

## **CHANGING CONSUMER TRENDS IN RURAL INDIA: PERSPECTIVES, PRACTICES AND PROSPECTS**

Jyoti Kukreja\*

*Rural sector which was once disdained by one and all due to the uncivilized and barbarian culture, amenities and demeanor has recently come into global limelight. It is consistently showing promising signs of shining in the near future. Once ignored, it is now receiving undivided attention and strong impetus from the government, various foreign and domestic companies. Right now, the urbane problem of work-life balance, home cooked food and cleanliness is a major concern that needs insightful solutions to be implemented. Foreign Brands like Maggi, Dairy-milk, Sunsilk, Fair-and-Lovely, etc. are coming to the rescue. They are becoming much needed. Rural Retail is vulnerable and thus, has abundant opportunities for the numerous market leaders. This paper shall seek to discuss the galore of opportunities to be explored in Rural India and challenges and roadblocks that calls for thoughtful answers*

### **Keywords:**

Ostensible Competition, Formatted Consumers, Labeled Customers, Aspirational Capability Challenges

---

\*Assistant Professor, JIMS Kalkaji, New Delhi & Research Scholar, USMS, GGSIPU

## **INTRODUCTION**

One fine evening as I was commuting via metro, an elderly man boarded from a station dressed in white Indian male attires. He wasn't clean shaved and smelled of cow dung. I observed that passengers could not bear the stink and started drifting away making him apparently isolated. This incidence draws my attention towards rural people. The literal meaning of 'Rural' stands to explain a market that is, under explored, less developed, where accessibility is scattered, where doubts and enquiries related to technology are plentiful, where people are more than means to an end, where existence is marked by both discomfort and inconvenience. Dictionary defines 'rural' as rustic, raw, unrefined, uncouth, hinterland. But the meaning of the word rural goes much beyond to what dictionary defines.

Adding to this twin perspective of political and economic, this is that part of the world where India's demographic dividend resides. These people have huge potential for development and contribute heavily to the GDP of the country. Their skills sets, if enhanced, can contribute phenomenally to the prowess of industries. This paper aims to establish both literal meaning of the word 'rural'; it is an attempt to make the readers and practitioners change their perspective by highlighting the promising prospects that this sector beholds. This is a thought- provoking piece of writing meant to orient new incumbents to embrace the concepts and fundamentals of this sector than to shun it.

### **From 'Bharat' to 'India'**

Bharat is the Sanskrit name for the land of Mahabharata. The game of marketing is all about a war between the heart and mind. The crux of this amusement is the pocket share. It may be facile to influence but difficult to persuade, simpler to tell but hard to sell in the rural side of the country. The complexity in this multi-faceted world is constantly increasing. The opportunities exist in resolving confusions and facilitating decision-making amongst the copious brands that exist and throng the marketplace. The changes that are constant are paradoxical at times. The scope of development had been pioneered and sustained by the FMCG companies like HUL, Colgate-Palmolive, Philips, et al. With the execution of their developmental approach, the rural markets had been well nurtured by the agri-input marketers and government agencies.

The rural prosperity is the opportunity and an ethical onus for global marketers. The proposition is, 'Rural India as a growth driver for the future' rather than 'Rural India as an attractive market today'. The proposition also is, 'India as a separate unit for strategy development' in lieu of 'India as an extension market for global strategy deployment'. In conclusion, the objective is to leverage global competencies and knowledge of the company to create a winning 'Made for

India Global Strategy' rather than leveraging a global strategy to create a new market. Inequality is increasing over time due to unequal distribution of resources in society.

Markets are seldom static. The total Indian market will reach a state of reasonable equilibrium where the difference between rural and urban markets will diminish. By the time such symmetry develops and stabilizes, marketers have two choices: to participate in the processes of change which means investment and proactive advancement of systems in tune with market response, or wait for changes to take place and then join the bandwagon when equanimity has been achieved. Rural markets will be playing a major role in company balance sheets whether in form of creditors or debtors to the company funds. The winners will emerge amongst early entrants who know the playing field best and have set the rules of the game during the evolution of rural markets.

Customer centric marketing for any brand means slicing and dicing the customer pie. This would mean that, the businesses needs to segment the customer population. This way, customers with the most potential of becoming buyers can be targeted. This way, the company can save on its resources and can aim its efforts only in the right direction. If someone were to sell a new high-end tractor in rural India, the target must not be the old farmer, but his son who has new thoughts and an open mind towards technology

### **Challenging development**

Although rural India is filled with opportunities, tapping them is not an easy mission. There are various hurdles in the way of any corporate house that intends to bring its business into rural India. Much of the rural India remains a mystery. Communication is still an active trial with encountering about thirteen major languages and thirteen hundred dialects. Diversity in tradition and cultures surmount. Poor reach of mass media and shallow understanding of rural consumers is a challenge to be encountered.

- **Lack of effective education:** Rural educations benefits, although present and on an increase, are not exactly enough for the growth and development envisioned and desired by the nation's caretakers.
- **Not enough motivation:** Rural Indians, although becoming increasingly aware, are still not entirely in the light. They still have little to no faith in 'city products'. A trigger is enough to stimulate in them an aspiration to consume and once this is activated, the demand to climb and be at parity with the world is achieved.
- **Preferences:** Consumer demand in India is about a lot of people consuming a little and not about a small number consuming a lot. Though the wants and demands of the human race is uniform but the aspiration and preference pattern is dissimilar.
- **Aversion to technology:** A shift in mindset regarding the use of old technology to advanced technology with a local flavor promises a bright marketing strength. The objective of

achieving efficiency by edifying low cost business model would deliver requisite business success.

## **GLOBAL OPPORTUNITIES @ GALORE**

Although rural marketing is a tough cookie to crack, the opportunities and potential for growth is immense. Hence, with a mind to look at the positive side of things, we must remember what all we need to do, in order to work the rural market in just the right way.

- **Increase Consumer Perceived Value:** The idea is not to deploy low technology to deliver products with poor consumer perceived value at low prices. The objective is to use first rate consumer insight and sophisticated business process thinking, to innovate products which have high consumer perceived value, delivered via low-cost business system.
- **Consumerism:** It is the next big leap in this rural market owing to the expanding middle class.
- **Inculcate brand awareness and brand following:** The rural populace needs to be made aware about the brand, and how it will help them in developing their quality of life. The ease which can be brought to them with the help of the brand needs to be communicated to them.
- **Probe in and profile the consumers:** All customers are not the same and neither are their pressure points. Each and every person of the rural populace has different sets of needs and requirements. The company which intends to market its product in rural India, must segment the population and target the group that is most likely to buy its products.
- **Return on Investment:** Deliver 'value for money'. The Indian market is 'price sensitive' viz-a-viz 'quality conscious'. Therefore, the company must be very sure that the prices it has attached to its products and services are fair and genuine.
- **Visual Delight:** Visual Merchandising and store design must be kept in mind while working with Rural India. The customer is a highly visual creature. Without a pretty picture presented to him, he won't budge.
- **Growing Purchasing Power:** Commercial agriculture has revolutionized this sector. It has augmented productivity and income manifold. This is because contract for production of crops, livestock, fisheries, etc. is enclosed between the buyer and seller. The farmers are assured of markets for their harvest/products. Cereals production of rice, pulses, spices, juice, etc. is a growing market.
- **Processing of Honey making (Beekeeping):** Processing of fruits and vegetables has a wide market and skill that is elusive in urban areas now. Rural areas, where people still believe in seeing the process resulting into the final product right in front of their eyes can be the step-up this industry needs.

- **Flora and fauna:** For export markets, tea leaves, coir mats and artisan is a labor intensive job of rural entrepreneurs. Incense sticks, crackers, handlooms, wood carvings, iron and steel manufacturing, leather goods and varnishes can all be some excellent ways of tapping rural India.
- **Restaurant & Catering Business:** With each working day now surmounting in the monetary value, the need and relevance for hygienic food is on the rise and in addition to the constraint of time to prepare food as increasing number of women are working outside the home. The segment is gradually set to follow the principle of division of labor that is specialists doing the job and outsourcing would be a norm soon. Aping the west due to foreign tourism has sown the seeds of booming of diversity. Other than that, the quality dimension has been added to the organization of festivities and special events.
- **Retail would now have strong hold on the buying phenomena.** This is due to paucity of time and unlimited aspirations to be met assortment under one roof would be a requirement. Packaging of the products is being paid greater attention.
- **Beauty care and Healthcare Clinics now indispensable.** The rural consumers are now gradually escalating the need hierarchy pattern. Self-esteem with looks has now become an integral part of the evolving society. For instance, young girls in rural area don't just rely on homemade coconut oil, but also on the serums and conditioners they buy from the nearest cities.
- **Increasing Aspiration Levels:** According to Nielson, the demand for personal care product in areas registered a higher growth rate than in urban areas. ASSOCHAM published a study titled 'The rise of Rural India' which guess-worked rural retail market at around US\$112 billion.

### **Is the rural phenomenon temporary?**

There definitely had been an upsurge in the income level of the rural households but is it a cause of inflation or the increased productivity, the facts needs to be further scrutinized. As per Adi Godrej, "The rural consumer is discerning and the rural market is vibrant. The market is not sleeping any longer. We are." 'The real India lives in the villages.' This sunrise sector is shinning. Rural markets are 'no-where' to rural markets are 'now-here'. New approaches, new strategic alternatives and new operational techniques are being evolved to gain competitive advantage. The urban markets have reached saturation and margins are under pressure. The export markets suffer from inadequate infrastructure back home and uncompetitive prices overseas. Thus, rural markets are going to turnaround the game of marketing.

Rural India is changing so is the rural populace. Noted scholar Lin Bao had said, "While North America and Western Europe have been titled the 'cities of the world', then Asia, Africa and

Latin America together make up the rural areas of the world.” Today if these emerging economies are the hope of the world, villages are drivers of their own economy. With saturation in demand in urban centers coupled with the impact of the global economic crisis on the urban middle class, marketers have been forced to relook at the hinterland pastures. Rural consumers are fundamentally different from their urban counterparts. Following are the aspects that differentiate the two:

### **Problems with rural marketing**

Why is rural such a discounted reality? Why is it that even before we pry we decide not to try? Just the definition of rural, up until now has been enough to drive us away from Rural India. More and more people have migrated from rural to urban. As the years went by, urban has now become completely saturated and simply has no scope left. You can't expect to sell a smartphone in a city like Delhi, until and unless your product really has something special and unique to offer. Brands who are not innovators, but mere imitators won't get very far in such a market. This is where rural enters the picture. Rural is like an untouched goldmine simply sitting, and waiting for the right miner to see, realize and tap its core.

Opportunities abound and invite innovative strategies in the rural market. How global strategies are implemented and dovetailed in the marketing plans.

In a Wharton Study Report on rural consumption in India, Jagmohan Singh Raju, a Professor at Wharton, notes, “No consumer goods company today can afford to forget rural market. You can't build a presence for a brand in India unless you have a strategy for reaching the villages.”

According to MART-the research firm which helps the corporate sector with rural strategies-says that today rural India is buying over 45% of all soft drink, 50% of motorcycles and 55% of durables and cigarettes. The current size of rural market for FMCGs, durables, auto is an estimated USD 2 trillion, overall rural accounts for half of India's income and spending.

In 2008, McKinsey survey suggested that by 2020, market in rural India with a population of 600 million will grow four times its size of US \$577 billion in 2007. With rural incomes now increasing rapidly and fast electrification of rural homes under 'Bharat Nirman' scheme, the opportunities for the marketers is immense.

### **Solutions and Suggestions**

The solution to the jigsaw that is rural, involves looking beyond the lens of conventional Indian schemes. While we can say that business is all about communication, but transcending the same

message effectively in an environment of low literacy and an archaic mindset has been slighted today with local recruitment and training sessions imparted.

- **Meager means to livelihood:** The subsistence culture of this part of the world is highly prominent. The opportunity exists in revolutionizing it with its charm of global prestige.
- **Focus on improving the quality of life of the rural folk:** Rural Indians, although advancing nicely, are still somewhat stuck to the archaic ways of life. Rural marketing can be an excellent solution to that.
- **Marketers must Research extensively.** The marketers must research on the consumer-buying behavior extensively which consist of qualitative and quantitative studies. For example: brand awareness, attitude, media habits, pricing strategies, usage and its impact in the rural market.
- **Diminish the urban-rural disparities by pocket- analysis.** With the increasing level of income of the rural population the income disparity level between the rural and urban population has narrowed down. One rupee and 50 paise shampoo sachets or five rupees soap of lux meets the essential requirement and an everyday used luxury becomes an unstated need thereafter. The four rupees cream 'fair and lovely' meets their need for fairness. The availability of the same set of product at both urban and rural area, diminish the divide and levels the disparity.
- **Target the Segment:** Villagers today are using Cinthol, etc and toothpaste even when they can use locally manufactured low price products. This depicts that Indian customer is not price sensitive, but wants value for money. They are ready to pay premium for the product if the product is offering some extra premium.
- **Understand Cultural Sensitivity and Social Values:** Cultural values and social pulse play a key role in deciding what to buy and when and from whom. Emotional links influence the rural people.
- **Acquiring Indian Brands:** Indian brands has led to penetrate the market easily and rapidly. e.g. Electrolux's acquisition of Indian brands Kelvinator, Allwyn, has leveraged with strong distribution system. 'Chouko nahin Chamko'.
- **Product differentiation and/or innovation aligned with geographical segmentation:** Different product categories for various usage patterns and literacy levels. For example, Nokia entry level handsets have features like torchlight and dust-resistant keypads cater to the rural needs. Moreover, it offers local language interface in nine Indian languages to facilitate non-English rural consumers.
- **Understand the rural realities and perceptions.** This is quintessential for the appreciation of diversity that is inevitably an inherent component of it. Untangling rural beliefs and value system that cause more of feud and harm to the society is a social onus on the global brands.

- **Seri-culture, horticulture and cleanliness drives:** All of these have a huge scope which can only be achieved in rural India.
- **Employment Assurance Schemes:** Rural Indians still have very little trust in city-centric companies. Such assurance schemes will go a long way in increasing their confidence levels.
- **Communication:** It is the vital element of rural marketing. It should serve to sort out social conflicts, encourage cooperation and build a competitive spirit during face offs between rural and urban, and also within rural areas. Another critical point for communication is the point of conversion of ruralite from an ‘induced beneficiary’ to an ‘autonomous buyer’.
- **Brand Personification:** Building brand which are easy to memorize, understand and associate and distinguish.
- **The aim of buying a brand should be clear.** This is because brands ensure quantity and quality consistency with repeated purchase anytime, anywhere availability.

## **EFFECTIVE BRAND NAMES**

Rural Indians who are largely simple and literal beings, won’t be attracted to a brand name they can’t even pronounce, much less understand. The company must keep it in mind while trying to market its product in rural India. Permutation and combination of Marketing Mix is under the IMC model must focus on re-engineering marketing communication must focus on mass consumption. Many of the foreign brands that target mass consumption have their tagline in local language. E.g. Coca-Cola: ‘Aaj tu jashn mana le’, or Cadbury’s: ‘Kuch meetha ho jaaye’.

<b>Principle</b>	<b>Explanation</b>	<b>Example</b>
Simple to memorize	Short, concise and facile to read, pronounce, and remember	Vim, Tide, Surf, Rin, Colgate, Pepsi
Easy to Associate	Understandable and implies features and functions of the product	Everyouth, Fair & Lovely, Hair & care, Head & Shoulders



## **CONCLUSION**

From the study, it can lucidly be concluded that, Rural India represents a raw diamond that is simply in the need of a good, thorough clean. With some efforts from the government, along with various companies interested in tapping rural, this region can be a complete hit on all fronts. Up until now, it has not been deemed fit by companies, due to a very archaic view of rural, but now; various parties across the globe are realizing the potential of rural India. The rural consumer is also changing. It is now gradually getting over its apprehensions about “city brands”. The rural consumer is becoming slowly modernized and ready to go digital in the near future. By facing some of the challenges this region presents, any company can easily reach new height, by using rural as its incubator.

## **REFERENCES**

A Report on Consumer Markets by Federation of Indian Chambers of Commerce and Industry on ‘Indian Retail: on the fast track, Time for bridging capability gaps’ authored by Dr. Amit Mitra, Secretary General, FICCI and Deepankar Sanwalka, Executive Director, KPMG.

Ramakrishnan Lalitha & Krishnamacharyulu C.S.G., (2005), *Rural Marketing: Text and Cases*, Pearson Education, Delhi.