The decision-making in rural areas is based on collective efforts, where taking view of reference groups, family and friends having knowledge of the product is quite prevalent. Consulting people makes the decision-making process a bit longer, but the rural population thinks of these social factors as necessary before buying products and services.

4.5.1 Reference Groups

Reference group guide in shaping the attitude and behaviour of people. As discussed in earlier sections of this module, the head of the village, the members of the panchayat, the block development officers, the headmaster of the school etc. are the people whom the people approach for suggestions and guidance. The guidance is sought not only for personal issues/family conflicts but also for getting information regarding new technology in farming, purchasing a new product, investing money and a lot more. For career guidance, school teachers and headmasters are considered opinion leaders because they know emerging careers and students' skills.

With time, rural children are getting educated and are aware of using mobile and the internet and even are graduating from colleges by migrating to nearby urban areas. This makes them the new opinion leaders for their families and neighbourhood. Their exposure to new technology and products makes them important influencers and an important reference point in decisions regarding durable products like television, bikes, laptops etc. However, the final decision-making remains with the head of the family.

To control tuberculosis in India, the Ministry of Health and Family Welfare has taken Amitabh Bacchan, bollywood super star and an ex-TB patient, as the brand ambassador for the campaign "TB Harega, DeshJeetega" with an objective to control TB cases till 2025. The rural population is the major target for awareness for the campaign as there is stigma and discrimination against TB patients. HUL appointed Shakti Ammas as the opinion leader for selling a wide range of products to rural consumers.

Marketers have understood the importance of opinion leaders and companies like Dabur, Colgate, Cadbury and many more are using them to penetrate in rural India.

One example is Hero Honda which recruited 521 rural sales executives for local villages and launched its marketing campaign, “Har Gaaon Har Aangan (every village, every home)”. The rural sales executive doesn’t make aggressive sales pitch but delivers most of the sales content during informal sitting and chatting with local people. Such opinion leaders from their own locality created the trust and thus made the campaign a huge success.

TATA Shakti, a GC sheet brand, is used for roof-covering kaccha houses in rural houses, also known by names like Patra, Chaddar, Tina in various regions. The company found that its product is more costly than the competitors but has a suitable thickness compared to local and other brands. The company used Mistris(masons) to refer to the products. Soon, the customers accepted the product for its thickness as measure of durability and started demanding for it as ‘’63 no. wala chaddar dena”. Colagate used school teachers as influencers to reach to school kids in villages through its “Bright Smiles, Bright Futures” campaign.

Thus, marketers can use group dynamics to identify the appropriate opinion leaders. They should try to influence rural customers through word-of-mouth (WOM) publicity. For this, they need to understand social structure, sources of influence among rural customers and information flow for the purchase of products and services. Early adopters from rural areas can be identified as influencers for spreading positive WOM advertising.

Activity 4

Suggest the most influential reference group that rural potential customer will approach in purchase of:

- a) Agricultural water pump
- b) Cosmetic Product by rural women
- c) Washing Machine
- d) Infant food

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4.5.2 Family

Family is an important institution among rural consumers. Rural consumers’ purchase decisions are influenced by their orientation toward economics, religion, politics etc. Family size also has an impact on buying decisions, especially while buying durables. A joint family structure leads to buying bigger sizes of appliances like refrigerator due to many intended users. Family members also play different roles in buying different products. For example, if a family is aiming to buy durable products like television, bike, or services like insurance policy etc. the dominance of the head of the family is quite apparent. But when it comes to buying kitchen utensils, spices, and home furniture, women of the house are consulted before finalizing the products. Following improvement in literacy levels by the spread of schools in rural areas, the voice of children is also considered when purchasing toys, confectionery,

notebooks, shoes etc. Table 4.3 shows Percentage shares in consumer expenditure of item groups of the miscellaneous goods and services category. Recent changes have been observed in share of expenditure on miscellaneous goods and services” category (including education and medical care (Table 4.3). There has been increase in rent (over 1 percentage point) share in urban areas and conveyance (1 percentage point). Education expenditure is also seen rising although, steadily in both sectors at slower pace. In rural areas the share of conveyance has risen by 1 percentage point, that of consumer services other than conveyance by 1 percentage point or a little less, and the share of entertainment, though much smaller, appears to be rising rapidly.

Videocon entered the rural market with its washing machine without a drier at Rs. 3,000. The aim was to motivate rural people to adapt to washing clothes using the machine as it was difficult for women to wash so many clothes in joint families. The product showed 100% growth from 1996-1999. Research states that rural households prefer large-size refrigerators with metallic colors. This is because of large family size and metallic color represent the durability of the products.

Table 4.3 : Percentage shares in consumer expenditure of item groups of the miscellaneous goods and services category (including education and medical care) since 2004-05*

item group	percentage share in consumer expenditure					
	rural			urban		
	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12
(1)	(2)	(3)	(4)	(5)	(6)	(7)
education	2.7	2.9	3.1	5.0	5.2	5.7
medical care	6.6	5.7	6.9	5.2	5.0	5.5
entertainment	0.6	0.9	1.1	1.9	1.8	1.8
toilet articles	2.7	2.5	2.4	2.6	2.5	2.4
other household consumables	2.3	2.2	2.2	2.2	2.0	2.0
consumer services excl. conveyance	3.8	4.8	4.5	7.0	7.1	6.5
conveyance	3.8	4.0	4.8	6.5	6.5	7.5
minor durable-type goods	0.2	0.3	0.3	0.2	0.2	0.4
rent	0.5	0.5	0.5	5.6	6.6	7.0
taxes and cesses	0.2	0.2	0.3	0.8	0.9	0.9
miscellaneous goods and services (incl. education & medical care)	23.4	24.0	26.1	37.2	37.8	39.7

*based on Schedule Type I for 2009-10 and 2011-12

Source: NSSO Survey 2013

4.5.3 Roles and Status

The caste system in India is considered very important in defining social status. People like village pradhan, religious leaders and pandits, retired military officials, zamidar or big landowners are considered high-status people. They are regarded at the upper level of society irrespective of their economic position. People trust them and their purchase decisions significantly influence others.

With the change in information and education availability in rural areas, progressive farmers have started gaining more respect because of knowledge acquired by them. These people are sought for advice regarding innovative products and technology buying. Similarly, women’s status has changed in many areas in our country. Some of them are now educated and even support their families by working in self-help groups or participating in non-agricultural jobs. This gives them a voice in demand for health and hygiene products like sanitary pads, cosmetics and nutrition-based product purchase for themselves and their family.

Marketers should give importance to the status and roles of consumers by communicating to the key person enjoying such status and roles. Asian paint salesman identifies high-status people - village mukhiya during the pre-diwali season to demonstrate the paint. They also organized meetings with local dealers, where they invited local painters also. This created positive word of mouth for the brand. Similarly, HUL, with the help of shakti ammas, identified key persons in the villages and organized a contest to promote their products.

Activity 5

Talk to rural youth and prepare list of products that they buy after consulting their family and people with high status. Also, try to find reason for consulting people with high status.

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4.6 PERSONAL FACTORS

Consumer choices differ on the basis of personal factors such as age, occupation, economic situation etc.

4.6.1 Age and Life Cycle

Table 4.4 shows that age and life cycle have an impact on changing consumption patterns of consumers in rural India. Thus, marketers can estimate demand, segment and target consumers on the basis of age and life cycle of consumers. India is a young country with half its population below 25 years and 2/3 below 35 years of age. Thus, marketers should try to engage rural youth through their campaigns to penetrate the rural market.

Table 4.4: Consumption by Age and Lifecycle Stages

Age	Lifecycle Stage	Products and Services Consumed in Rural
Below 12	Childhood	Toys, snacks like Kurkure, local kulfi, cold drink, chocolate
13–19	Teenage	Mobile, television, cinema
20–40	Young	Motorcycle, mobile, LPG, readymade clothes, country/Local (<i>haath bhatti</i>) liquor, jeep, haat
40–60	Middle age	Tractor, playing cards, Kisan credit card, postal savings, <i>mela</i>
Above 60	Old age	Choupal, pilgrimage, hukka, social and political function

Source: MART Knowledge Centre

4.6.2 Occupation and Income

In rural areas, consumers buying preferences are based on occupation and income generated from that occupation. Apart from essential products, the consumer will purchase those products, which are necessary for their occupation. For example, a farmer working in the field will buy a kurta and dhoti, whereas one working in the post office will buy a shirt and pants. Similarly, buying pesticides is for supporting farming by an agricultural farmer against a hacksaw being purchased by a carpenter.

Income will also depend on the type of occasion, like pre-harvest and post-harvest payment would vary for the farmer, but a local shopkeeper (baniya) in a rural area

would adjust his income according to the demand for goods by people in rural areas, credit facility given to customers, festival seasons etc. A person working in Anganwadi will get a fixed salary and thus will have regular buying behaviour for FMCG products. Therefore, buying behaviour will depend on the regularity of income and occupation status of the head of the family. Sometimes family is involved in supplementing income apart from the main source. For example, Madhusudan Dihingia, is a farmer in Bordolopa village in Dhemaji district in Assam. His main occupation is the cultivation of paddy and vegetables on his farm. But, during the off-season, he started fish farming with his wife to support his family and to earn extra income. Initially, Madhusudan was not able to earn well from fish farming due to a lack of scientific knowledge about fishing. Therefore, he decided to join the fish culture-training programme in a nearby village under NAIP. After training, he developed a poultry-fish-integration model in his pond and earned good money. Other farmers also were motivated to fish farming, and soon the whole village gained a new livelihood along with wheat cultivation.

Observing this opportunity, Green Pin Company, which deals in fishing equipment, started selling their products in the Dihingia district. Thus, marketers need to understand the occupational needs of customers and try to offer them tailored products as per their occupational requirements.

4.6.3 Economic Situation

Purchasing power affects the choice of people in buying products and services. Higher disposable income available to the rural population gives consumers the opportunity to buy more goods and services. Table 4.5 shows that average monthly income for all households (combined) stood at Rs. 8059 in which agricultural households (Rs. 8931) have higher income as compared to non-agricultural ones (Rs. 7269). But average monthly consumption expenditure for all households is Rs. 6646 (Table 4.6) leaving some income which may be utilized for the future consumption like education of children, medical emergencies, social occasions like marriage, purchase of assets like house, pilgrimage etc. Rural consumers with high income prefer cash purchases in case of large appliances, as credit purchases will affect their status and reputation. Low-income people prefer to save in fixed deposits, post offices and saving accounts with the plan to buy such products in the future. Thus, marketers should try to motivate rural consumers to purchase products based on low instalment patterns or by offering low price products.

**Table 4.5: Average Monthly Household Income by Source of Income
(In Rupees)**

Source of Income	Agricultural Households	Non-agricultural Households	All Households
1	2	3	4
Cultivation	3140 (35%)	NA	1494 (19%)
Livestock Rearing	711 (8%)	NA	338 (4%)
Other Enterprises	489 (6%)	851 (12%)	679 (8%)
Wage Labour	3025 (34%)	3940 (54%)	3504 (43%)
Govt./ Pvt. Service	1444 (16%)	2326 (32%)	1906 (24%)
Other Sources	122 (1%)	152 (2%)	138 (2%)
All Sources Combined	8931 (100%)	7269 (100%)	8059 (100%)

Source: NABARD All India Rural Financial Inclusion Survey 2016-17

Table 4.6 : Average Monthly Income and Consumption Expenditure (in Rupees per month per household)

Category	Income	Consumption Expenditure
1	2	3
Agricultural Households	8931	7152
Non-Agricultural Households	7269	6187
All Households	8059	6646

Source: NABARD All India Rural Financial Inclusion Survey 2016-17

4.6.4 Lifestyle

With exposure to various media platforms like television, mobile and internet, increase in the level of education among rural youth, population switch to urban areas and industrialization in rural areas, lifestyle and attitudinal changes are observed in rural consumers. Now rural consumers prefer branded products like Royal Enfield bikes, Samsung mobiles, and LG semi-automatic washing machines. Dabur pitched for being an ayurvedic product manufacturer in the early 1990s, created acceptability for its product. During covid, it targeted rural people willing to follow a healthy lifestyle through its campaign, Dabur ChyawanprashSwasthya Chetna Abhiyan. Individuals from nearby villages of Bihar were selected to act as ambassadors, along with Bhojpuri superstar Ravi Kishen. Nihar Naturals Shanti Amla penetrated in rural India and has a loyal customer base through its campaign, “Chotte Kadam Pragati Ki Aur”. Through this initiative, they contributed 2% of their sales towards children’s education in rural India.

Table 4.6 : Lifestyle in Rural India

Dimensions	Rural Lifestyle
Demographics	Government school, self-employed, joint/individualized family, small/scattered population, ordinary/spacious house
Activities	Agriculture being replaced by non-traditional occupations like shop/trade, skilled work, salaried job, physical sports, gossip, playing cards, cinema, religious congregation
Interests	‘Desi’ food, milk, readymade clothes, mobiles, jewellery, visiting towns, markets/mela.

The lifestyle in rural areas is different based on the cultural and social bonds that rural populations have within their regions. Table 4.6 represent the rural lifestyle pattern among consumers. Marketers need to observe changes in the lifestyle patterns of rural consumers and try to hit them with their brands. This will also help in developing brand loyalty among rural consumers.

4.6.5 Personality and Self-Concept

Personality is the total of characteristics that reflect how a person responds to their environment. Self-concept is the way an individual perceives himself in the social

environment. Consumer buy products that they feel are related to their personality traits.

Customers relate personality to the products they purchase on two factors- Situation and Person. In social gatherings, customers may prefer rajnigandha pan masala, tea, ice cream, thandai etc. However, when the same person travels, he may opt for packed namkeen, cold drink, Parle - G biscuit etc. A conservative customer may prefer a cup of tea, whereas sports-oriented youth may buy coke.

Juhi Chawla continued pouring in her cheerful charm by endorsing *Kurkure advertisement with her beautiful and homely personality. Aamir Khan, with his personality of being simple and intelligent, worked for Coca-cola.* The "Thanda Matlab Coca-Cola" campaign targeted rural and semi-urban consumers looking for some cool drink such as lassi, shikanji as an alternative. Rural consumers across India were able to connect to the personality of Aamir khan in a series of advertisements portraying him as a tapori, bengali babu addressing the cola-pest issue, as a hyderabadi individual, nepali tourist guide punjabijatt. This led to coca cola's acceptability in rural India. Modern marketers are increasingly concerned about matching products to the perceived self-personality of the individual.

Activity 6

Talk to five rural customers and identify how their personalities affect the products they purchase:

- a) Hair Oil
- b) Automobile
- c) Apparel

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4.7 PSYCHOLOGICAL FACTORS

Motivation, perception, learning, and beliefs and attitudes are the important psychological factors that affect the rural consumer. Marketers need to understand these factors to penetrate in rural areas.

4.7.1 Motivation

The traditional rural consumer focuses on satisfying his basic needs and does not urge to show off (status need) as per Maslow's need theory. He is contented with what he has, portrays risk-averse behaviour and prefers to stay with his family in traditional culture. It is challenging to motivate rural customers as the felt, or innate need may be the same for urban customers. However, the basic difference is felt in acquired needs that help shape experience, exposure and socialization in rural areas. As per Maslow's theory, safety needs are common for urban and rural customers.

Nevertheless, urban customers will be motivated to take life insurance, save money in a bank account, or invest in bonds. The rural customer will prefer to keep liquid

money or gold in his home or buy land in need for future financial security. Similarly, the social need of urban and rural consumers will differ. For the rural consumer, buying a tractor or organizing a grand marriage event for their children is perceived as social prosperity. Marketers have to put a lot of effort into motivating rural consumers. This can be done by using influencers or opinion leaders to motivate customers to try new products. Several after-sales services like warranties and guarantees can also reduce the risk to consumers and motivate them to re-buy.

4.7.2 Perception

Perception is an individual concept that helps consumers in selecting products. It helps people to buy products that they feel are favourable to them. Brands like lifebuoy (hardworking), Boost (energetic), and parle-G (glucose biscuit) are based on positive perceptions. Customer perceptions are related to acceptance and satisfaction with existing products. The customer will try a new product if his satisfaction with the existing product is low.

Suresh Raina, M. S. Dhoni and even Praveen Kumar, were used in the marketing campaign by Aircel telecom in rural India, as they belong to small towns. Thus, rural consumers were able to connect with them easily. Philips introduced large-sized music systems for rural consumers instead of compact ones sold successfully in urban areas. Rural consumers preferred a bigger sound system with the perception that bigger is better. Henko, which was pronounced as “Hey Nako,” meaning “No” in marathi, was perceived as having a negative connotation in Marathi and thus failed in rural India. Similarly, Dabur’s tulsi toothpowder was negatively perceived because tulsi is worshipped in rural areas and spitting tulsi toothpaste is sacrilege in rural areas.

Thus, marketers should try to create a positive impression of the product among rural consumers. This can be done by changing products as per rural consumers’ perceptions and communicating the same using appropriate media. It will help in building a positive brand image. Product design, packaging, name of the product, and distribution channel should be customer-centric.

4.7.3 Learning

Learning is a continuous process that involves newly acquired knowledge. Even though people in rural areas are less educated, they still take guidance from other knowledgeable people in villages. With mass media and the internet as a medium of communication, it is easy for people to learn about new things and products. For durable products, learning is gained from product demonstration and for FMCG consumption will lead to learning about the product.

Thus, marketers should use local channels to promote the product. Demonstration of product usage will help in creating the trust that will motivate rural consumers for product trials.

4.7.4 Beliefs and Attitudes

Attitude describes an individual’s feelings, evaluation, and his tendency towards some object or idea. Three components of attitude are - the cognitive (the knowledge gained), the affective (emotions, feelings attached to product/ brand) and the conative (leading to action - buying decision) components significantly influence consumer

buying behaviour. Belief is a descriptive thought of an individual about something. These thoughts are based on an individual's knowledge, opinion, or emotion. Rural consumers may believe heavy metallic wristwatches are more durable than lightweight waterproof models.

Changes in the basic attitudes and habits of rural consumers is a time taking process. The toothpaste industry took a decade to make rural people believe that toothpaste is suitable for their teeth. Still, rural consumers' acceptability of soap for hand washing and hygiene is challenging. Buying packed milk, ghee, etc., is still not considered good in the rural market.

Small pack size products with low prices are acceptable among rural consumers, even for ponds talcum powder, colgate tooth powder or maggi for Rs. 10. Rasna had to put much effort to penetrate in the rural market as a cold drink for the summers. Usha sewing machine observed that rural women preferred the economy model of black color, which was heavy compared to the sophisticated lightweight models with more features. Thus, marketers must educate customers about new products, product usage methods, and benefits. This can be easily done by demonstrating the product at local festivals, melas, haats and fairs.

4.8 SUMMARY

Understanding consumer behaviour is important for the successful marketing of products and services. This applies to the rural market also. This unit provides an understanding of the buying process that is observed in the rural market. Factors that have an impact on buying decisions - cultural, social, personal and psychological factors are also discussed in the second part of the unit. Thus, this unit will give you a brief understanding of how consumers make decisions and what all factors affect their decisions.

4.9 SELF ASSESSMENT QUESTIONS

1. Discuss the consumer decision-making process that a farmer will use in the purchase of a tractor for his farm. Also, explain the factors that will affect his decision-making process.
2. Explain the role of personal factors in the context of rural consumers. Also, state how it differs from urban consumers' buying behaviour.
3. How do cultural factors impact buyer behaviour in the rural area? Discuss with suitable examples.
4. Explain the role of reference group in the context of rural markets and comment upon how does it differ from the urban markets?
5. Explain the role of Social Economic Class (SEC) in the context of rural markets.

4.10 FURTHER READINGS

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- <https://tbcindia.gov.in/WriteReadData/NSP%20Draft%2020.02.2017%201.pdf>
- <https://www.hindustantimes.com/business/hitching-a-ride-on-rural-markets/story-eoIRwfG0QZo0RuWJ72RSAM.html>
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- <http://microdata.gov.in/nada43/index.php/catalog/126>
- <https://secc.gov.in/getAllCategoryIncomeSourceNationalReport.htm>
- <https://indiafacts.in/urban-rural-population-o-india/>

UNIT 5 TRENDS IN CONSUMER BEHAVIOUR

Learning Outcomes

After studying this unit, you should be able to

- describe trends in consumption patterns of rural consumers
- evaluate changes in consumption patterns among rural consumers
- discuss category specific behavioral patterns
- differentiate between urban and rural buying behaviour trends
- suggest the road ahead for the rural marketers in their future marketing strategy

Structure

- 5.1 Introduction
- 5.2 The Changes in Rural Economy
- 5.3 Current Trends in Rural Consumption Patterns
- 5.4 The Implications for Marketers
- 5.5 Summary
- 5.6 Self- Assessment Questions
- 5.7 Further Readings

5.1 INTRODUCTION

The previous unit gave you an insight into the consumer buying behaviour process and factors that affect rural consumers in decision-making. This unit is going to help you to understand the rural market in terms of consumption behaviour. It will also give you a comparison in terms of past data and current data on consumer purchase behaviour, product category, and future prospects of the rural Indian market. This unit also provides the road map for designing future marketing strategies based on past consumption data and current trends in rural consumption. The analysis of urban and rural consumers tries to answer queries on why most companies consider rural India a potential market.

5.2 THE CHANGES IN RURAL ECONOMY

Approximately 70% of India's population lives in rural areas. This is the reason for marketers to consider it a significant market. Table 5.1 shows that the population is increasing in rural India. Access to this population had been a challenge in previous decades for marketers due to infrastructural issues and acceptability problems in rural consumers. Dependability on agriculture with large family sizes, and diminishing land holdings, illiteracy and unawareness among rural consumers about scientific methods of cultivation had led to low purchasing power in rural areas. This made these markets unattractive for companies.

Table 5.1 : Rural Urban Proportion-1901-2011.

Yr	Total population (in million)	Rural population (in million)	Proportion in total (%)	Urban population (in million)	Proportion in total (%)
1901	238.40	212.54	89.15	25.86	10.85
1911	252.09	226.15	89.71	25.94	10.29
1921	251.32	223.23	88.82	28.09	11.18
1931	278.98	245.52	88.01	33.46	11.99
1941	318.66	274.51	86.15	44.15	13.85
1951	361.09	298.65	82.71	62.44	17.29
1961	439.23	360.30	82.03	78.93	17.97
1971	548.16	439.05	80.10	109.11	19.90
1981	683.33	523.87	76.66	159.46	23.34
1991	846.42	628.70	74.28	217.72	25.72
2001	1028.61	742.49	72.18	286.12	27.82
2011	1210.57	833.46	68.85	377.11	31.15

Source: Kumar R, Chandra A., & Sanjay A., (2015).

Although there has been a decline in rural population from 72.18% to 68.58% in 2011 (Census of India, 2011), still it has clear dominance in some states against its rural counterparts like Bihar, Chhattisgarh, Jharkhand, M.P., Rajasthan, and U.P. These are inductive of the good market size in the rural economy.

Although there has been a decrease in population in other states (Table 5.2), this cannot be assumed that the rural population migrating to urban is the only reason. Although the reduction is observed in rural population from 80.10% (1971) to 68.85% (2011) in the last 50 years percentage wise but in absolute terms, there has been an increase in population from 439.05 crores to 833.46 crore, which is almost 90% percent growth of population in rural India.

Table 5.2: State-wise Share of Rural Population in Total Rural Population of India (Per Cent)(2001 and 2011)

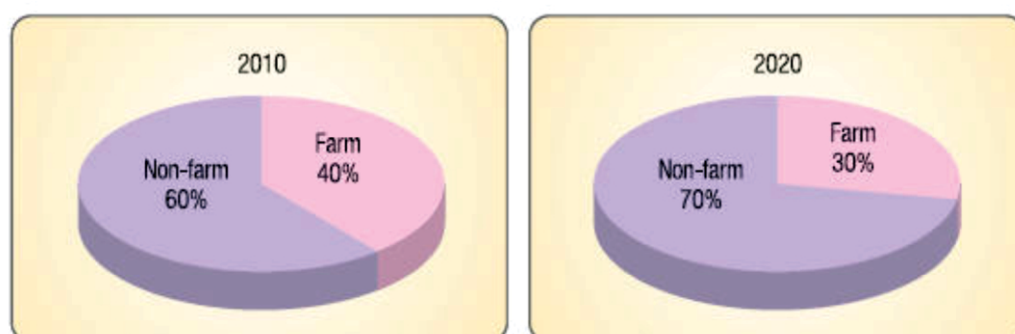
States	2001	2011
Andhra Pradesh	7.5	6.8
Arunachal Pradesh	0.1	0.1
Assam	3.1	3.2
Bihar	10.0	11.1
Chhattisgarh	2.2	2.4
Delhi	0.1	0.1
Goa	0.1	0.1
Gujarat	4.3	4.2
Haryana	2.0	2.0
Himachal Pradesh	0.7	0.7
Jammu & Kashmir	1.0	1.1
Jharkhand	2.8	3.0
Karnataka	4.7	4.5

Kerala	3.2	2.1
Madhya Pradesh	6.0	6.3
Maharashtra	7.5	7.4
Manipur	0.2	0.2
Meghalaya	0.3	0.3
Mizoram	0.1	0.1
Nagaland	0.2	0.2
Odisha	4.2	4.2
Punjab	2.2	2.1
Rajasthan	5.8	6.2
Sikkim	0.1	0.1
Tamil Nadu	4.7	4.5
Tripura	0.4	0.3
Uttar Pradesh	17.7	18.6
Uttarakhand	0.8	0.8
West Bengal	7.8	7.5
All-India	100	100

Sources: Census of India, 2001; 2011.

In previous units, you have already seen changes in rural income on the positive side. But these changes also account for non-farm income by the rural population. As agriculture alone cannot sustain a rural livelihood, supplementing rural household with non-farm income like shop, small business, poultry, handicraft, and salaries help in the constant stream of income to the rural households. Moreover, agriculture is seasonal and has the risk of weather conditions, credit and fertilizers, etc. Thus, increased earning opportunities in rural areas have reduced the dependence on agriculture. These non-farm activities are predicted to increase in the near future and are also one reason for the rural population to increase consumption of products and services available in rural markets. Fig 5.1 shows the growth of non-farm activities in rural India in 2010 and 2020.

Fig. 5.1 : Growing Non-farm Income



Source: Rural Marketing, Kashyap, P

The Ministry of Rural Development has taken several initiatives to improve the economic conditions of rural people. They focused on increasing livelihood opportunities in rural areas, improving infrastructure, and implementing policies to enhance the skills of rural people by providing training for improving farm productivity as well as for non-farm activities by various schemes like MGNREGS, Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), PMGSY, etc. The table 5.3 shows that the efforts of the government have led to a reduction in rural poverty.

Table 5.3 : Trends in Poverty in India

Year	Poverty (head count index) percentage			Number of poor (million)
	Rural	Urban	Total	
1973-74	56	49	55	321
1983	46	41	45	323
1993-94	37	32	36	320
2004-05	28	26	28	302

Source: https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2359

Table 5.4 exhibits that there has been an increase of 10.17% in literacy rate in comparison to only 5.06% increase in urban areas as per census 2011. Rural female literacy rates have improved a lot, with 12.62% increase in comparison to males (7.87%). The rural people understand the importance of literacy for both girl and boy child. The motivation for the mid-day meal and awareness and policy implementation of no child labour, added with skill enhancement of rural children and scholarships for higher studies, have led to improvement in the literacy rate in India.

Table 5.4 : Literacy Rate

Residence	Sex	2001	2011	Change
Rural	Persons	58.74	68.91	10.17
	Males	70.7	78.57	7.87
	Females	46.13	58.75	12.62
Urban	Persons	79.92	84.98	5.06
	Males	86.27	89.67	3.4
	Females	72.86	79.92	7.06

Source: Census 2011 – Provisional Population Totals India

Table 5.5 shows that the top priority for saving is the same in urban and rural populations - future contingency, child education, old age, and social ceremonies. However, the level of saving is more in social ceremonies (63.9% of saving) in rural

populations as it depicts the social status of a family. Apart from marriage, birth and death functions are performed on a grand level due to cultural and social impact in rural areas.

Table 5.5: Motivation to Save for the Future

S. No	Reasons	Rural (%)	Urban (%)
1	Emergencies	81.2	86.6
2	Education of children	79.0	85.3
3	Old age	66.7	73.9
4	Social ceremonies	63.9	60.1
5	Buying or building a house	44.8	51.5
6	Improving or expanding business	43.5	54.4
7	Buying large consumer goods	19.8	28.5
8	Gifts, donations and pilgrimages	17.5	20.4

Source: Adopted from Rural Marketing, Krishnamacharyulu and Rarnakrishna, 2011.

The mobile phone has shifted from luxury to a basic necessity in both urban and rural India. Rural people have understood the importance of mobile not only as a source of communication but also as a medium of information search and knowledge transfer. The table shows that consumption of telecom services in rural areas has a good share of total services in India, with 54.3% (table 5.6) of households using telecom services. Similarly, television has become the primary source of entertainment, with 33.4 % of families having it. The two-wheeler market has also penetrated in rural India, with 14.3% of people using it. Similarly, the need for laptops, bicycles, and four-wheelers has attracted rural markets.

Table 5.6: Households by Possession of Assets – India

Type of Asset	Percentage of Households		
	Total	Rural	Urban
Total number of households	(246,692,667) 100.0	(167,826,730) 100.0	(78,865,937) 100.0
Radio/Transistor	19.9	17.3	25.3
Television	47.2	33.4	76.7
Computer/Laptop – With Internet	3.1	0.7	8.3
Computer/Laptop – Without Internet	6.3	4.4	10.4
Telephone	63.2	54.3	82.0
Telephone/Mobile Phone – Landline only	4.0	3.1	5.9
Telephone/Mobile Phone – Mobile Phone only	53.2	47.9	64.3
Telephone/Mobile Phone – Both	6.0	3.3	11.7
Bicycle	44.8	46.2	41.9
Scooter/Motorcycle/Moped	21.0	14.3	35.2
Car/Jeep/Van	4.7	2.3	9.7
None of the specified assets	17.8	22.9	7.0

Figures in parentheses () are absolute in number. Source: Census 2011 – Provisional Population Totals – India.

What attracts the rural market is evident from the fact that FMCG products like edible oil, washing powers/cakes, tea, biscuits and hair oils have 70% or more

penetration in these markets. Products like instant noodles, Ketchup/Sauces, and jam have low penetration (Table 5.7). Toothbrush, toothpaste, and vanaspati have been moderately accepted in rural markets.

Table 5.7 : Household Penetration of FMCG Products in Rural India

Product	Penetration (in per cent)
Edible oil	96
Washing powders/liquids	90
Tea	89
Washing cakes/bars	85
Biscuits	76
Hair oil	70
Toothbrush	56
Toothpaste	51
Vanaspati	42
Toothpowder	29
Ghee/Desi ghee	18
Utensil cleaners	18
Toilet cleaner	8
Coffee—Instant or filter	8
Milk powder/Dairy whiteners	4
Instant noodles	3
Ketchup/Sauces	1
Jam	1

Source: Adopted from Rural Marketing, Kashyap, P. 3rd Edn.

Urban consumers prefer to buy in large quantities, bigger sizes and mostly from one place. Most of the time, local shops, convenient retail stores, or super market is the preferred choice for the urban population. Unlike this, rural consumers have different purchasing behaviour. They have a specific place for the purchase of one category of product. Their consumption would also depend on daily, weekly, monthly and occasional purchasing. Shops in rural areas are preferred for buying lower-priced FMCG products like edible oil, tea, etc., on a regular basis, as small packs are preferred. Rural Haats are chosen for weekly purchases of other family groceries like pulses, vegetables, utensils, etc (Table 5.8). Nearby towns are favoured for buying electronic items, fertilizers, meals for entertainment, apparel, low priced jewellery, and cosmetics. This understanding of the place of purchase will help

marketers to use appropriate distribution channels to create awareness and sell products in rural markets.

Table 5.8 : Place of Purchase for Different Products

Time	Place of Purchase	Products
Daily	Village shop	Tea, kerosene, edible oil, salt, cigarettes, match box, bidis
Weekly	Shandies (haat)	Food grain, pulses, chillies, vegetables, cosmetics, soaps, utensils, and agricultural tools
Monthly/Occasionally	Nearest town	Fertilizers, seeds, pesticides, consumer goods like radio, TV, electrical goods, motor-bike, tractor, entertainment, etc.
Occasionally	Melas and jattras	Clothes, cheap jewellery, cosmetics, agricultural tools, livestock, entertainment
	State capital	Legal matters or casual visits

Source: Adopted from Rural Marketing, Pradeep Kashyap, Page 97, 3rd Ed.

Activity 1

Study the report on census 2011. In addition, read recent articles in newspapers/online related to rural consumption. Identify five industries/ products/services, which consider rural India as the potential growth area for them. Give reasons to justify your answer.

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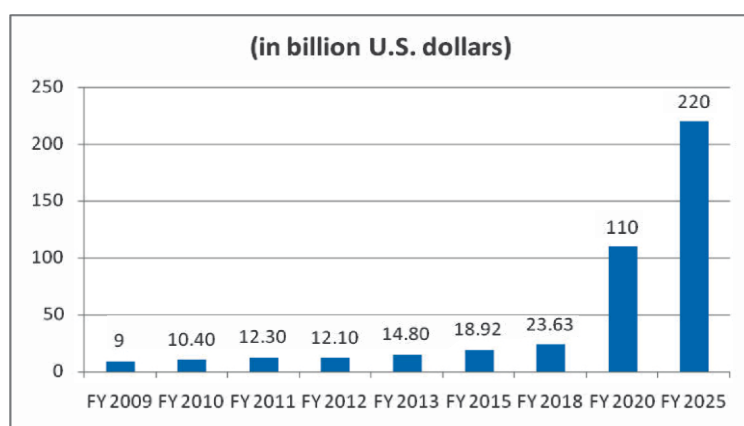
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5.3 CURRENT TRENDS IN RURAL CONSUMPTION PATTERNS

This section will help you analyze the recent trends in rural marketing and the reasons why all marketers are looking towards rural areas as the most potential markets for the coming years. New dimensions in service consumption like banking, credit card, and telecommunication have made purchase behaviours simpler for rural consumers. The saturation of urban markets has created more interest among companies to switch to rural areas and use strategies to penetrate in rural India. Figure 5.2 shows the market size of FMCG across rural India.

Figure 5.2: Market Size of FMCG Across Rural India 2009-2020, Billion US dollars



Source: Statista 2020

As the level of literacy is increasing along with government support to rural farmers in agriculture via credit, infrastructure and employment guarantee schemes; the quality of rural life is improving. Rural consumers are supporting their agricultural income with other non-agricultural work to improve their livelihood.

Initially, life insurance companies had a major customer segment as urban consumers. But with the change in time, these companies have entered the rural market. For 2019-2020, the life insurance companies underwrote 64.96 lakh policies, with 22.49 % of the new individual policies in the rural market. LIC alone underwrote 21.37%, and other private players took 26.02% of new individual policies in 2019-20 in the rural sector.

Table 5.9 shows that rural consumers are provided with 30.60 crore RuPay cards with inbuilt accidental insurance of Rs.2 lakh under PMJDY (Pradhan Mantri Jan DhanYojana). Rural consumers are using banking services and are now understanding the importance of insurance. As a result, they are investing in PMSBY (Pradhan Mantri Suraksha BimaYojana) and PMJJBY (Pradhan MantriJeevanJyotiBimaYojana) by paying Rs.12 per annum & Rs.330, respectively as, the annual premium for accidental and life insurance cover of Rs.4 lakh.

Table 5.9 : Performance of PMJDY

Major achievements of PMJDY are as under:

(Numbers in Crore)

As on	PMJDY Accounts (in Crores)	Breakup by Gender		Breakup by Geography		Deposits in PMJDY Accounts (in Rs. Crore)
		No of PMJDY Accounts (Male)	No of PMJDY Accounts (Female)	No of PMJDY Accounts (Rural/ Semi Urban)	No of PMJDY Accounts (Urban/ Metro)	
March'15	14.72	7.15	7.39	8.68	5.86	14,641
March'16	21.43	10.37	11.05	13.17	8.26	35,672
March'17	28.17	13.67	14.49	16.87	11.3	62,972
March'18	31.44	14.85	16.60	18.52	12.92	78,494
March'19	35.27	16.53	18.74	20.90	14.37	96,107
March'20	38.33	17.85	20.48	22.63	15.70	1,18,434
As on 06.01.2021	41.60	18.56	23.04	30.60	14.24	1,35,740

Table 5.10 : % Enrolled children with at least one Smartphone available at home. By parents' education. 2020 and 2021 in Rural India

Parents' education	ASER 2020		ASER 2021	
	At least one smartphone available at home	Bought a new smartphone for children's education since March 2020	At least one smartphone available at home	Bought a new smartphone for children's education since March 2020
Low	45.1	5.2	52.0	26.8
Medium	60.2	8.8	66.1	27.3
High	78.7	13.0	81.8	29.3
All	61.9	9.1	67.7	27.9

We categorise parents' education as follows: 'low' parental education includes families where both parents have completed Std V or less (including those with no schooling). At the other end of the spectrum, the 'high' parental education category comprises families where both parents have completed at least Std IX. All other parents are in the 'medium' category where there are many possible combinations.

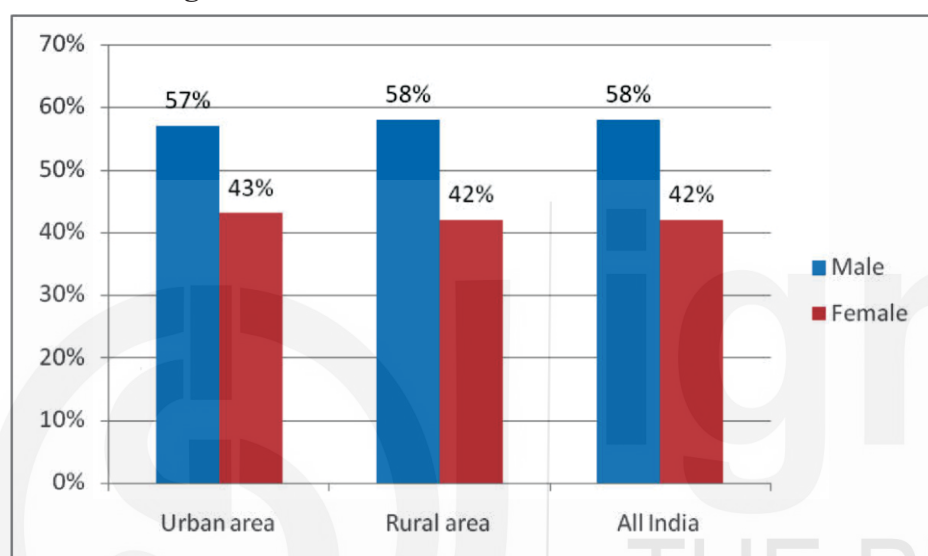
Source: ASER Report 2021

The Smartphone penetration in rural India saw a surprising change from 2018 to 2021. This was due to the adaptability of 4G services because of the reduction in internet service prices in the Indian economy. Table 5.10 show an increase in the

penetration of smart phone among rural parents for their children study. Lockdown and online classes led to an increase in demand for the mobile phone in urban and rural areas. Table 5.10 shows that with the parent's education level, the likelihood of providing a mobile phone to their children is higher. This is because literate parents understand the need of their children and try to invest in their education.

Rural India constitutes the highest number of internet users (58%). Male users are more in both urban and rural areas. This shows their consumption pattern of telecom services. Around 42%(Figure 5.3) of internet users are females in rural India. This indicates the development of rural India in the real term. Thus, there is good potential for telecommunication services in rural India. This will also help other sectors to grow, as the internet is the backbone of every sector.

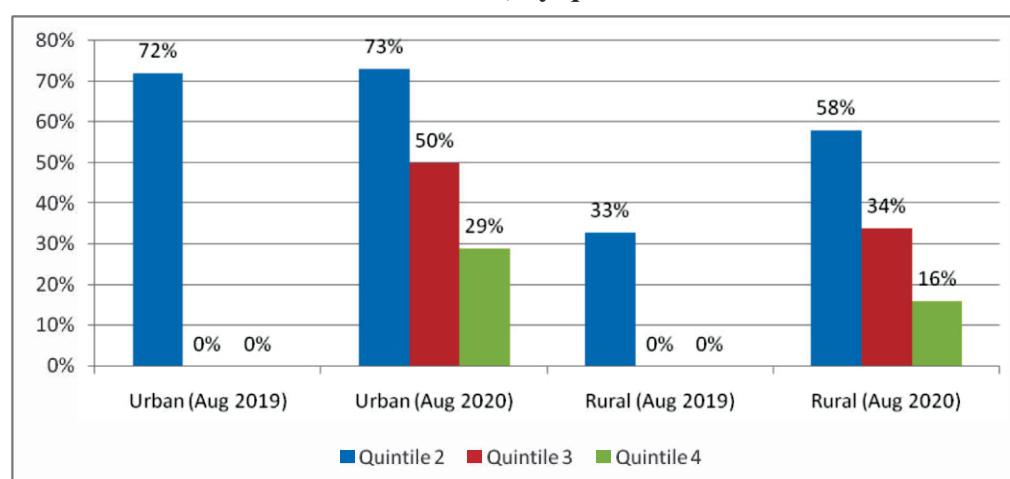
Fig. 5.3 : Distribution of Internet Users in 2020



Source: Statista 2020, 75,000 respondents; 12+ years; across 390 cities and 1,300 villages

The pandemic has created some resistance among consumers in rural and urban areas. As a result, 50% and 29% of the urban population have been in 3rd and 4th quintiles in 2020. Similar effect can be observed in rural areas with 34% and 16% (Fig 5.4) households in 3rd and 4th quintiles falling below the poverty line. Although this was a temporary phase, the markets, both rural and urban, have started reviving now.

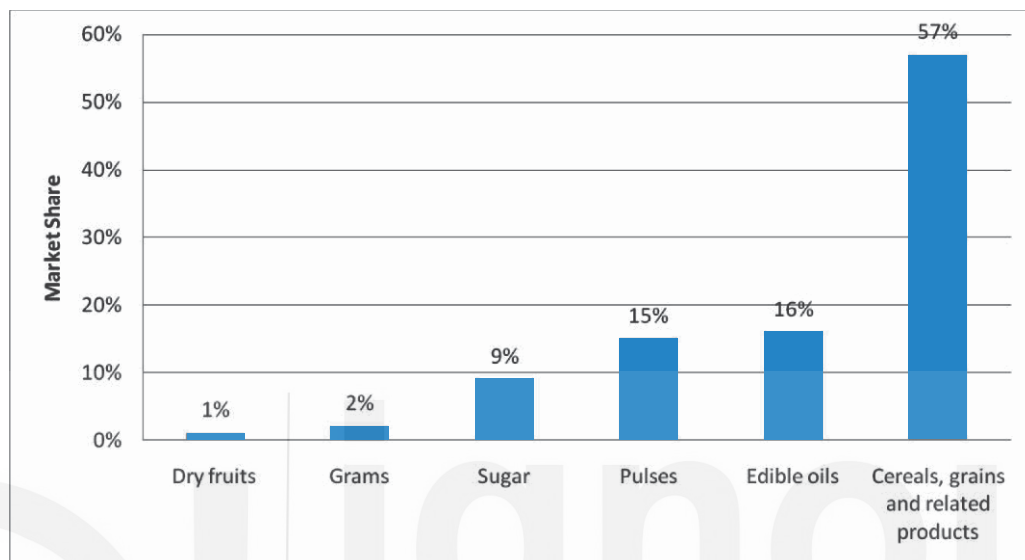
Fig 5.4 : Distribution of households in poverty in rural and urban India 2019-2020, by quintile



Source: Statista 2020, CMIE; 2019 to 2020

The consumption of dry food in the rural market can be seen in figure 5.5. Sugar accounts for 9%, pulses for 15%, and edible oil 16% of the dry food grocery market. Rural consumers still depend on their traditional food culture, use less sugar, and prefer jaggery. The market for edible oil is growing in rural areas. Around 57% of rural consumer's wallet has a share of cereals, grains, and related products.

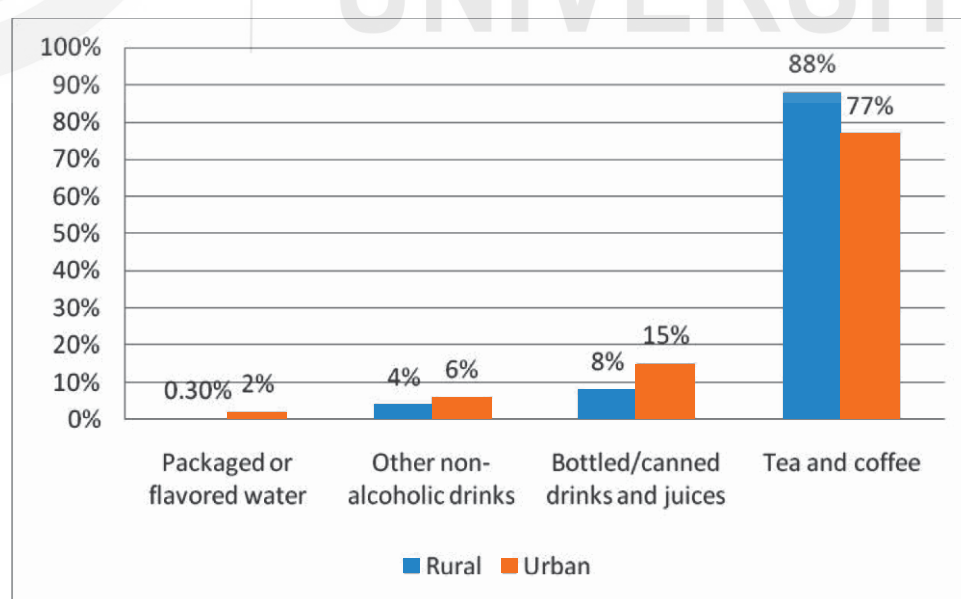
Fig. 5.5 : Share of dry food grocery market across rural India in 2016, based on categories*



Source: Statista 2020, MOSPI (NSSO); 2016

Figure 5.6 shows the opportunity for marketers in the rural market not yet explored. In the Indian beverages market in 2016, the consumption of canned/bottled drinks accounted for 8% in rural areas and 15% in urban areas. Tea has 88% penetration in rural India. There is a vast opportunity for selling packaged water in the rural market.

Fig 5.6 : Distribution of the beverages market across rural and urban India in 2016, by type*

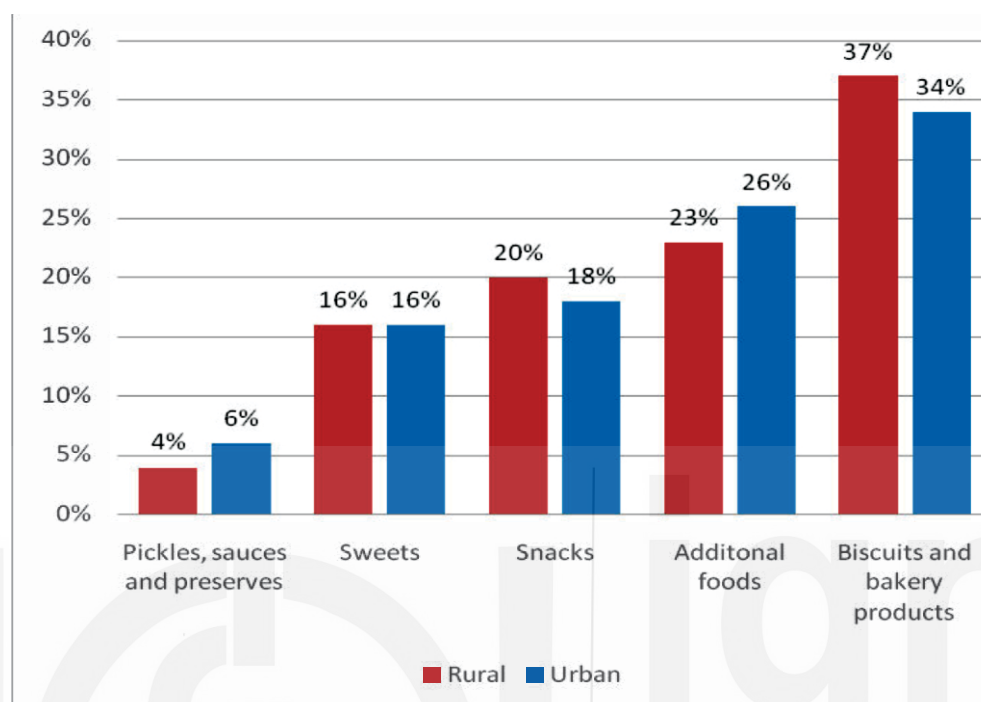


Source: Statista 2020, MOSPI (NSSO); 2016

The processed food industry is eyeing the rural market as a new target segment based on the purchase behaviour of rural consumers. The biscuits and bakery

consumed in the processed food market amounted to 37% in rural areas, as compared with urban areas (34%). Similar growth is observed in snacks in the rural market, which amounted to 20% in comparison to the urban market only contributed to 18% (Figure 5.7).

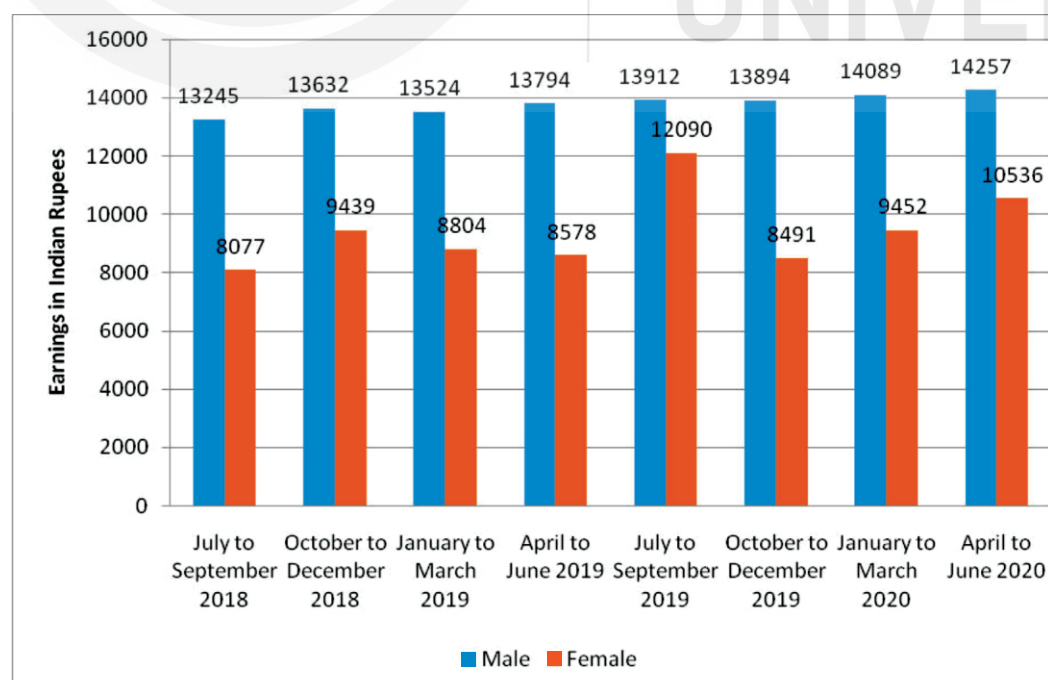
Fig. 5.7 : Processed food market share in rural and urban India - by type 2016*



Source: Statista 2020, MOSPI (NSSO); 2016

Figure 5.8 shows that the average income of male members in rural areas is highest from April to June 2020. Although female workers have less earnings in rural areas, their average earnings are highest in July to September of 2019 at Rs. 12090. Thus, the level of consumption among males and females will increase in coming future.

Figure 5.8 : Average earnings of rural employee in India 2018-20, by gender



Source: Statista 2020, July 2018 to June 2020; based on a survey consisting of 12,569 FSUs (6,913 villages and 5,656 urban blocks).

Activity 2

Visit the following organizations and try to meet marketing person in these places:

- a) Insurance Company
- b) Cosmetic Manufacturer
- c) Footwear manufacturer
- d) Any government / Private bank
- e) A white goods manufacturer

Interview them and try to discuss with them about the potential they find rural markets to sell their products/services. Also, try to identify the distribution channel they are using / willing to use to sell in rural areas.

5.4 THE IMPLICATIONS FOR THE MARKETERS

The service sector is spreading well in rural areas. This was observed during the pandemic also, when almost all other sectors showed a downfall. The penetration of mobile phones and the tech-savvy behaviour of the rural population have led to their involvement in the service industry. Thus, there is great potential in the service industry in rural areas in repairs, transportation, banking credit, insurance, healthcare, education, communications, power, and other services.

In the previous part of the unit, you have already studied that demand for products and services skyrocketed in rural areas not only because of improvements in income levels but also because of the access of rural consumers to social media and the internet. Online shopping is slowly increasing in rural areas, also. Customers can order with just one click, so including neighbour stores as last-mile service providers can help companies expand in rural markets.

Marketer needs to consider the filtered urban consumption values and its implications for the rural customers. Research shows that urban consumption has an aspirational value for those rural consumers, who are in touch with or exposed to such consumption. However, this must not be taken for granted that the consumer here is a linear extension of the urban counterpart. He has shown himself be patient, methodical and evaluative in nature before he makes the final purchase. The value sought will be more keenly evaluated and thus the time taken in the purchase process will be higher. Products like refrigerators, washing machines, and other related durables have entered in the commoditisation mode in the urban markets, which is still not the case in the rural markets and therefore the value sought is still at a stage where propositions have to be translated into resulting utility and functional benefits, meaningful to the rural consumer, in relation to the price paid for the durable.

Rural consumers show a strong social, cultural, and economic impact on their buying decisions. Marketers have to understand this and develop marketing plans accordingly. Using traditional media campaigns or participating once or twice in local haats and melas cannot develop a positive brand image. This is a continuous process and will require a deeper understanding of the rural population and a long-term marketing plan involving opinion leader, a strong distribution network, and after-sales service to develop trust among rural customers. Raj Pinjani, President of Pioma Industries

stated in one of his interview, “Earlier, we relied totally on our wholesalers to push the product in the rural areas. Now we are going there ourselves, in order to get a feel of the market and promote the product directly. It’s remarkable the amount of goodwill a visit to the rural distribution network can generate. It builds enormous brand loyalty among the retailers, who, in turn, push sales to the consumer”.

Even companies like Coca-Cola, which have already created their presence in rural India, are upgrading their distribution channel through general trade channels for a stronghold in rural markets. Their VP, India Franchise, Sundeep Bajoria once said, “Our products are now available at more than four million stores compared to about 2.7 million stores in pre-pandemic times. Kirana stores have been one of the biggest contributors of this growth. We have been working closely with Kirana stores to upgrade their capabilities in the form of optimal cooling solutions to sell beverages and help them capture new profit pools.”

The use of appropriate communication channels in 2022 and ahead will be different from that in the past. According to Koshy George, chief marketing officer, Marico Ltd, “the mobile phone has completely changed the game in rural marketing. Mobile has given us that access to be able to reach out to the consumer and then run with very different kinds of messaging.”

Dalveer Singh, head of experiential marketing, Dialogue Factory approved that, “the way brands are marketing to rural consumers is definitely changing on the back of deep digital penetration. Rural marketing was earlier the high point for media dark areas—be it India’s small towns or villages. It entailed brand activations, including at haats and melas as well as publicity vans. Today, there’s a mobile in each person’s hand, and the areas are not so media-dark any longer. While reaching a brand message to the hinterland is less of a challenge, the real challenge lies in making the messaging effective in persuading consumers to buy a brand or change behaviour.”

Improvement in infrastructure in terms of connectivity through roads, electricity, water supply, and telecommunication in rural India has created more opportunities for easy access to rural consumers. Understanding this prospect, Mahindra & Mahindra partnered with CSC Gramin eStore. Rural consumers can enquire about the select Mahindra SCV range, namely Supro and Jeeto, by visiting their nearest CSC Gramin eStore.

Innovation in the rural marketing, along with cost consideration, will be challenging for marketers. Thus physical availability of durable products with the dealership of showrooms in local villages is not possible. To solve this problem, Tata Motors recently introduced ‘Anubhav,’ showroom on wheels, a doorstep car buying experience for rural customers. Their objective is to reach tehsils and talukas for potential target rural customers for their new Forever range of cars and SUVs.

Following conclusions can be drawn from this unit:

- Rural consumers are spending more on FMCG, durables, services, etc. Still, they are conscious of the value of their purchase decisions.
- With government support, there has been vast development in infrastructure, but designing intensive distribution channels for the rural population is challenging.
- With growing urban influences and the process of urbanisation that is taking over the rural areas, including advent of mass media and lowered insulation

of the village itself, the traditional dependence of rural customers upon channel members, for advice, credit and goods is slowly going to come down.

- Adopting appropriate communication channels can create awareness about products and services, but persuading rural consumers to buy is an arduous task for companies.
- Marketers need to search for new innovative means to engage rural customers. The increased literacy and the spread of mobile and other technological access have improved their knowledge about markets and products. Traditional methods to attract rural consumers may not succeed in the near future.
- We are witnessing an increased migration from the rural to urban areas. The youth too is not looking at agriculture as an attractive career option. He has more career/livelihood options to choose from. This has an indirect impact in the form of aging of the rural population in times to come and resultant shifts in consumption behaviour, unless some means of reversing the tide of migration can be employed.
- Support from non-farm activities does not assure that rural consumers will spend this extra income in markets; thus, getting money out of their pocket will require assuring them of the existence of need and value gained from using products.

5.5 SUMMARY

Analysis of the rural market consumption trends will help you to understand the growth scenario of the rural economy. Sector wise analysis and rural v/s urban consumer comparison will provide scope for future demand analysis in rural India. In addition, historical data shown in the unit explains how consumption patterns evolved in rural India. This unit has also covered the recent strategies used by companies to explore and penetrate rural markets. The knowledge from this unit, backed with historical data and future forecasts specified by research agencies, will provide a roadmap toward success in the rural market.

5.6 SELF ASSESSMENT QUESTIONS

1. Evaluate some of the marketing campaigns used by companies to create awareness and penetrate rural markets. Describe their approach to selling their product in the rural and urban markets. Do you think the same approach as used the urban market has benefitted in penetrating in the rural market?
2. With reference to your response to Q1, identify the media used to communicate their products to rural consumer by the campaign managers contacted by you.
3. Review government reports on rural markets and find out the difference in consumption patterns of the following among rural and urban consumers.
 - a) Automobiles
 - b) OTT Services
 - c) Financial products

4. Visit the nearby village and gather information from the village retailer on recent trends in buying patterns of durable products - refrigerators, air conditioners, and two-wheelers. Give reasons for such a change in trends.

5.7 FURTHER READINGS

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- <https://www.asrtu.org/wp-content/uploads/2016/06/census-report-state-wise.pdf>
- https://censusindia.gov.in/nada/index.php/catalog/?tab_type=table&page=1&sort_by=popularity&sort_order=desc&ps=15
- <https://www.fao.org/india/fao-in-india/india-at-a-glance/en/>
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- https://www.academia.edu/15407191/Growth_in_Rural_Markets_by_Product_Categories_Households_Owning_Specified_Consumer_Durables
- https://www.business-standard.com/article/companies/coca-cola-india-expands-distribution-network-to-rural-market-kirana-stores-122101200510_1.html
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- <https://www.livemint.com/opinion/columns/packaged-goods-marketing-in-rural-pockets-gets-a-facelift-and-a-digital-push-11657133968006.html>
- <https://ruralmarketing.in/stories/mm-partners-with-csc-grameen-estores-to-market-small-commercial-vehicles-in-rural-india/>
- <https://ruralmarketing.in/stories/tata-motors-opens-anubhav-showroom-on-wheels-for-remote-rural-customers/>
- https://img.asercentre.org/docs/aser2021finalreport_16.116.54pm1.pdf

UNIT 6 RURAL MARKETING RESEARCH

Learning Outcomes

After going through this unit, you should be able to:

- discuss the importance of marketing research for the rural market.
- describe the rural marketing research process.
- explain the techniques of rural marketing research.
- analyze the role of the researcher in rural marketing research.
- assess the problems in conducting marketing research in rural India.
- choose the best research methods to ensure the success of your rural marketing.

Structure

- 6.1 Introduction
- 6.2 Rural Marketing Research Process
- 6.3 Quantitative and Qualitative Approach
- 6.4 Techniques of Rural Marketing Research
- 6.5 Rural Marketing Research for Marketing Gain
- 6.6 The Role of the Researcher in Rural Marketing Research
- 6.7 Problems in Conducting Marketing Research in Rural India
- 6.8 Summary
- 6.9 Self- Assessment Questions
- 6.10 Further Readings

6.1 INTRODUCTION

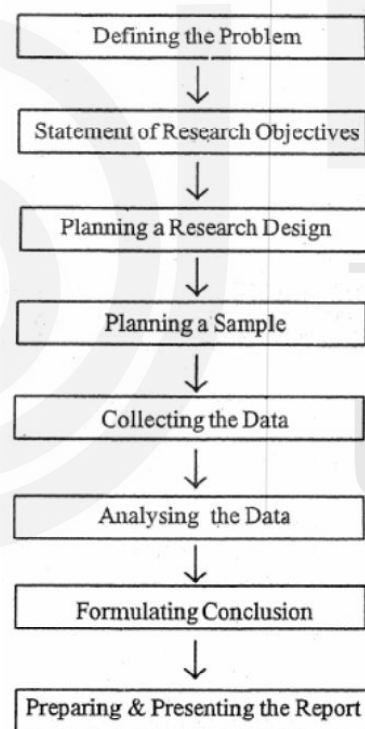
Rural market research has existed for much longer and has a structure long before urban markets fully developed. This is quite ironic, but it is true, as most research projects that have pertained to health, literacy, family planning, or infrastructure-related projects have their base in suburban or rural areas to start with. However, research related to rural marketing and its problems has started to take shape more recently when companies like HUL, Dabur, Colgate Palmolive, and P&G started to make headway into the rural markets and found that they had very little or no information regarding the markets or consumers in such settings. Data existed pertaining to socio-economic classifications, more specifically on occupation profiles, education profiles, and ownership profiles, but data on income, its allocation, and buying preferences were not available. Hence, it became difficult to segment the markets. Most organisations wanting to enter rural markets either relied on existing published sources or commissioned studies. However, commissioning a study was time-consuming and involved huge financial resources. Besides, the heterogeneity of the market meant that data from one region could not be adopted elsewhere. It was difficult to assess the market size and potential. The situation in rural marketing research is now gradually

improving, with our knowledge base on rural marketing expanding as a result of both higher levels of experiential data available and deeper penetration of rural markets by a far larger number of players. In this unit, an attempt has been made to introduce you to the scenario of rural marketing research, the organisations involved, and the methods in use.

6.2 RURAL MARKETING RESEARCH PROCESS

Marketing research exercises may take many forms, but systematic inquiry is a feature common to all such forms. Being a systematic inquiry, it requires careful planning of the investigation process. Though it is an oversimplification to assume that all research processes would necessarily follow a given sequence, whether marketing research is conducted in New Delhi or in the remote village of Bastar in Chhattisgarh, the process often follows a generalised pattern that can be broken down into various stages. Figure 6.1 presents the stages in the marketing research process. Unit 1 Marketing Research: An Introduction of Course MMPM006 Marketing Research describes these stages in detail.

Figure 6.1: Stages in the International Marketing Research Process



Even if the steps of a research process are the same, Marketing researchers in rural markets face unique implementation challenges because of differences in information communication and infrastructure, a lack of real-time information and data, and a generally low literacy rate. Urban markets are frequently utilised as a benchmark while studying rural marketplaces. As a result, various facets of the rural market are examined and measured using the standard of the urban market. However, market research in rural markets is considerably different from the urban market research. Issues like literacy level, civic amenities and infrastructure support are some key challenges to designing and conducting rural marketing research. Rural India is also highly scattered, remote, and inaccessible, making data collection difficult. Rural research therefore needs to be seen from a different perspective. Some broad differences in rural and urban market research are illustrated in Table 6.1.

Table 6.1: Differences in Urban-Rural Market Research

S.No.	Aspect	Urban	Rural
1	Respondents	Literate, brand aware, individuals respond Individually.	Semiliterate or illiterate, brand knowledge low. Difficult to get individual responses. Generally, group response.
2	Time	Willing to respond. Have time pressures. Spare little or virtually no time to field staff.	Hesitant initially, but once opens up, devotes time.
3	Accessibility	Easy to access, though Many suffer, from research fatigue.	Tough to access; geographical distances and psychological apprehensions are barriers. Do not speak easily to outsiders.
4	Secondary Data Source	Internal data, syndicated research, published media. Many sources and large data.	Very few sources and less data, except that gathered through government agencies and some NGOs for their own schemes/projects
5	Primary Data Source	Large number of middlemen, experts, sales force, consumersand opinion leaders.	Less number of all categories
6	Sampling	Respondents formrelatively homogeneous group. Income can be a criterion	Heterogeneous groups. Income and land holding data to be carefully applied.
7	Data Collection	Use of sophisticated instrument, style and administration. Including online tools, Respondents, comfortable with numbers, ratings and timelines.	Requires simplified instruments. and often more comfortable with personally administered questionnaires, Respondents comfortable with colours, picture and stories.

Source: Adopted from Rural Marketing, Krishnamacharyulu and Rarnakrishna, 2011

Table 6.1 depicts the major differences between rural and urban research and how these distinctions are important when developing a research design for researching in respective markets. However, in the context of rural markets, the research process is critical for two prime reasons.

- (i). The marketer has a limited understanding of the rural consumer.
- (ii). Urban-focused marketers may find it valuable to unlearn how consumers respond to different decision-making variables in urban markets. This requires the use of research methodology that is sensitive to social processes in rural marketing.

What is important to understand is that rural markets are not as evolved as urban markets, and hence it might not be appropriate to use the tools and techniques used in urban markets. For instance, the VALS-Lifestyle Analysis model would be difficult to implement locally owing to the respondent's lack of awareness about several issues that are usually covered in the VALS classification. A more stripped-down qualitative research approach on Activities, interests and opinions along with some subjective questions on values will be a more feasible option. In-depth interviews, observational studies, or open-ended questionnaires will be easy to implement.

Activity 1

A well-known hair oil firm wants to introduce a new product for rural women and is interested in learning about their customs and behaviours in this regard. For this study, develop a research plan.

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6.3 QUANTITATIVE AND QUALITATIVE APPROACH

Typically, qualitative research is categorized as being unstructured, whereas quantitative research is categorized as being structured. The following factors should determine whether to use a quantitative or qualitative approach:

- The purpose of your research: exploration, confirmation, or quantification or testing a relationship among variables
- Application of the results: formulation of policy or comprehension of the procedure

While the research process is mostly the same in both, there are differences between quantitative and qualitative research in terms of the techniques used to gather the data, the methods used to process and analyze the data, and the methods used to communicate the results. Using an unstructured interview or observation as your method of data collection, for instance, is more likely if your research problem lends itself to a qualitative style of inquiry. When analyzing data for qualitative research, you do so by looking for themes and explaining what you learned from your interviews or observations rather than by subjecting your data to statistical techniques.

Both qualitative and quantitative research methods may be employed in rural research, either separately or in combination. In order to validate the findings of the qualitative research and account for respondent variances, the majority of studies begin with the qualitative approach before switching to the quantitative approach. In this unit, we will discuss the qualitative approach to rural research. For a detailed description of the quantitative approach to research, you may visit the course MMPM-006 Marketing Research.

6.4 TECHNIQUES OF RURAL MARKETING RESEARCH

The techniques for conducting rural marketing research can be divided into three broad categories:

- Desk Research
- Survey Research
- Participatory Rural Appraisal (PRA)

6.4.1 Desk Research

Desk research basically involves the collection of information from documentary sources or other published and unpublished sources. In other words, information and data already exists. Through desk research, the sources of such data are searched, and relevant documents, publications, etc. are collected. This stage of searching for sources of published or what is also called secondary data is also referred to as “bibliography research” or “library research.” The search for the sources of secondary data or the collection of documents, etc., is only the preliminary part of desk research. The actual desk research involves the compilation, processing, and analysis of secondary data in accordance with the objectives of the research.

Desk research provides background information for the selection of the most promising rural markets for in-depth investigation. It can also point out specific factors that should be investigated. As a result, desk research could be used for general and limited information on rural markets, as well as a preliminary step in effective planning and conducting survey research in rural market.

Sources of Data

The key to successful desk research is the knowledge of how to find relevant sources of required data and how to collect and make use of them. There could be numerous specific sources of information, but it is neither possible nor necessary to tap all such sources. It is therefore necessary to classify sources according to their relative importance. The principal sources of information can be classified under specific categories, like

- a) Government sources
- b) Private sources

Government Sources

Governments generate a wide variety of information and data that are useful and relevant to marketing. Information provided by governments covers wide areas like population, economy, policies, programmes, industries, institutions, rules and regulations, etc., and is published in the form of reports, documents, journals, notifications, etc.

Private Sources

There are research institutions, publishing houses, banking and financial institutions, chambers of commerce, trade associations, and a host of other similar organisations

that collect, process, and disseminate different kinds of information in their respective areas of concern that could be relevant to rural marketing. Table 6.2 lists some of the important sources for secondary rural data.

Table 6.2 : Important Sources for Secondary Rural Data

Organization	Data Available	Website
Census of India	Largest compilation of rural demographic data	https://censusindia.gov.in/
NCAER (National Council for Applied Economic Research)	Largest sample surveyor in the country, compiles data on trade, technology, skills, agriculture and rural development, demographics, durables and non-durables etc.	https://www.ncaer.org/
NSS (National Sample Survey)/ NIIP (National Integrated Information Platform)	Consumption and expenditure-related data on major products and services, Household Consumer Expenditure Survey-employment, consumer expenditure, housing conditions and environment, literacy levels, health, nutrition, family welfare, etc.	https://mospi.gov.in/web/nss https://mospi.gov.in/web/niip/home
CSO (Central Statistical Organization)	National sample survey reports, State-wise compilation of demographics, economic indicators, infrastructure, and welfare-related data up to the district level.	http://164.100.161.63/central-statistics-office-cso-1
CMIE (Centre for Monitoring Indian Economy Pvt. Ltd.)	Rural economy data and sector-wise information	https://www.cmie.com/
IGOD (Integrated Government Online Directory)	Official website of the Government of India providing data on state and district departments. A one-point source to access Indian Government Websites at all levels and from all sectors.	https://igod.gov.in/
Agriculture Census	All India and States/UTs level. District/Tehsil level agricultural data	https://agcensus.nic.in/
Panchayat Office (Ministry of Panchayati Raj)	Compilation of village-level information, household-wise on demographics, health, etc.	https://www.panchayat.gov.in/web/ministry-of-panchayati-raj-2
ICDS (Integrated Child Development Scheme)	Compilation of village-level information, mainly on health, by Anganwadi workers (Local Government directory Villages & Town Mapping by Anganwadi centres)	http://icds-wcd.nic.in/
Marketing Research organizations and Associations	Kantar IMRB, Nielsen India, Ipsos India, MART, Anugrah Madison (Madison Media), Rural Marketing Association of India (RMAI)	https://imrbint.com/ , https://www.nielsen.com/ , https://www.ipsos.com/en-in , https://martglobal.net/ , https://www.madisonindia.com/ , https://www.rmai.in/

A plethora of individual sources of secondary information, as described above, are available for desk research. A desk researcher has to be selective in choosing the appropriate material for research; otherwise, he might get lost in the wilderness of irrelevant data that he does not really need. It is therefore important that the researcher evaluate the sources in terms of his particular needs. The following criteria could be used for evaluating sources of secondary data:

Coverage: Is the source likely to cover the subject of research comprehensively and precisely? **Level:** Is the level of information too high, too low, or just right for the purpose of research? **Emphasis:** Does the material focus on the most relevant aspects of the subject?

Timeliness: Is the material up-to-date or outdated for the purpose of research?

Accuracy: How accurate and reliable is the information? Who originally collected it and for what purpose?

Web Sites: A lot of information is available on the websites of the above-mentioned sources. Also, most of the leading newspapers and magazines are available in some form on the internet. These can be used as an invaluable resource for companies and markets. The Internet can also give you access to libraries, government statistics, company information, product design, and much more. You may also use general search engines like Yahoo, Google etc. for searching for relevant information on the internet.

Limitations of desk research:

- The data may have been collected and manipulated for a specific use; therefore, it may be incomplete, ambiguous, or out of context.
- Data may be corrupted by methodological and interpretive problems, for example, definitional error, sampling error, section error, non-response error, language, social organisations, trained workers, etc.
- Data may be non-existent, unreliable, or incomplete

6.4.2 Survey Research

The primary distinction between desk research and survey research is that data for desk research are already available, whereas data for survey research are generated during the research. Often, desk research provides the general background or framework for planning and conducting survey research for the collection of primary information specific to rural market needs.

When one seeks information on something from people in everyday life, it can only be obtained by either asking them about it or by observing the phenomenon on which it is based. These two different ways of data collection, namely communication and observation, have merely been formalized and systematized by formal research. Within each category, one finds several tools that can be used to affect communication and/or observation. The fact that distinguishes communication methods is that there is a dialogue with the respondent, either spoken or written, while observation methods involve keeping track of or monitoring the behaviour of the subject matter of the research without interfering with it. Let us now discuss some of the survey research method that can be used to study rural markets.

Many marketing problems can be solved by speaking with people who have expertise and ideas about the research topic. These individuals could be top executives, sales managers, salesmen, and channel members who handle the product or related products and consumers or potential consumers. In order to get insights into the consumer's life, awareness, attitude, behaviour, consumption, etc., a set of questions is included in the information collection exercise through face-to-face interaction. The success of this type of experience survey depends upon the freedom of response given to the respondent as well as upon the expertise and communication ability of the people questioned.

Focus Group Discussions

The focus group, which has an informal approach, involves gathering a group of usually six to ten targeted respondents to engage in a extensive, free-flowing discussion about their experiences or viewpoints. The standard procedure is to record the conversations on tape and later analyse them. The discussion in the focus group is led and guided by a moderator, who has a fairly standard way of establishing a relaxed and congenial atmosphere, initiating the discussion, and keeping it on the desired topic. The goal of the focus group design is exploratory, with the goal of gathering respondent opinions and experiences on a specific subject. The objectives of the focus group study are clearly specified, but there is no structure to the discussion pattern. In fact, a distinct effort is made to keep the discussion free-flowing. The success of the focus group design depends upon a well-trained and disciplined moderator who can keep the discussion on track and elicit responses from all the participants in the group.

Observation Method

Although there are other ways to get data, there are some situations when observation is really the better option due to cost or accuracy issues. In the case of respondents' inability or unwillingness to provide accurate information, observation might prove to be a more useful method of data collection. Observation may be carried out manually or mechanically. Devices like cameras are used to observe consumer behaviour in a natural setting. Manually, the observation approach includes the use of a trained observer who makes and records first-hand observations of respondent behaviour. Direct observations may be used to get information on the following problems:

- a) Who is the actual buyer of the product in question?
- b) To what extent do they seem to have a predetermined idea of buying this product?
- c) Did they exhibit any signs of being affected by the individual who was with them?
- d) How many of them asked for the price or compared it with that of competitors?
- e) How many of them were attracted by the packaging for making a purchase?

Slice of Life Observation

A method of observational research in which the researcher engages a respondent in conversation while they are both present in the respondent's home or place of

work. The researcher makes an effort to watch the respondent engage in a variety of daily activities, such as interactions with his family, in the market, with neighbours, with goods and brands, with his influencers, etc. This method is particularly effective in observing actual behaviour and drawing a true image of a customer's mind from non-verbal cues rather than relying solely on his words, which can occasionally be deceptive.

6.4.3 Participatory Rural Appraisals (PRA)

This method is extensively used in social research. It is a method in which the respondent or rural consumer is very actively involved. The process consists of the following steps:

- (i) Choose a location that facilitates discussion and increases the chance of receiving responses.
- (ii) The researcher can become more comfortable with the area by taking a “transect walk” through the village. It offers a chance for observation regarding some of the issues and informally collects opinions.
- (iii) Starting the talks and getting a better understanding of the community and its important resources can be accomplished by mapping the village's locations and resources on a flip chart, on the ground, on a blackboard, or even with the use of rangoli powder.
- (iv) Using a number of tools to capture additional data. These consist of:
 - **Time line** requires preparation of a chronology of significant events and activities by the villagers. They record historical events that are important to them by using their knowledge of the past.
 - A **seasonality diagram** is used to divide information by season and thus gain more clarity from the available data.
 - **Matrix ranking** method is used to record perceptions, attitudes, and preferences. By using items like stones or symbols, the relative measurements can be determined. The intensity of an occurrence increases as the number of objects or symbols increases.
 - **Chapattis**, another name for Venn diagrams, are used to identify different entities (individuals and organisations) important to the issue and to rank them according to relevance using the size of the circles.

In order to collect data and interact with the villagers, a rapport must be built. Generally speaking, it is advised that the visit last at least two days. The goal of the first day is to build relationships with the villagers and get to know them. A rapport may be easily built if the market researcher is allowed to remain in the community. In order to obtain information, the second day will be more productive.

PRA is a team approach. It is best carried out by a local team that speaks the local language, with some outsiders present. It optimises the trade-off between timeliness, accuracy, relevance, and quality. Knowing what to do and what not to do can help you achieve this. It does not include unnecessary details and irrelevant data. It does not take measurements that are more exact than necessary.

Because the data is mostly qualitative and the sample size is limited, PRA-generated data is rarely suitable for statistical analysis. Alternative approaches have therefore been devised to ensure reliability and validity of the findings. These include:

- (i) Sampling based on an approximation of stratification of the population according to geography or relative wealth and
- (ii) Triangulation, which involves using more approaches than one, and often three, sources of information to cross-check results.

Activity 2

You have been tasked with gathering data on the ideal features rural residents look for in a two-wheeler. What methods of data collection would you prefer to use and why

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6.5 RURAL MARKETING RESEARCH FOR MARKETING GAIN

Marketers are attempting to fully capitalise on the current boom and, as rural markets are increasingly viewed as high-potential markets, they need to know more about the markets they are entering. With better tools and methodologies, a huge number of research organisations have started to penetrate rural areas. The execution strategies in the rural areas will, nevertheless, be a key concern for marketers. They cannot continue to operate in the same manner as they did in the urban markets. For example, when watching television, the visuals that the rural and urban audiences absorb in would likely be significantly different. Naturally, media strategy needs to make sure that the correct audience sees your advertisements. The popularity of tattoos, another popular commodity, may be greater in urban areas than in rural ones. Marketers will need to develop a new strategy for conducting rural market research in light of this context and the evolving nature of the competition.

Games can be used as efficient marketing research techniques since they encourage group participation. Traditional 5-point, 7-point, or 10-point scales are ineffective in the rural setting because they need a high level of consumer knowledge. Rural consumers lack adequate spatial capabilities. Instead of them, you may use pictorial scales. Scales can also be reduced to three points, requiring less complicated information processing. For this kind of study, the TAT (thematic Apperception Test) can be quite useful

A photograph or painting is highly visual and supplies more information than can be processed by the rural consumer. Instead, cartoons or caricatures, which lack complex information, are effective and provide for the participatory role of all five senses. Another trend is the increasing use of participant observation methods. Typically used in cultural anthropology, these methods indicate an important lesson for marketing research too. The researcher participates in the rituals and activities along with the tribe so as to understand the shared meanings, not as a passive and objective observer but as an active participant. Such socio participatory roles played by the researcher in the village may lead to important insights that may be overlooked otherwise by objective means of measurement. Studying rural consumers in their

natural environments is a better research technique that may be employed instead of using CLTs (central location tests), which are not indicative of their natural surroundings. Care needs to be taken so as to respect the hierarchical, rigid social class structure of the rural village, owing to its time- and tradition-rooted culture. This fact has been stressed time and again by market research agencies.

Till the 1980s, market research was restricted to the “data delivery function alone.” As competition grew, predicting consumer behaviour came to the forefront of client demand. So, rather than simply following the client’s brief, research firms began to add value by defining what type of information should be collected. For example, a soft drink player today would also look at competition from a category like bottled water, *NimbuPani*, or *Chhaachh* (butter milk). Similarly, a moisturiser would also compete not only with other moisturisers but also with skin lotions and homemade products like *Malai* and so on.

Marketers also agree that needs are evolving. For example, the new area that HUL has added to its research requirements is the concept of consumer windows. HUL has two consumer windows: one is the traditional view of consumers through market research, and the second is direct customer contact. For the latter, a website was set up where HUL managers across the country could log in and request an interface with any type of consumer across India. The request is then processed by the research agency, which organises meetings between the managers and the consumers. HUL claims that after this window was set up, every day, roughly nine managers contact consumers in 20 locations and interface with five consumer groups. For instance, when sales of Lifebuoy, one of HUL’s designated “power” brands, were tapering, the consumer window sessions, especially in rural areas, helped the company change the product composition from carbolic to non-carbolic and reposition the soap from a male use product to a family product.

Today, the rural market is facing with the following fundamental issues:

- Declining soil productivity
- Mismanagement of water resources
- Increasing human pressure on land resources
- Lack of efficient market linkages between the producers and the consumers
- Globalization of the commodities markets

The marketer will have to be sensitive to the needs of the rural consumer and especially to the shifts in consumer behaviour. Market research as a tool will help cut down on the uncertainties of the market and help prepare marketers for the transition.

The implications of the change that the rural marketer will have to prepare for and where research will be effective are as follows:

- The farmer of the future will be a large farmer with scientific methods adopted for all aspects of production and marketing.
- The mode should be one of relationship building rather than product and service provision.
- The company can extend its role from being just a facilitator or rural production system to becoming an influence on the product mix decided at stage of need identification itself. This way, the identification of the right kind of communication and the product delivery pattern can be worked out for the company.

Activity 3

Identify the organisations in your area that are involved in the rural marketing of their products and services. Based on your interaction with them on how they procure actionable knowledge about their market and consumers, prepare a note on their research activities.

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6.6 THE ROLE OF THE RESEARCHER IN RURAL MARKETING RESEARCH

It goes without saying that the effectiveness, efficiency, and moral integrity of the researchers determine the success of the entire research effort. Researchers need the proper mindset and abilities in order to succeed. The researcher should be pleasant and caring, have good people skills, be patient, respectful, empathetic and humble. Some useful suggestions are briefly provided in Table 6.3.

Table 6.3: Guidelines for Researchers in Rural Marketing Research

SI No.	Aspect	Characteristics of respondents	Dos
1.	Appearance	Simple and culture bound.	Dress simply.
2.	Greetings	Greetings and conversations are informal. They try to relate and show affection when interacting with others.	Make a courteous greeting with respect to age (<i>Namasthe</i> or <i>Namaskar</i>) mentioning a relationship (grandpa or uncle or aunty or mother).
3.	Language and culture	Most of them are not literate and unfamiliar with the English language.	Speak in the local language. If possible, become familiar with the local dialect. A good rule of thumb is that when you can understand the local jokes, poetry and songs, then you may feel you are starting to understand the people's culture.
4.	Rapport	Rural people like to be related. They are open to known people. They have their own apprehensions about urbanites and their intentions.	Engage the respondents in interaction by inquiring on personal and general issues in a casual way showing concern and respect. Be humble, frank and honest in announcing the purpose of research.
5.	Investigation	Rural people are sensitive and naïve. They are slow in understanding and exploring. They are less objective and are relationship-oriented.	Be slow in questioning and getting responses. Be patient. Try to give the respondents a lead role and allow them to speak in their own style at their own pace and in a way they like. Avoid phrases and gestures that may hurt respondents.
6.	Overcoming limitations	Villagers speak in groups. They look for social support and approval.	Encourage group interaction. After gaining trust, obtain individual opinions by asking others to listen to what the respondent says. Let individuals take his or her private time to interact.
		Villagers are less objective. They prefer narrations rather than simple answers and also go off the point establishing unnecessary links to episodes.	Better listen with patience and exercise soft-control options to bring people back on the right track.

Some important don'ts are:

1. Don't pretend: A newcomer is viewed with some apprehension by the villagers. They might avoid you if they think you work for an insurance company, a medical facility, or a microfinance company. They may gather around you occasionally, thinking you are a government official or representative of an NGO who has come to talk about benefits. Don't make benefit related promises you can't keep.
2. Avoid direct inquiry: If you are doing an interview in front of others, avoid asking direct questions. A villager answering the question might feel it uncomfortable to do so and dislike other people talking about it.
3. Don't touch: Without first developing a close friendship, it is not advisable to touch a villager's arm or place a hand on their shoulder. Women should never be touched by male researchers.
4. Avoid suspicious behaviour: The villagers have a traditional mindset. Accordingly, male researchers shouldn't approach women without a female helper. It is always preferable to interview someone in front of their family.
5. Don't become controversial: Avoid discussing local politics or bringing up contentious topics that can cause a heated debate. Avoid going against cultural and religious customs as well.

6.7 PROBLEMS IN CONDUCTING MARKETING RESEARCH IN RURAL INDIA

India may be viewed more as a continent than a country, therefore conducting marketing research presents unique challenges. This is due the diversity of cultures, traditions, customs, behaviours, languages, and even regional dialects. It is difficult to conduct market research in India because of the vastness of the nation, demographic diversity, infrastructure problems, and cultural issues. The following section discusses some of the key issues that you, as a researcher, would encounter when carrying out marketing research in rural India.

Accessibility for people living in the country's interior is major problem. India has a rural population of about 69%, and the rural market has been expanding five times faster than the urban market. However, given the vastness of the nation and its extremely diverse population, conducting market research in India's rural areas continues to be prohibitively expensive. Additionally, rural places exhibit greater complexity due to hyper-localization of languages, dialects, and traditions than metropolitan centres do. The researcher must travel for extended distances and stay overnight.

India is a diverse country where one size does not fit all. When planning surveys and studies, as well as choosing rural markets, researchers must be aware of the cultural peculiarities unique to various regions of the nation.

The problem for the researcher is complicated by linguistic complications and cultural diversity. The 22 official languages of India have several dialects, making communication extremely difficult for researchers. Additionally, it implies that several translations of a questionnaire are required, as well as distinct training sessions for field researchers.

Due to poor literacy rates, mail interviews have limited value. The only other option that seems to be workable is personal interviews, but even these are plagued by transportation issues and a shortage of competent staff in small towns and rural locations.

Interview scheduling- Men typically leave in the morning to work in fields or other tasks, returning only in the evening. In the mornings and evenings, women are occupied with cooking and other housework. The availability of the respondents must be taken into consideration while scheduling the research day.

The accessible secondary data are frequently not as reliable due to incomplete coverage and redundant information. Data are not easily accessible for a number of aspects that the researchers are interested in. Although the nation conducts a census every ten years, the full results are not made public for a considerable amount of time.

6.8 SUMMARY

Marketing research techniques and tools have always had to be adapted to the target group that is being addressed. Rural marketing research is undergoing a major transition as the scope of the research is expanding with the rising size and potential of the rural market. The mostly quantitative approach followed so far is giving way to behavioural and qualitative studies. In view of the illiteracy and lower exposure of rural consumers, however, tools are required to be specifically adapted or designed. This unit addresses the main issues in rural research, introduces you to the rural marketing research process, outlines the techniques of rural marketing research, suggests guidelines for conducting rural marketing research and outlines the routes that rural research is likely to take.

6.9 SELF-ASSESSMENT QUESTIONS

- 1) Examine the distinctions between rural and urban market research while providing a brief description of the rural marketing research process.
- 2) Is the qualitative research approach more suitable in the rural context? Describe the different qualitative research tools and techniques used in rural marketing research.
- 3) What are the sources of secondary data for rural research? Explain.
- 4) Describe a few of the data collection techniques developed especially for rural research.
- 5) How do marketers gain from rural research? Discuss.
- 6) What are the limitations on conducting research in rural areas?
- 7) Suggest some recommendations for conducting rural marketing research that will be useful to researchers looking for information on changing consumer preferences for consumer durables.

6.10 FURTHER READINGS

- Kashyap, P. (2016). Rural Marketing, Pearson Education.
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UNIT 7 CASE STUDY : RURAL BUYING BEHAVIOUR IN INTERNET ERA: A CASE STUDY OF RURAL & URBAN COSTUMERS' BUYING BEHAVIOR FOR MOBILE HAND SETS

Learning Outcomes

After going through this unit, you should be able to:

- discuss the influence of information communication technology led innovations on buying in rural India,
- analyse the diversity of buying behaviour across rural and urban customers for mobile handsets and its implications for marketers
- appreciate the kind of effort needed to approach the rural consumers.

Structure

- 7.1 Introduction
- 7.2 The Growth of Mobile Phone Industry
- 7.3 Rural Buying Behaviour
- 7.4 Case Study
- 7.5 Summary
- 7.6 Self- Assessment Questions
- 7.7 Suggested Readings

7.1 INTRODUCTION

Rural marketing has undergone a paradigm shift thanks to mobile phones. Marketers now have the means to connect with people in India's rural areas. They may establish a Wi-Fi hotspot where users can go and download stuff that stays on their phones, but they still have a "van and a man" Option. It might be a video game, localized content, or a marketing message laced with fun. The best feature of digital advertising is the ability to microtarget and limit the display of adverts to a certain area near a village. Creating a reach for a marketing message in the hinterland is therefore no longer as difficult; the true difficulty is making the messaging successful in convincing customers to purchase a brand or change their purchasing habits.

7.2 THE GROWTH OF MOBILE PHONE INDUSTRY

There are two big reasons for the rapid growth of mobile phones industry in India. First, there is a huge market for entry-level mobile phones. And second, the high-end mobile phone buyers too exist in the Indian mobile phone market. These reasons encourage the top mobile phone manufacturers to experiment their products from different categories in the Indian market.

In India, there will be 1 billion smartphone users by 2026, according to Deloitte's 2022 Global TMT (Technology, Media and Entertainment, Telecom) forecasts, with rural areas driving the market for internet-enabled phones. In India, there were 1.2 billion mobile subscribers in 2021, with 750 million of them using smartphones. From 2021 to 2026, the rural sector is expected to grow at a compound annual growth rate (CAGR) of 6%, outpacing the urban sector's growth at a CAGR of 2.5%. According to the ASER (Annual State of Education Report) survey, 36.5% of rural Indians had access to smartphones in 2018, and that number rose to 61.8% in 2020 and 67.6% in 2021.

This significant demand will probably be mostly generated following the rollout of 5G. In 2026, devices with 5G capabilities will make up 80% of all smartphones sold. It is estimated that 95 percent of replacements in the urban market in 2026 will be for new smartphones, while only 5 percent will be for pre-owned phones, compared with 75 percent and 25 percent, respectively, in 2021. The typical phone lifespan in rural areas is four years, thus it is anticipated that they will follow a similar path. Over 80% of replacements in 2026 are projected to be for new smartphones, while 20% will be for used ones. As a result of an increase in smartphone users, it is predicted that feature phones will gradually stop being replaced by smartphones.

Increased internet connectivity in rural areas, as well as cheaper data plans, also played a significant role in enabling individuals to purchase smartphones and stay updated about global events. For example, Reliance JioInfocomm Limited (RJIL) entered the Indian telecom industry in September 2016 with its "Jio welcome offer," which included a free data and voice plan that was later extended until December 2016. After that, it unveiled the "Happy New Year offer," which extended the previous plan through March 31, 2017. It charged low prices even in 2018 and 2019 to provide high speed internet and voice, which fuelled the Indian digital revolution. The cheapest recharge package, priced at just Rs. 39, was announced by Reliance Jio in 2021. In addition to 100 MB of data for 14 days, the pack offered unlimited voice calls. Rural workers could now connect with family members working in different regions of the country via the video call features on cellphones, bridging the gap between them.

Internet customers in urban India had increased by roughly 22.15% as of December 2019, whereas those in rural India had increased by a staggering 55.91%. With the government's intention to fiberize every village by 2025 as part of the BharatNet initiative, internet-enabled products in rural markets will also see growth. Demand for smartphones is anticipated to increase with increased internet access.

In order to reach India's rural market, smartphone manufacturers also figured out how to provide their goods at reduced prices by setting their prices at competitive levels beginning at 5,000 rupees. Equated Monthly Instalments (EMIs), which replaced loans as the favored means of buying smartphones, emerged as a result of relieving the poor of the difficulties associated with taking out loans. Governments and non-governmental organizations have also stepped up to offer free smartphones to low-income families. As a result, individuals in rural areas are increasingly becoming more open to buying to smartphones in one way or another.

Historically, whether in India's small towns or villages, rural marketing was the high point for media dark areas. The places are no longer as media-dark, though,

as a result of significant digital penetration brought on by a rise in mobile phone use and internet connectivity. Because of rising literacy rates, more people can read, and spoken, visual, and informal communication have all gained strength. Mobile applications in vernacular languages may advance faster with the use of mobile messaging in these languages. The basis for future revenue “growth” is Hindi and other regional languages (Punjabi, Marathi, Tamil, Bengali, Telugu, Gujarati, and Kannada). Messages were still being sent one month after the experiment ended thanks to a leading Indian operator’s presentation of Hindi predictive mobile texting to consumers in Haryana, according to the pilot project’s findings. Now, that search has become more vernacular, rural customers are spending more time on their mobile devices. In terms of data consumption, India is number one in the world.

7.3 RURAL BUYING BEHAVIOUR

Compared to their urban counterparts, rural consumers have different interpretations of colors, symbols, and social activities. Rural consumers show a preference for bold, primary colors; the red color connotes happiness and auspiciousness, and the green color, prosperity. Ownership of a large tractor, a large house (a “pucca house”), a mobile phone, and other high-value consumer durables, as well as the education of children in cities, are considered status symbols.

Opinion leaders and people who are perceived to be knowledgeable regarding this product category, play an important role as information providers and advisors. In rural consumers’ purchase decisions, word-of-mouth is more important. Prior to making decisions about purchasing more expensive things, family members, relatives, and friends are consulted. Rural customers are learning more about products and services as a result of increased exposure to mass media and information technology, and they are becoming less dependent on conventional reference groups as a result. Due to the growing importance of self-help groups and other governmental entities engaged in developmental activities, experts working for these organizations serve as reference sources. People frequently show more faith in goods and services that the government and its agencies support. Due to the higher perceived risk associated with brand switching, rural consumers also tend to be more loyal.

Rural customers’ consumption habits have drastically changed during the past few years. Spending on non-food products has increased along with incomes and expenditures in rural areas. Changes in patterns can be used to explain the rise in demand for numerous things. Rural income, on the other hand, is cyclical in nature and heavily influenced by uncontrollable variables like draughts and floods, crop failures brought on by pests, and similar reasons. Wages are paid out in small installments daily, monthly, or fortnightly to the working class in rural areas. As a result, rural communities see seasonal demand for a variety of goods.

Rural consumers’ behavior is influenced by a wide range of variables. In contrast to urban areas, rural areas experience a larger impact from societal norms, traditions, castes, and social practices on consumer behavior. Rural customers’ demand is also heavily influenced by the seasonality of agricultural production. Due to the fact that daily wage workers and landless laborer’s receive payments in installments, their purchase is limited to modest amounts of goods at a time, typically once every day or every two to three days.

7.4 CASE STUDY

The purpose of this study was to apply a consumer decision-making model to examine the mobile shopping styles involving specific shopping pattern differences among rural consumers and urban consumers and aims to find answers to questions like- In what situations do rural consumers use their phones? How important are specific area consumers to the mobile market? What extra efforts are needed to increase their sales and market share? and so on.

Objectives of the Study

- To explore the motivational factors for buying Mobile Handsets by rural and urban costumers.
- To study the impact of competitive brands of Mobile Handsets on Buying Behavior of rural and urban costumers.
- To examine the comparative buying behavior of rural and urban customers towards the purchase of mobile handsets.

Research Method

- **Research Type** – Descriptive in nature
- **Sampling Type** - Judgmental and Convenience, non probabilistic.
- **Sampling Unit** - Users of mobile phone.
- **Sample Size** -120, 60 each from rural and urban areas.

Data Collection

Secondary data - Secondary data was collected through Books, journals, magazines, newspapers, industry Reports, Company's internet site other relevant studies material and Website.

- **Primary data** - Primary data for the study was collected though self-structured questionnaire comprising of 11 items. Reliability of questionnaire was checked with the help of Cronbach's alpha; its value was found to be 0.641. Validity of questionnaire was checked with the help of academic experts in the field. Five point Likert scale ranging from 5 (Strongly Agree) to 1(Strongly Disagree) was used for measuring perception of respondents.

Result and Discussion

The study was confined to Raipur City of Madhya Pradesh and two villages *Tarana* and *Panthpiplai*. The profile of the respondents is given in Table 7.1

Table 7.1 : Demographic profile of respondents

Age	Frequency	Percent
18-25 yrs	45	37.5
25-40 yrs	52	43.3
Above 40	23	19.2
Gender		
Male	76	63.3
Female	44	36.7

Location		
Urban	60	50
Rural	60	50
Profession		
Service	33	27.5
Business	26	21.1
Farmers	41	34.2
Students	20	16.7

It is exhibited in **Table 7.1** that approximately 38% of the respondents were in the age group of 18-25 years, 43% were in the age group 25-40 years and 19% were above 40 years of age. Male dominated as respondents with 64% and female were 36%. 34% were farmers, 21% were having self business, 28% belonged to service class and 17 % were student. Respondents were included in equal number from rural and urban area for the study.

Urban users Source of Information for Handsets is shown in Table 7.2.

Table 7.2 : Urban users Source of Information for Hand sets

Source	Frequency	Percent
Newspaper	1	1
TV	13	22
Internet	13	22
Friends & Family	30	50
Other	3	5
Total	60	100

It shows that out of 60 urban respondents 1% have used news paper as a source of information for buying handsets, 22% have got information through TV & Internet, whereas majority of respondents (50%) have received Friends & Family suggestion and other sources of information was limited to 5%.

Rural users Source of Information for Handsets is shown in Table 7.3

Table 7.3 : Rural users Source of Information for Hand sets

Source	Frequency	Percent
Newspaper	4	7
TV	10	17
Internet	1	1
Friends & Family	39	65
Other	6	10
Total	60	100

It show that out of 60 rural respondents 7 % have used news paper as a source of information for buying handsets, 17% have got information through TV, 1% through Internet, where as majority of respondents (65%) have received Friends & Family suggestion and other sources of information was 10 %.

Mean and standard deviation of attributes considered for buying mobile handsets are given in Table 7.4

Table 7.4: Mean and Standard Deviation of Measuring Attributes

Attributes	Location	Mean	Std. Deviation
Price influences my buying behaviour of Mobile Handset	Urban Rural	4.20004.7833	1.02180.63318
Promotional activity influences my buying behaviour of Mobile Handset	Urban Rural	3.86674.3000	.96492.56148
Availability of handset influences my buying behavior Mobile Handset	Urban Rural	3.58334.5333	1.07816.74712
Friends & Family suggestion influences my buying behaviour of Mobile Handset	Urban Rural	4.13334.3500	.96492.77733
Brand name influences my buying behaviour of Mobile Handset	Urban Rural	4.45004.6500	.92837.57711
Battery back-up influences my buying behaviour of Mobile Handset	Urban Rural	4.28334.5000	.82527.74788
Multiple sim handset influences my buying behavior of Mobile Handset	Urban Rural	3.33334.0500	.87656.79030
Visual appearance of handset influences my buying behavior of Mobile Handset	Urban Rural	3.96673.8000	.82270.89821
5G service handset influences my buying behavior of Mobile Handset	Urban Rural	3.84483.5500	1.12080.85222
(Smartphone handset influences my buying behavior of Mobile Handset	Urban Rural	3.60003.3000	.97772.92608
GPRS supportinfluences my buying behaviour of Mobile Handset	Urban Rural	3.93333.2667	.954321.24692

It was observed in the study (**Table 7.4**) that rural respondents were significantly more influenced than urban respondents that price of handset, promotional activities and availability of handsets affects their buying behavior. Both rural and urban respondents were consistent in their opinions that Friends and Family members suggestion, Brand name of handset, Battery backup influences their buying of handset, but rural respondents were relatively more influenced by these factors. Whereas Urban users were relatively more influenced by Visual appearance of handset, 5G adoptive services, and Smartphone handset and GPRS support handsetsthan rural users.

7.5 CONCLUSION

The study shared above on Comparative Analysis of Rural & Urban costumers' Buying Behavior for Mobile Handsets has revealed differentiating factors which

motivate the rural and urban users. Findings of the study can be incorporated in developing marketing strategy formulation by mobile handset manufacturers and marketers for rural markets for efficient targeting their products and optimizing their marketing goal achievement. It must be clearly realized by the marketers of mobile handsets that their rural marketing efforts cannot succeed if the marketing strategy and action plans are only extrapolation or minor modification of the urban marketing strategy and plans. In view of the differential buying behaviour displayed by the rural consumers the marketing strategy will need to be have to be differentiate and innovative and in their product offering to urban and rural mobile handset users.

7.6 SELF-ASSESSMENT QUESTIONS

1. Compare the buying behavior influences described above using your understanding of influences operating on the rural and urban consumers. Identify key differences.
2. Comment upon the role of mobile phones as marketing communication tools in rural setting based on the above case.
3. What are the marketing implications of the observations made in the study in terms of:
 - a) channel of distribution
 - b) promotion mix
 - c) product mix

7.7 SUGGESTED READINGS

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