

**Marketing Communication Strategies for Rural India**

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## **Objective**

Indian rural market consists of more than 740 million consumers and has wide potential for expansion. According to Census 2001, 73 % of Indian population is living in rural areas. Though over the last three decades there has been a marginal reduction in the rural population expressed as a percentage of total population, there has been a steady growth in rural population in terms of absolute numbers and it has reached 74 crores. After the 1991 economic reforms there have been many changes in the socio, economic, political and cultural outlook of India. The rural India is providing a large consumer base to the marketers to market their products. This paper highlights the challenges of marketing communication for rural Indian consumers.

## **Methods**

The findings of the paper are based on an exploratory research conducted in rural market.

## **Findings**

This exploratory research has proved that there are differences existing between rural and urban consumers and the same marketing communication strategies will not work for both the markets.. The **major finding** from the study is the realization about the enormous effect of word of mouth, i.e. viral marketing on the rural consumers. The other findings include the preference of regional languages in communication and also the perception of the locals as being neglected by the companies as compared to their urban counterparts.

## **Implication**

The marketers can redesign their communicational strategies in rural areas and therefore tap the huge market potential that lay in this segment. Conducting Brand Melas that covers all possible challenges faced in rural marketing may be a good option for the marketers.

## **Key Words**

Rural marketing, communication challenges, communication strategy

## **Introduction**

742 million Indians constituting 138 million households reside in 6,38,365 villages (Census, 2001). The size of rural market itself speaks of its potential. The current marketing environment and economic scenario have brought the corporate under contemporary roofs of modern India, which is challenging the current standards of segmenting, targeting and reaching the customers. Realistically, India as a nation has come a long way from the place where only urban population which constitutes 20 per cent of customer base for companies are responsible for 80 per cent of their profits. The India Inc has reached the plateau of their business curve in urban India. The companies are looking for new opportunities and avenues, as they are witnessing a decline in their growth rates in urban markets due to market saturation and they do have a huge, untouched and untapped rural Indian market. The driving force for this is rural youth who are educated, have access to technology and have openness to change. Also rural markets have acquired significance, as the overall growth of economy has resulted into substantial increase in the purchasing power of the rural communities. A survey by India's premier economic research entity, National Council for Applied Economic Research (NCAER) indicates that rise in rural incomes is keeping pace with the rise in urban incomes. The rural middle class is growing at 12 per cent, close to the urban middle class which is growing at 13 per cent. Punjab, Kerala, Haryana, Rajasthan, Gujarat, Andhra Pradesh and Maharashtra are considered highly prosperous states (Appendix - I) as rural expenditure is high and high and middle income class is rising and low income class is shrinking (Narang & Singh, 2009).

Assocham (2009) released a report titled *The Rise of Rural India* which has sought to explain why this market has become so important for companies, particularly consumer goods companies. "The fast moving consumer goods (FMCG) sector in rural areas is expected to grow by 40 per cent as against 25 per cent in urban areas," said Assocham President Sajjan Jindal. The report says that rising rural incomes, healthy agriculture growth, swelling demand, rising consumerism across India, and wider distribution of FMCG products in the rural market are contributing to high growth and rapid expansion of the FMCG industry in rural India. (Goswami, 2009)

Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of it. One of the major challenges faced by a marketer when they enter rural markets is communication. Our report aims to identify the major communication challenges

faced by marketers. After analyzing the various factors, this study will give recommendations as to what can be done to solve issues in hand. We aim to ascertain these key issues through a market survey done amongst respondents from the rural and semi-urban areas to understand these issues better.

### **What is Rural**

The first requirement is to understand the concept of “RURAL”. The term “Rural” has been defined differently by different agencies, authorities and industries. However these definitions have certain limitations.

From an Indian census point of view, rural has been defined with a 'deprivation' orientation, rural being a landmass without access to continuous electricity, water, the stock market. Thus, **the Census of India** defines rural as any habitation having a population density of less than 400 per sq. km., where at least 75 per cent of the male working population is engaged in agriculture and where there exists no municipality or board. The definition does not consider the total population into consideration. (Census of India 2001)

**Reserve Bank of India** defines location with population up to 10000 will be considered as rural and 10000 to 100000 as semi-urban. The definition does not include villages with population above 10000; rather classifies towns with 5000-10000 population as villages. (<http://www.rbi.org.in>)

**NABARD** defines all locations irrespective of villages or town with population up to 10000 will be considered as rural. The definition does not characterize villages and towns.

**Planning commission** defines towns with population up to 15000 are considered as rural. Town characteristics are not considered by classifying them only on the basis of population.

Marketers today define rural as people living a different lifestyle as opposed to that of those who have settled in the bigger cities and towns. Rural is defined as pastoral in nature and as a mass of people who relate their income closely to the lands they till or use to raise their cattle and livestock. If we also look at enterprises definition, **SAHARA** defines location having shops/commercials establishments' up to 1000 are treated as rural. **LG electronics** defines all

towns and semi urban area as rural area. These definitions by the industries are suited to their marketing needs. (Kashyap & Raut, 2010)

If we look at all these definitions then we find that even to define rural India is not easy. We recognize rural India by certain characteristics," says B.N. Garudachar, general manager, corporate communication and investor relations at Voltas, a Tata group company in air-conditioning and engineering services. "These are: low population numbers, low median income, poor infrastructure [roads, electricity, communications], and agrarian rather than industrial activity. Such rural areas are within the sphere of influence of neighboring cities and metros. This influence determines their aspiration levels and their viability as markets. It is therefore important to have a look at information which can provide us insight of rural consumers and the potential of rural markets in India (<http://knowledge.wharton.upenn.edu>)

### **Salient facts of Rural India**

In a country where 70 % of the population is still rural and agrarian, where 742 million people live in 6, 38, 691 villages and 5,164 , who follow all major religions, constitute 20000 ethnic groups and speak more than 24 languages and 1642 dialects (Census of India, 2001). This small data is enough to tell about the diversity of country. It is not easy to find some common characteristics of people of this country. The rural market is vastly heterogeneous and cannot be characterized by some universal features. There are difference in economic progression, education, rituals and practices amidst different rural markets across the country. The marketers must develop a keen insight, make an effective subdivision of rural market, earnestly study the characteristics of the target market, understand the local needs of the specific areas only then they can effectively utilize the marketing strategy and develop the rural market. (Mirchandani, 2006 ). However, some common characteristics that do exist amongst most of the rural markets in India are as follows

- a) Population: 83.3 per cent of the villages have a population of less than 2000 (Census of India 2001)
- b) Levels of education: Although the percentage of literates has increased from 36 in 1981 to 59 in 2001, there is still approximately 60 per cent of the rural population who lies below the middle education bracket. (Kashyap & Raut, 2010)

- c) Occupational Pattern: Almost 76 per cent of the rural population depends on cultivation or wages for their living (NCAER, 2002).
- d) Characteristics in terms of occupation, consumption and buying behavior change prominently from urban to rural in locations with population more than 10000.

### **Rural marketing in Modern India**

Rural Marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals. (Iyer, 2010)

With the advent of the information age and the rapid development in rural communications systems, the rural consumer has the access to information. As a result, the lifestyle of a large number of rural consumers in India has witnessed dramatic changes in recent times. There are several factors which influence the buying behavior of the rural consumers. These are socio-economic conditions, cultural conditions, environmental conditions, literacy level of the consumers, employment rate, nature of occupation, geographical location, efforts put by the sellers, media exposure etc. In recent years, rural consumers have started using modern communication facilities through fixed telephone, mobile phone, TV etc.

According to a survey:

- out of two million BSNL mobile connections, 50% are in small towns/villages and out of six lakh villages, 5.22 lakh have a Village Public Telephone (VPT). Rural telephone density has gone up by 300% in the last 10 years; every 1000+ pop is connected by STD. ([www.trai.gov.in](http://www.trai.gov.in))
- out of 20 million Rediffmail signups, 60 % are from small towns and 50% transactions are from towns on Rediff online shopping site.(Babu & Ariff, 2008)

With the increase in rural people's income and the enhancement of farmer's purchasing power, the rural market economy has a new opportunity for growth. Percentage of BPL families has been declined from 46% to 27%. 42 million rural households availed banking services in comparison to 27 million urban households. Similarly, the Investment in formal savings

instruments shows 6.6 million household in rural areas and 6.7 million in urban areas. (Babu & Ariff, 2008)

Commodity is various, and the source of goods is abundant. Nearly all the daily necessities, the manufactured item for daily use, the durable consumable and so on, the farmers can all buy nearby. The rural per capita consumption has increased four times over the last twenty years. Rural spending in non-food items is increasing and approximately 40 per cent of the income is spent on non-food items which should encourage marketers of consumer durable products and non-food non-durable products.

The present market has the huge development potential as compared with the traditional rural market markets. Along with further enhancement of the income, compared with the traditional big city, the rural market has relatively high of new "latent wealthy community". This community is younger than the traditional wealthy community, which is more thoughtful and more open. To some degree, in the rural market, the supply and demand relation has presented the buyer market characteristics.

### **What makes Rural Markets Attractive?**

C.K. Prahalad in his book 'The Fortune at the Bottom of the Pyramid', speaks about the need for companies to design and develop innovative products and services which help the poor prosper by partnering and engaging with them. He goes on to say that there is huge consumer potential in rural India and addressing this segment is a win-win partnership for both - companies and people

The immense potential of the rural market can be realized if the marketers understand this market. The huge untapped needs of the rural mass, the growing rural economy and the increasing media penetration and brand awareness make this market extremely attractive to marketers (Goswami, 2009). A look at the estimated annual size of the rural market would make us understand the true potential of this untapped market.

<b>Estimated Annual Size: Rural Market (Francis Kanoi, 2002)</b>	
FMCG	INR 65000 crore
Durables	INR 5000 crore
Agri-inputs (including tractors)	INR 45000 crore

Two / Four Wheelers	INR 8000 crore
<b>TOTAL</b>	<b>INR 123000 crore</b>

The growth statistics for FMCG and Consumer Durables sector suggests huge potential for the Indian Rural markets (Paninchukunnath, 2010)

- Rural FMCG market has expanded by 30 per cent from 1992-93 to 1998-99. Rural consumers accounts for 53 per cent of the total FMCG consumption in India
- Rural markets account for 59 per cent of the total durables ownership. Decadal growth in this sector is almost 100 per cent

Marketers can make effective use of the large available infrastructure i.e. Post offices, Haats or periodic markets, Melas and exhibitions, Mandis and agricultural markets and Public distribution shops.

Due to the intense competition and the saturated situation of the city market, one of the important goals of these enterprises has been to utilize the rural market's platform effectively and tap the potential of the rural market fully. A few companies have been successful in this regard ( Appendix II)

### **Key Challenges in Rural Marketing**

Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons. (Vishwanathan)

#### **Low Literacy**

There are not enough opportunities for education in rural areas. Rural Literacy level has improved from 36% to 59% however this is still low when compared to all-India average of 65%. Rural consumption has a high correlation with the education level of the homemaker. As for example, only 20 per cent of the households where the homemaker is illiterate own a TV but the number goes up to 78 per cent where the homemaker is literate. (Jha, 2000)

#### **Low Per Capita Income**



Purchasing power reduces considerably due to low per capita income in the rural areas as compared to the urban region and hence consumers are found to be much more sensitive to prices. As a result impulse purchase also reduces considerably in the rural areas.

### **Infrastructure and Transportation**

Number of “pucca” houses doubled from 22% to 41% and “kuccha” houses halved (41% to 23%). Though the infrastructure is improving rapidly, however in 50 years only 40% villages have been connected by road, in next 10 years another 30% will be connected. Still many rural areas are still not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated. More than 90 % villages electrified, though only 44% rural homes have electric connections. Facilities such as telephone, fax and telegram are still not very effective in rural areas. Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. However, reach of formal media is low in rural households; therefore, the market has to undertake specific sales promotion activities in rural areas like participating in melas or fairs. An effective distribution system requires village-level shopkeeper, Mandal / Taluka - level wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.

### **Traditional Life Style and Seasonal Demand**

Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes. Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product. Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular. Also, due to lack of communication, there are a host of me-too products which are inferior in quality. (Jha, 2000)

### **Cultural Factors, Multiple Languages and Dialects**

There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behavior of people in villages. There are a gamut of languages and cultures that a company faces as it goes deeper within a rural market, thus obliterating a one-size-fits-all strategy. It needs to come up with a different strategy with every region they are involved with. Advertising and Communicating to the target audience becomes difficult due to wide range of languages and dialect in different regions in rural India. Catering to regional languages for advertisements will lead to a significant increase in the advertising cost due to the large number of regional languages in India. Hence this is a key challenge for the marketers. (Krishnamurthy, 2009)

### **Rural Communication**

Rural communication is an interactive process in which information, knowledge and skills, relevant for development are exchanged between farmers, extension/advisory services, information providers and researchers either personally or through media such as radio, print and more recently the new “Information and Communication Technologies” (ICTs). In this process all actors may be innovators, intermediaries and receivers of information and knowledge. The aim is to put rural people in a position to have the necessary information for informed decision-making and the relevant skills to improve their livelihoods. Communication in this context is therefore a non-linear process with the content of data or information. (Castello & Braun, 2006)

### **Communication Challenges in Rural Marketing**

The situation concerning communication in rural areas of developing countries especially in the case of country like India is characterized by the following. (Castello & Braun, 2006)

- A dearth of information (absence of providers and of local communication content) leading to lack of local knowledge, local flavor and local connection
- Conflicting messages (difficult to know what is relevant/correct information for a specific rural area) as same message can be interpreted differently in different regions
- A fragmented market for information with many individual clients or client groups
- Different regions need different communication strategies as one suit does not fit all due to the vast heterogeneity of rural areas

- Relatively few clients scattered over a large area makes the task of rural communication hectic and costly
- Structural transformations leading to constantly changing channels and content and a lack of the necessary skills for communication is a major challenge
- A lack of well developed ICT infrastructure and low levels of ICT skills pose threats against effective and advanced modes of communication.

### **Objective**

There are various kinds of communication vehicles and tactics prevalent in the rural areas. Some of these are Conventional Mass Media like TV, Radio, Movies, Posters etc, Non-Conventional Mass Media like Melas, Haats, Video Van, Folk Shows etc and Personal Media like Direct Door-to-Door communication, Point of Sale communication, Word of Mouth communication etc. However in order to effectively leverage the benefits of different communication modes, it is important to analyze some of the key behavioral and psychographic characteristics of the rural consumers and thereby understand and analyze the communication challenges in rural marketing. The main objectives of the research are to

- a) Understand their preferences as far as communication strategy is concerned
- b) Understand their buying behavior and key consumer insights based on which companies can design their communication strategy
- c) Understand the core parameters of communication that marketers need to consider in order to increase the effectiveness of rural communication

### **Methodology**

An exhaustive questionnaire was structured to gather as much primary information as possible and hence, the most common form of research, descriptive research was used.

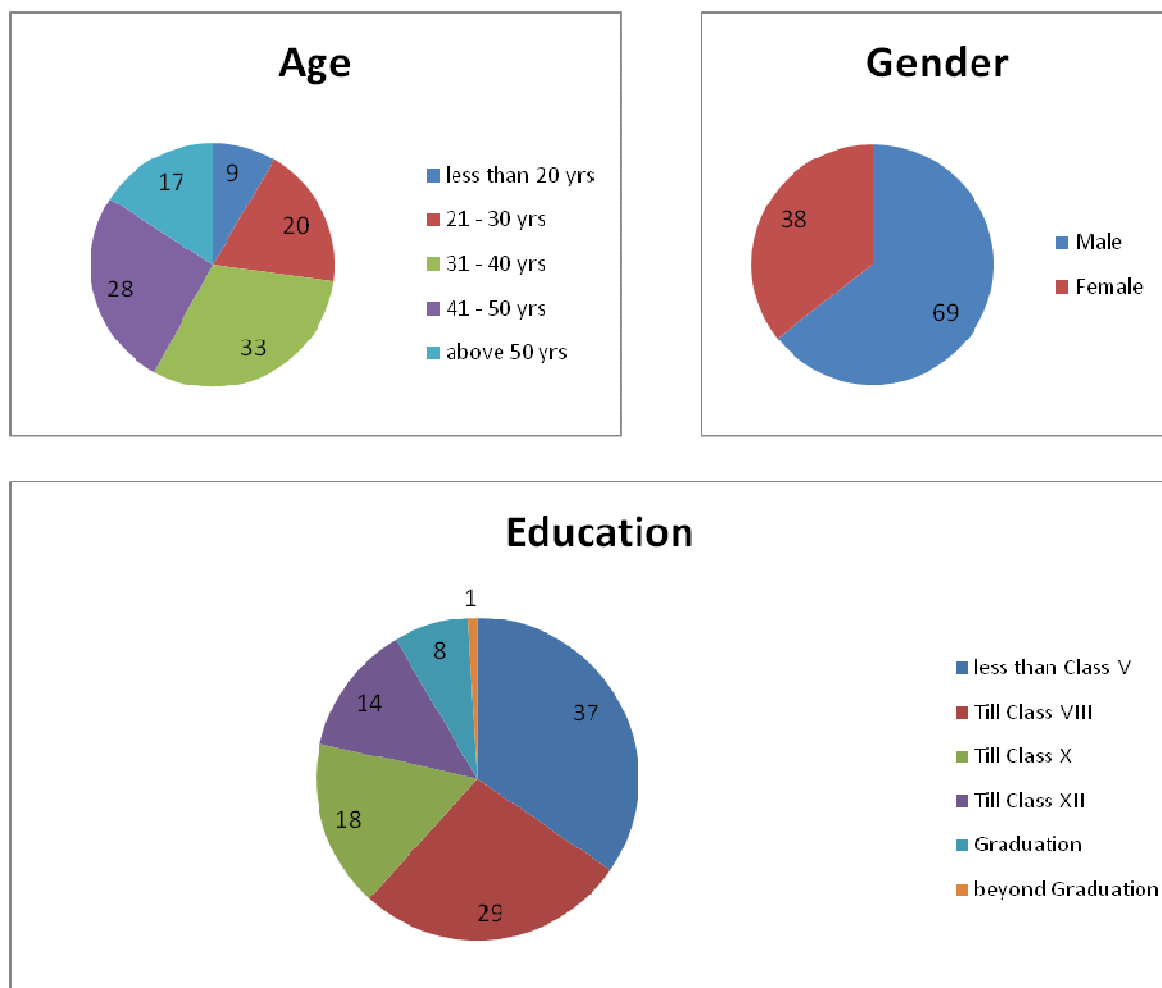
A preliminary study in the form of informal interviews with 20 persons was conducted. In this study, certain questions were found to be vague and ineffective and with a series of additions, modifications and deletions, the final questionnaire was drafted which contained 10 questions. (Appendix III). Since the objective was to gain insights about the consumers' purchasing behaviour and their preferences for some of the key parameters in rural communication strategy,

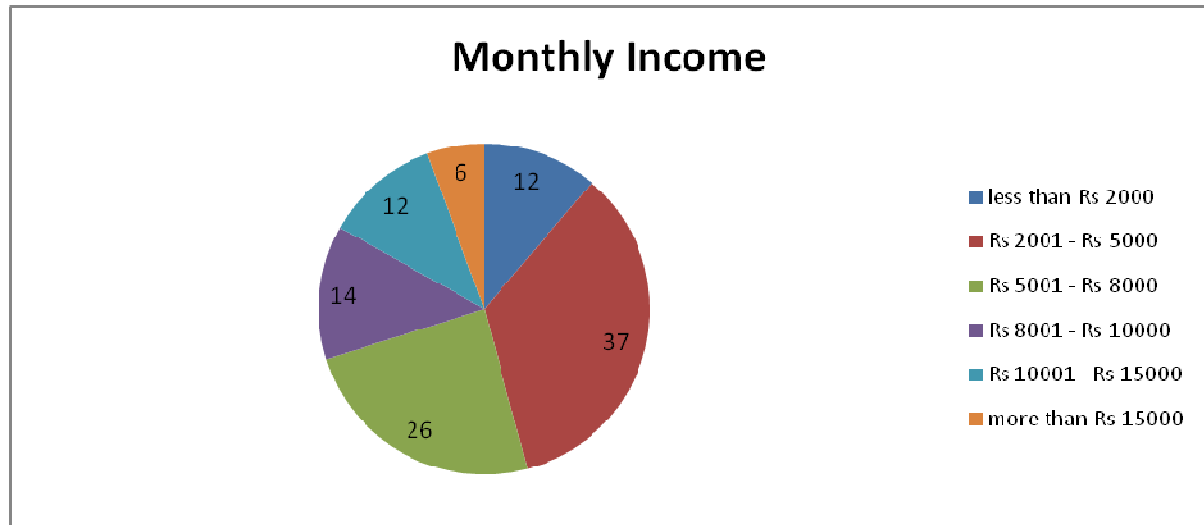
the content analysis method was considered to be appropriate. The parameters were generic and not specific to a particular product category and hence can be applicable for designing the rural communication strategy of any product.

### Sample

The respondents in the sample consisted of rural and sub-urban consumers. 107 respondents in and around the border areas of Gurgaon, National Capital Region of Delhi were interviewed. The respondents had certain exposure to the urban lifestyle. The details of the demography of the respondents are depicted in numbers in the form of pie-charts.

The sample size was good enough to understand the psychographic characteristics of rural consumers in the perspective of verbal and non-verbal communication strategies.





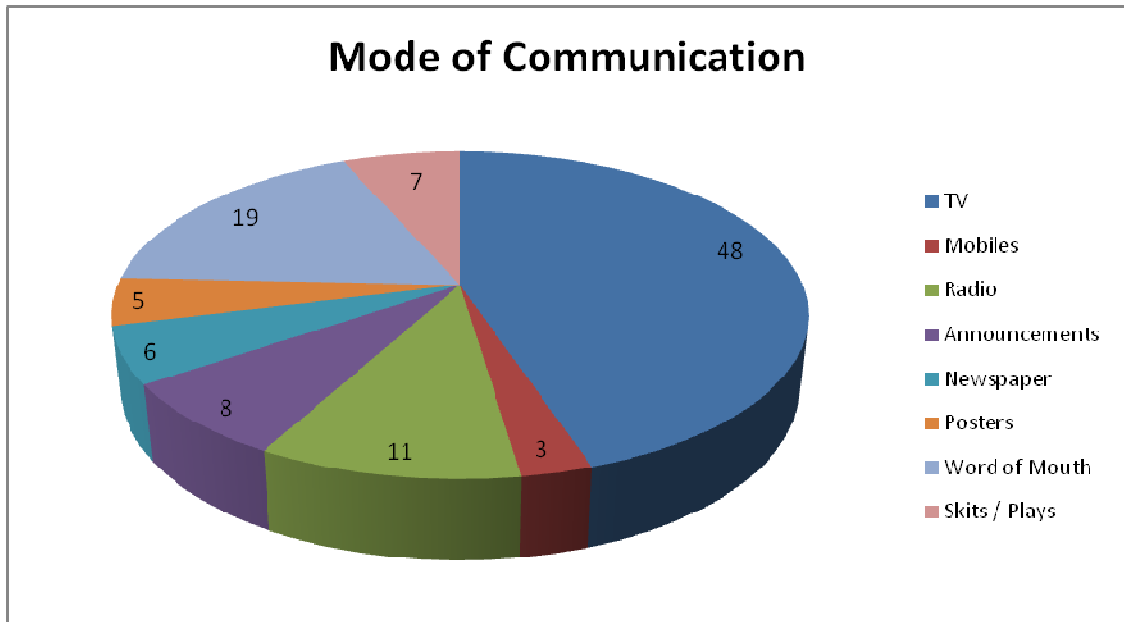
## Outcome

The outcome of the study can be analyzed for each of the questions asked in the interviews. Each of the questions covers different aspects of the communicational challenges in rural marketing and hence appropriately brings out one aspect of the rural communication.

The analysis of each of these aspects is as follows.

### 1. Preferred Mode of Communication

Mode of communication with a rural consumer indicates the various media by which companies communicate with the rural population. With the increasing penetration of electronic media, the mode of communication is changing at a rapid pace and the companies need to utilize the best possible mode for communication. As per this study, the preference of the different modes is described in the figure below.



### Analysis

As per the survey, TV comes out to be the preferred mode of communication. This indicates the increased penetration of television media in rural areas. Hence the communication through television media is expected to have the maximum reach amongst rural population.

The other important aspect that comes out of this survey is the effect of the word of mouth communication. In rural areas, people generally trust the experience of another person (may be relatives or friends or neighbor) regarding the usage of any product or service. Hence the word of mouth plays a vital role in communication. It is evident that once the companies can satisfy even a small section of the rural population, the promotion of that product or service will be widespread through viral marketing.

### Key Marketing Insights

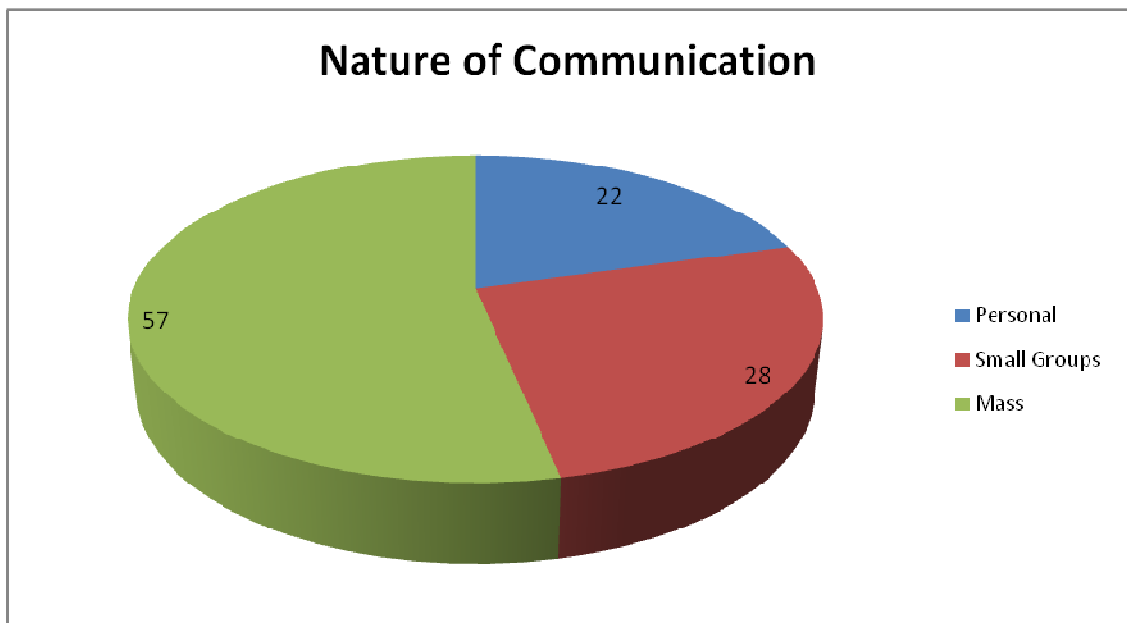
Advertisements through television and use of Viral marketing as communication mode are most desirable. Rural communication depends on two major factors – Creating Awareness and Inducing Trials. With the penetration of television media increasing rapidly, the rural consumers are becoming more aware of brands through advertisements. However advertisements are more suited for creating brand recall. For inducing trials the role of word of mouth campaigns are extremely important. Any demonstration or

sampling or discounting promotion tactics can generate word of mouth campaigns which induce the rural consumers to try out products.

## 2. Preferred Nature of Communication

Nature of communication is perceived to be of three major types – Personal, In Small Groups and Mass. In rural areas, personal communication implies direct marketing through door-to-door communication. Another method which is practiced is announcements through vans or use of skits or plays or “nautankis” to influence the rural consumers. These generally take place in small groups. With the increase in electronic penetration, mass media affects the communication amongst rural population.

As per this study the preference is illustrated in the figure below.



### Analysis

The effect of mass media is evident here. This indicates the enormous effect of television and other mass media in the rural areas. However communications in the form of small groups and at an individual level are also of significant importance. Due to the constraint in the selection of rural area, the effect has been subdued. In the more rural areas, where urban lifestyle does not have any effect, communication in the form of skits/plays or through vans in small groups is prevalent.

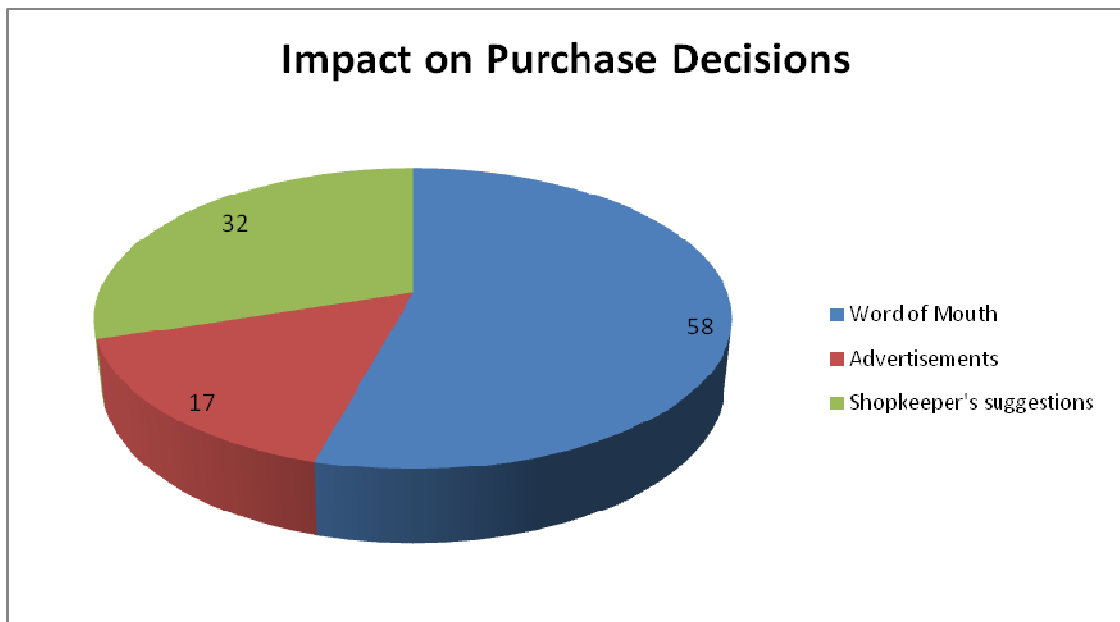
### Key Marketing Insights

Effect of mass media on the influence of a rural consumer is very high. However the result can vary to some extent depending on the sample surveyed. Communication in small groups is also preferred in many situations. Personal communication is effective only when handled with care, else it might be looked down upon as unnecessarily forcing or convincing the consumers to buy the products. However door-to-door selling is highly effective when there is need to educate the consumers about specific products or services.

### 3. Effect of Different Sources of Information on Purchase Decision

The emphasis of this question lies on the fact that although there are lot of media penetration in rural areas, it needs to be investigated if these communications are indeed converted to purchase intentions by the rural consumers. This is the most important aspect from the companies' points of views as the basic intention behind communication is to increase the sales.

The different factors that are found to influence the rural consumers in making purchase decisions are illustrated below.



#### Analysis

As per this study, majority of the rural consumers go by the word of mouth while making purchase decisions. Advertisements in media, although being widely followed through



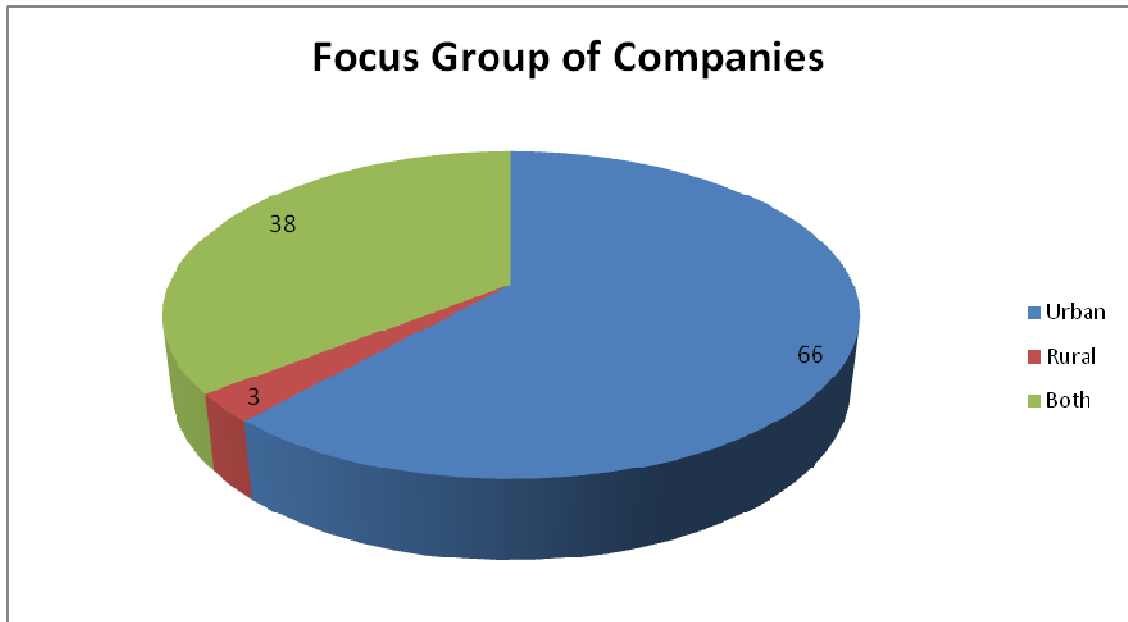
television, do not specifically lead to purchase decisions. As per the conversation with rural people, they specifically said that they perceived that the companies advertise only to make the products sell. Hence they did not trust the advertisements blindly although they come to know of products mainly through advertisements. Before purchasing, they generally trusted the first hand experience of the other people in their community, followed by suggestions of the shopkeepers in the locality. What comes out of this is that they rely heavily on the trust factor of the fellow people in their locality. Hence rural communication can get benefitted through the appropriate application of viral marketing.

### **Key Marketing Insights**

Marketers should focus on promotions and communication mechanisms to generate word of mouth recommendations and capitalize on that. Purchase decisions are also influenced by suggestions from known retailers with whom rural consumers tend to develop a bond of trust and relationship. However buying decisions are mostly taken after consulting the consumers (friends, relatives, neighbors and at times even strangers living in the same or nearby villages) who have the first hand experience of using the products. Hence word of mouth plays a vital role.

#### **4. Focus Group of the Companies as perceived by the Rural respondents**

There lies immense potential in the rural segment of our country which needs to be tapped by the companies. Hence the companies should focus on rural marketing in addition to urban marketing. Hence it is important to understand the perception of the rural population regarding the focus of the companies.



#### **Analysis**

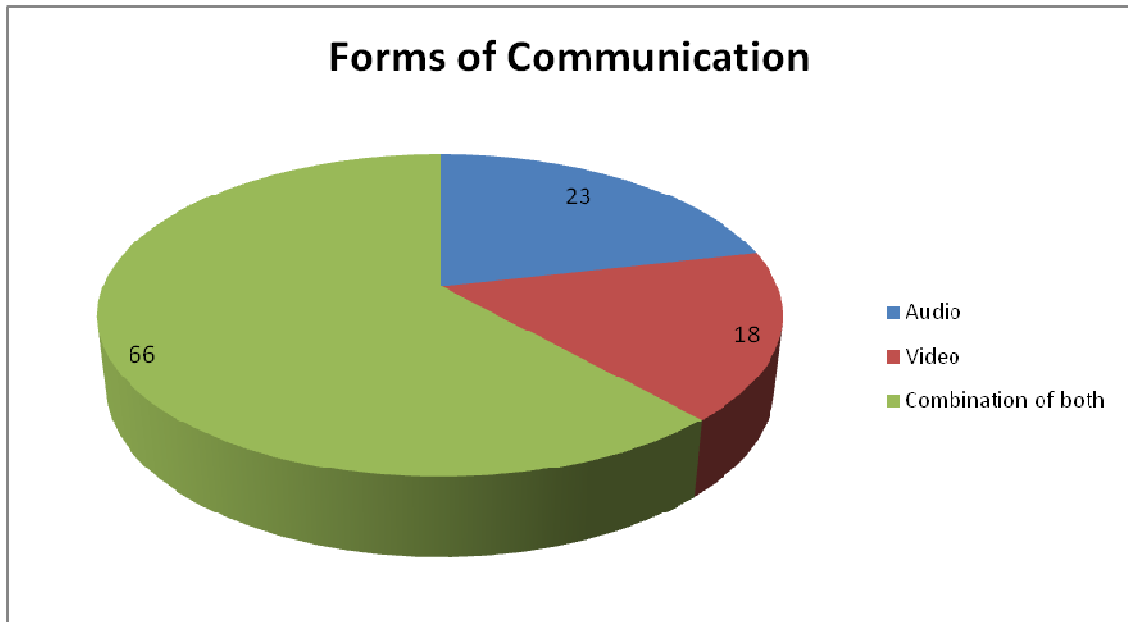
As per this study, rural consumers perceive that the companies are more focused towards the urban population than the rural one. This is a major challenge in rural communication and the companies need to project their promotion and advertisements and redesign their communication strategies so as to specifically target the rural consumers

#### **Key Marketing Insight**

Marketers can benefit most if they can make the rural people feel that they value them as their customers. The key success to an effective rural communication is that it should be firmly grounded in rural tradition, rural perspectives, rural mentality and their values. It requires complete focus on local language, culture, customs and modes of communication.

#### **5. Preferred Type of Communication**

The types of communication can be audio, visual or a combination of both. In this age of electronic communication, it is important to understand the type of communication that affects the rural consumers more. Audio communication generally indicates through radio or announcements. Visual communication generally indicates newspapers and posters and hoarding. Television, skits, plays uses both audio and visual forms. The preference is illustrated below.



#### **Analysis**

Rural consumers clearly prefer audio-visual mode of communication over others.

#### **Key Marketing Insights**

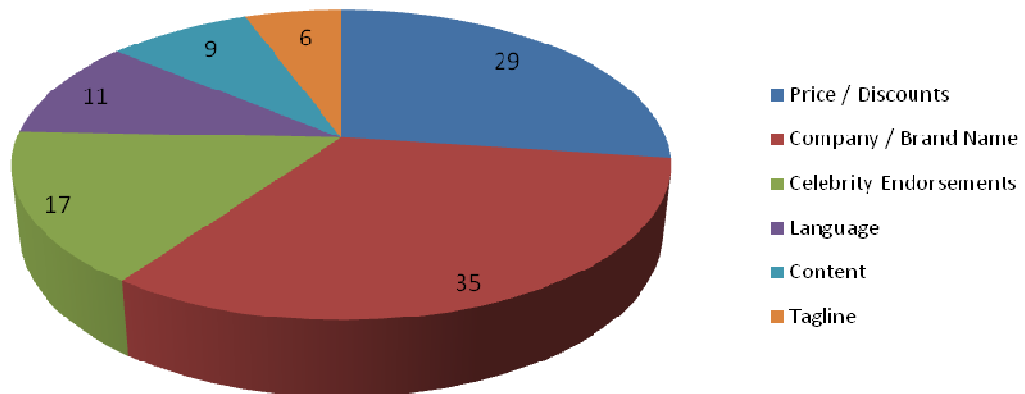
A combination of audio and video is most appealing to the rural customers. Rural communication requires innovation based on rural customs and values. That is why in addition to television media, other audio-visual communication modes like “Nukkad Nataks”, folk plays, magic shows, “Nataunkis” are widely practiced in rural areas.

### **6. Parameters of Communication influencing the Purchase**

There are different parameters in any communication that influences the purchase intention of the rural consumers. These are price or discounts, brand or company name, presence of celebrity in any advertisement, language, content and tagline of the advertisement.

The idea behind this question is to understand the relative importance of different parameters and whether there exists any particular parameter where the companies need to lay on while communication to the rural population. The importance of the various factors is illustrated below.

### Parameters influencing a Communication



#### Analysis

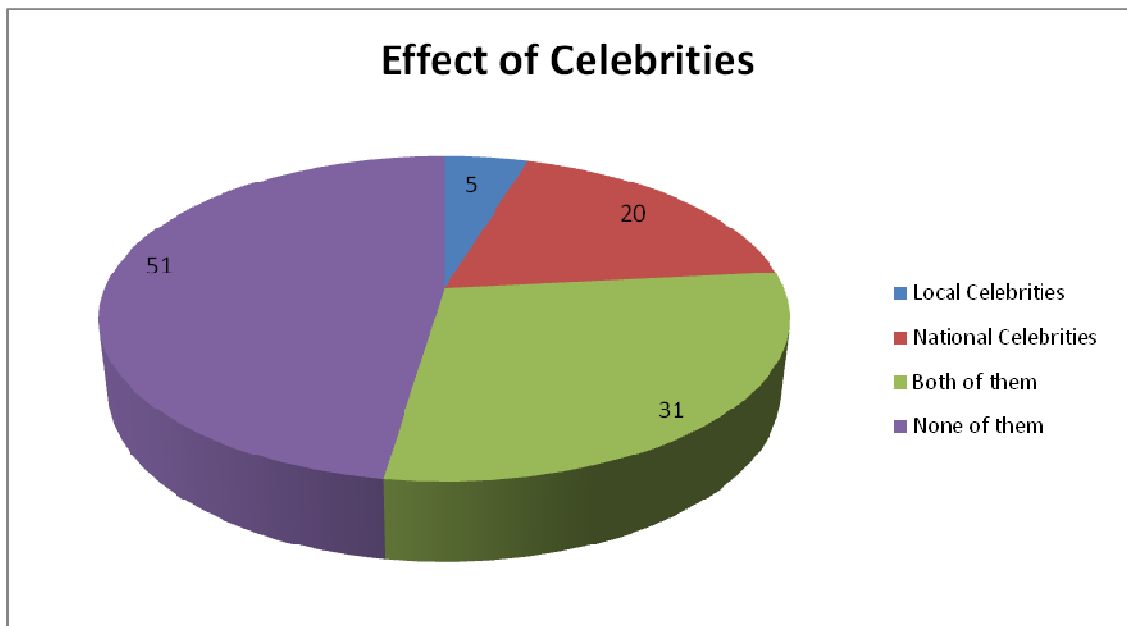
The study shows that rural consumers generally take into account the company or brand name the most while making any purchase. Conversation with one particular consumer elaborated their thinking process. He said that even if any new toothpaste offers competitive price or comes up with a famous celebrity for endorsing their products, he might go by Colgate just because of the stature of the company. This clearly indicates that although the rural population is economically more challenged than their urban counterpart, they still prefer good companies and brands over prices and discounts. The other factors like language, tagline and content have less impact on the rural consumers compared to brand, price and celebrity endorsements.

#### Key Marketing Insights

The result depicts the increasing trend of disposable income in rural areas. Prices and discounts are not the sole parameters that drive their purchases. Rural customers are increasingly becoming brand conscious. Celebrity endorsements just add to the creation of brand recall. Language is more important than content and tagline which is a testimony of the vast heterogeneity of the rural market.

#### 7. Effect of Celebrities in Communication

Celebrity endorsements are a part of communication. Because of the aura surrounding these celebrities in the minds of the rural people, they can play a role in better communication. However this question tries to judge if there is a difference in purchase decision making when it comes to local celebrities and national celebrities. The effect is illustrated below.



### **Analysis**

Contrary to common beliefs, it has been found that the choice of celebrities matter little to the rural population as far as buying decisions are concerned. Conversations with rural people indicate that they are somewhat indifferent to the choice of celebrities as their purchase decisions are not significantly affected by their promotion. This can be different in different areas. As for example, in South Indian states the local celebrities are treated as demi-gods by the people. Hence their effect on rural consumers might show different results.

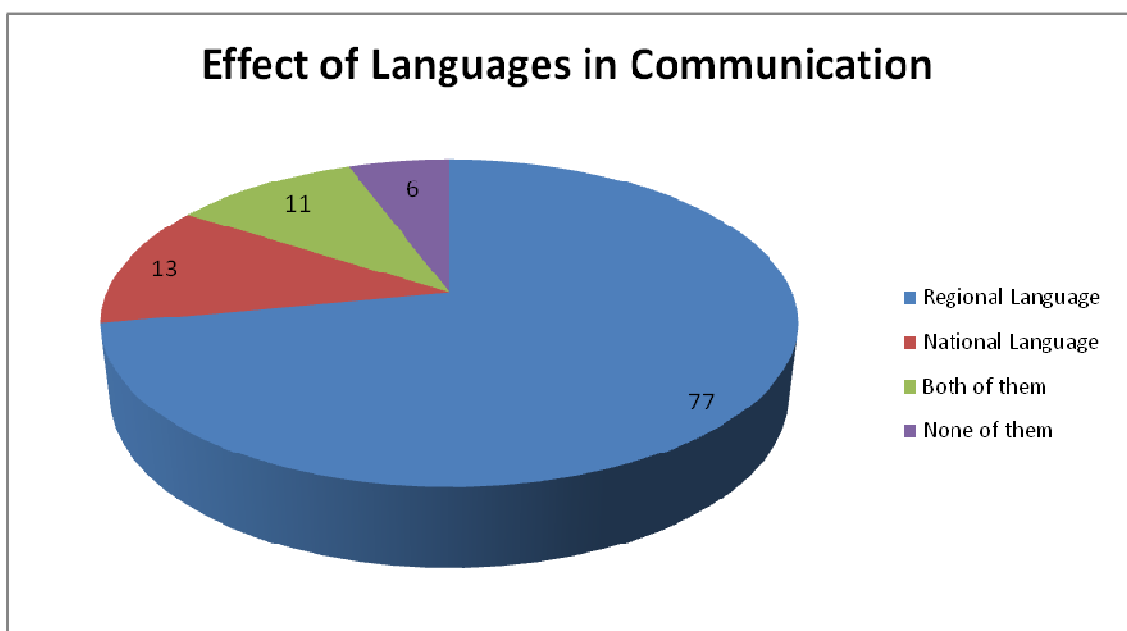
### **Key Marketing Insights**

The important point to note for marketers is that the use of celebrities in advertisements does create brand awareness amongst rural consumers in India. However this does not necessarily get converted into purchase decisions just because of the presence of celebrities. The reason is with increase in the level of education, the rural consumers do

not blindly trust the advertisements and promotions of various celebrities especially when it comes to large investments as in case of consumer durables. For FMCG however, they are more eager to try out a product endorsed by well known celebrities.

## 8. Effect of Languages in Communication

Languages play an important role in the rural communication due to their limitation in understanding different languages. The preference of languages is illustrated below.



### Analysis

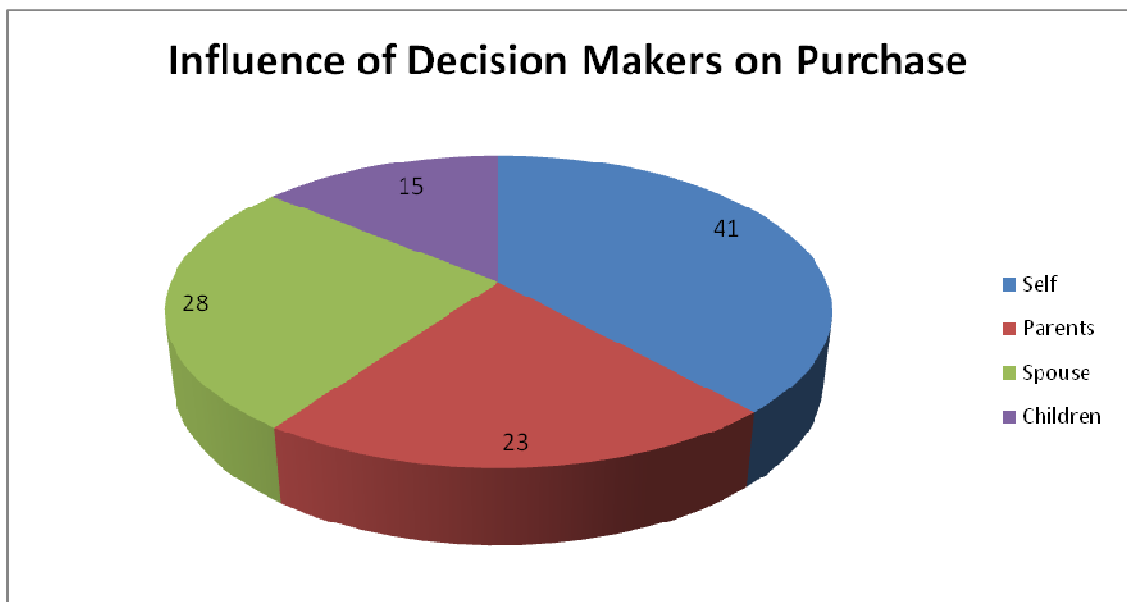
The study shows that regional languages are almost unanimously preferred by the rural population. This sends a strong indication to the companies to use the regional languages effectively while communicating with the rural consumers. There are different languages and dialects in India and companies need to use them for communication with the rural consumers. This reinforces the fact that the marketers need to base their rural campaign firmly on local values, colors, flavors and traditions.

### Key marketing Insights

Expectedly regional languages are preferred in marketing communications. The success of rural communication depends on the appropriate localization of campaigns and regional language plays an important part in it.

## 9. Decision Making while purchasing

This question analyzes the contributors to the process of decision making of any rural consumer. This helps to analyze communication in a better way as it identifies the people to focus upon while communicating with a rural consumer. The decision makers for any consumer can be self, parents, spouse or children. However the influence of the decision varies with the type of products. While interviewing the consumers, they revealed that while purchasing household items of daily usage, they do not depend on anyone else for decision making. However for purchase of durable products, they generally take opinions from parents, spouse and sometimes children. The influence of the decision makers is illustrated below.



### Analysis

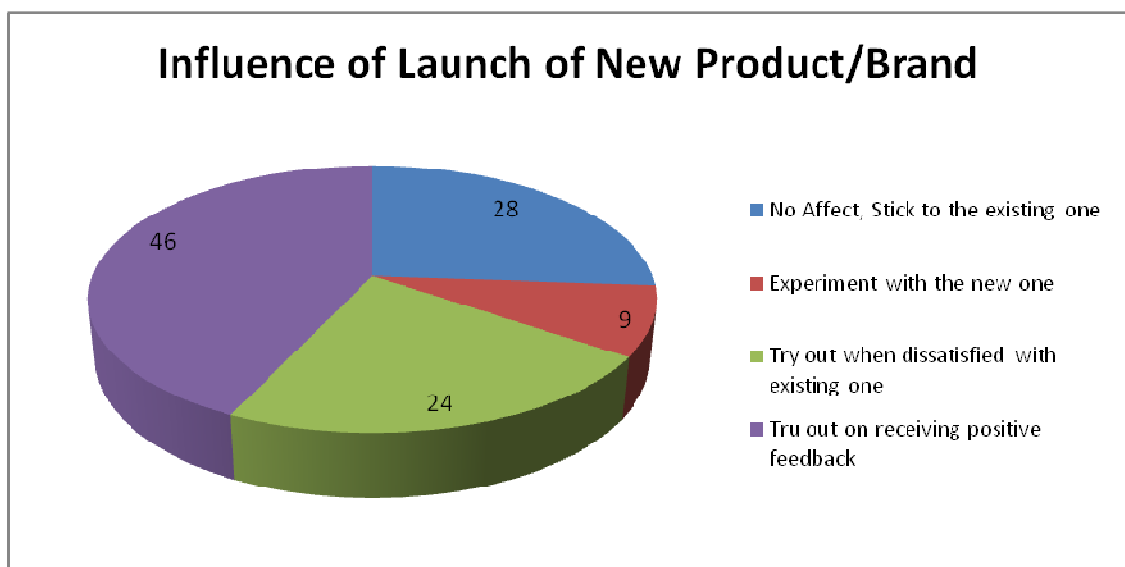
It can be seen that the purchase decisions are usually self made by the rural consumers, but there are situations where the others also play their part. Hence any rural communication should focus upon the family as a whole and communicate the benefit of the product or service to each and every member of the family.

### Key marketing Insights

No particular tactic can be derived out of this, rather the idea is to target the individual or the spouse or the child as per the product types and categories.

## 10. Effect of launch of new product/brand

In this age of brand war and supreme competition, brands and products are launched every day. However, not all of them actually succeed in affecting the minds of the rural consumers. As for example, brands like Lifebuoy, Colgate etc occupy the minds of the rural consumers much more than newer brands. Hence it is important to understand the mindset of the rural consumers at the time of launching a new brand or product. Four possibilities are identified - a) Either the launch does not affect the consumers and they prefer to stick to the existing one or b) they try to experiment with a new product whenever launched or c) they try out the new product only when they are dissatisfied with the existing one or d) they try out the new product if they receive positive feedback from others. The choices are illustrated below.



### Analysis

The study shows that the rural consumers usually do not experiment with a new product unless something triggers them. The most influential triggering factor is positive feedback about the product from others. It can therefore once again be re-emphasized that the importance of viral marketing or communication through the word of mouth is of paramount importance in rural marketing communication. Some of the consumers try out the products only when they are dissatisfied with the older one. But given the fact that companies today are eager to score heavily on customer satisfaction, such an opportunity



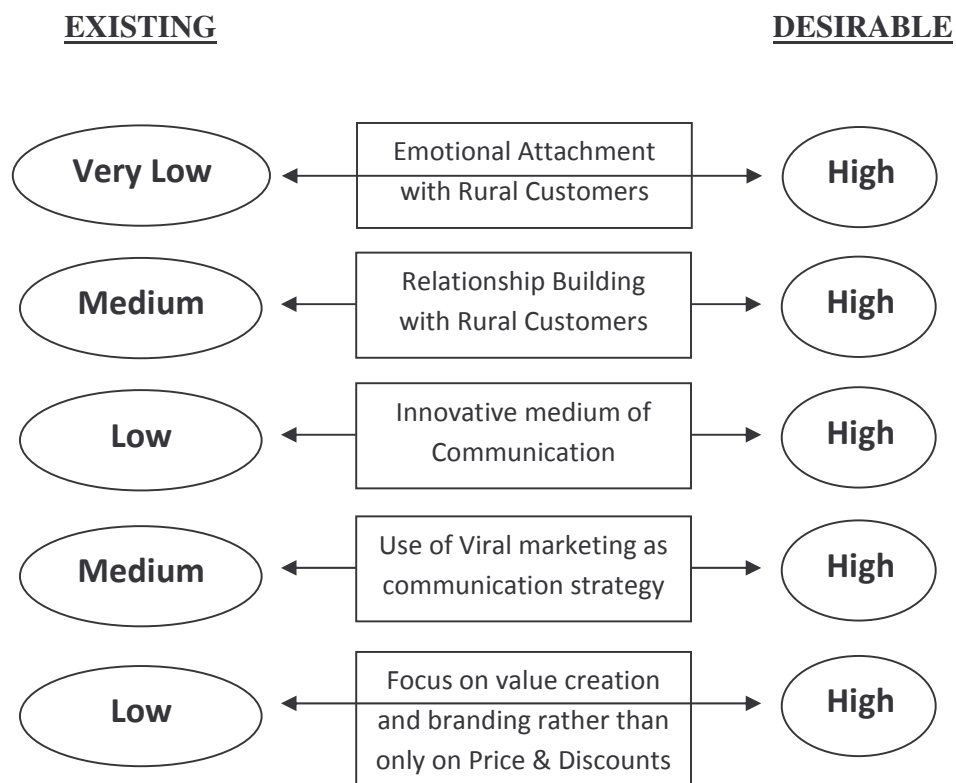
will be minimum. Hence the most convenient option for any communication to be successful in rural areas is to generate positive feedback and bank on the word of mouth.

### **Key Marketing Insights**

Limited disposable household income often restricts the rural customers from trying out each and every newly launched product. In spite of increasing brand awareness, it is not easy to induce trial purchase by the rural consumers. This is not exactly due to brand loyalty but more due to brand stickiness. They need some recommendations or have to be dissatisfied with the existing one to go for experimentation. This further emphasizes the need for utilizing viral marketing by the marketers where one satisfied user can recommend the product and thereby initiating the chain.

### **Conclusion and Recommendations**

From the study of the rural communication, it can be concluded that there exists major differences between the existing and the desirable levels of rural communication. These are described in the diagram below.



The above analysis brings out five factors on which the marketers need to emphasize for an effective rural communication. These factors are analyzed below with suggestions and recommendations.

#### **A. Emotional Attachment with Rural Customers**

An effective way to increase the emotional attachment with rural consumers is the use of **local language** in the communication designed for a specific target group. This increases the involvement of the consumers with the brand. Moreover the promotions should be designed with **local concepts and practices** so that the consumers can relate them with their day to day lives.

#### **B. Relationship Building with Rural Customers**

The communication should focus on building relationships with the rural customers. This can be done by

- **Advertising for social causes** prevalent in the rural areas like increasing awareness of the need for primary education while advertising for stationary products for education
- **Communication through community development activities** like promoting low cost water purifiers after setting up a tube well in a locality

It is essential to make the rural customers believe that the marketers consider them as valuable customers as they do for their urban counterparts. Project Shakti bu HUL connects with rural population by promoting women empowerment along with satisfaction of their distribution and penetration objectives. ITC e-choupal connects with the farmers by considering them as business partners.

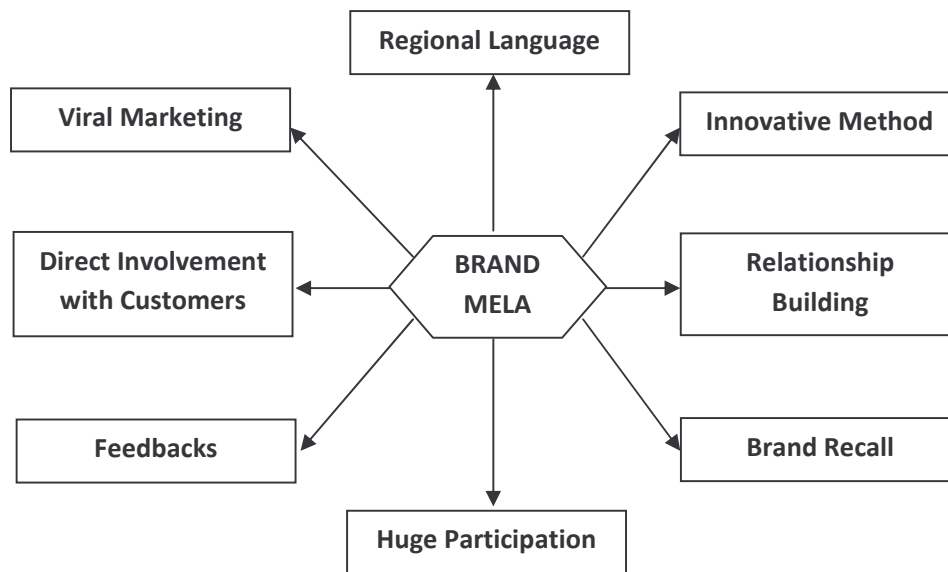
#### **C. Innovative medium of Communication and Use of Viral marketing as communication strategy**

In order to address the need for innovation in rural communication as well as the need to utilize viral marketing strategy, the recommendation to the marketers is the use of **Brand Melas**. Brand Melas can ensure a large participation of people and hence provides a perfect platform for the marketers to communicate with the rural consumers. The characteristics of these Brand Melas should be:

1. They should be grand and elaborative so as to generate the effect of **viral marketing** not only in the locality, but also in the nearby areas. The stalls including game stalls, food stalls, rides etc should be vivid as vividness appeals to human minds and usually results in viral spreading of messages. This is precisely what the marketers should capitalize on.
2. Communication should be done in **regional languages** in the form of game shows, magic shows, skits and movies. These will ensure the interest level and participation from the rural population.
3. Distribution of test samples of different products and gathering the **feedbacks** from the rural consumers so as to **make them feel important**. This will also induce trials among the rural consumers. Moreover marketers can gather valuable consumer insights which are often difficult to gather through market research.
4. Brand Melas can ensure participation from all members of the family thereby increasing **brand recall** by any one of the members of the family. This is essential as purchase decisions often involve all the members of the family.
5. Through excessive care and attention, it should be conveyed that the company **values their association** as much as their urban counterparts

For example, Dabur uses Melas to sell some of their products. Many paint companies uses Melas for promotion and communication.

Brand Melas can be designed so as to include some of the most important aspects of rural communication as illustrated in the diagram below.



#### **D. Focus on value creation and branding rather than only on Price & Discounts**

Communications for rural consumers often lay less emphasis on the value creation aspect and more emphasis on the low pricing of the products and services. However the effort should be directed towards creating a sustainable brand value through communicating and delivering value as per promise as well as managing consumer perception and attitudes towards the brand. The communications should focus primarily on

- Creating positive attitude towards a product or service through effective communication
- Generating brand recall amongst the consumer base
- Creating brand image by emphasizing on the value creation for customers
- Creating value for money products or services instead of cheap products or services

Hence it can be concluded that if the Indian organizations want to reach out to the rural India in an effective and efficient manner, it has to be grounded firmly in rural perceptions, values and traditions. It has to immerse itself in local colors, customs and modes of communication in order to make itself relevant to the needs and desires of rural society. It has to gain the trust of the masses by undercutting its own excessive dependency on western styles of advertising on one hand and on its use of deceptive and manipulative claims on the other, so that it can bring about the desired behavioral changes.

## **Limitations**

There are certain limitations of this research. They are as follows.

- a) The sample considered for the research covers a small region and hence the diversity in rural behavior is not captured to some extent. The sample showed fair amount of homogeneity in their traits
- b) The sample includes significant proportion of semi-urban and peri-urban population who has some exposure to the urban lifestyle. Hence there can be some deviation in the results had a completely rural population base been considered. However the basic trends and characteristics would not have differed much.
- c) The study does not try to differentiate among the different product categories and map the different communication strategies for different categories of products. It provides a generic perspective only instead of exploring product specific options like communication strategies for FMCG products, consumer durables, agri-products, automobiles, telecom products etc.

## **Future Study**

The study can be further extended to include various villages from different regions of the country so as to understand the heterogeneity in their behavior. The study can be more effective if it can be actually conducted using aids like showing television advertisements to understand its impact, using wall paintings to study its effectiveness, presenting skits to study its impacts etc. The survey can be conducted in rural melas where data gathering can be easy and lot of inferences can be drawn through interviews and observations. The future research can attempt to identify if there exists the need for changing the communication strategy with change in product category and in case any change is required, then the study can identify the different modes of communication that are best suitable for the different categories of products.

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### Appendix 1: Size of Rural Markets

State	Market size (crores)	Rural population (millions, 2001 census)	Market size per capita (rupees)
Uttar Pradesh	146,528	131,658,339	11,129
Andhra Pradesh	130,611	55,401,067	23,576
Maharashtra	126,313	55,777,647	22,646
West Bengal	122,703	57,748,946	21,248

Gujarat	86,451	31,740,767	27,237
Karnataka	70,044	34,889,033	20,076
Rajasthan	62,082	43,292,813	14,340
Tamilnadu	61,422	34,921,681	17,589
Kerala	60,327	23,574,449	25,590
Orissa	57,254	31,287,422	18,299
Bihar	57,062	74,316,709	7,678
Haryana	53,455	15,029,260	35,567
Madhya Pradesh	51,102	44,380,878	11,514
Punjab	39,867	16,096,488	24,768
Jharkhand	37,721	20,952,088	18,003
Assam	36,880	23,216,288	15,885
Chhattisgarh	33,859	16,648,056	20,338
Himachal Pradesh	18,404	5,482,319	33,570
Jammu & Kashmir	15,307	7,627,062	20,069
Uttarakhand	14,796	6,310,275	23,447



Tripura	6,593	2,653,453	24,847
Delhi	4,944	944,727	52,333
Goa	4,292	677,091	63,389
Meghalaya	4,189	1,864,711	22,465
Nagaland	4,078	1,647,249	24,756
Manipur	3,845	1,590,820	24,170
Arunachal Pradesh	1,831	870,087	21,044
Sikkim	1,278	480,981	26,571
Puducherry	814	325,726	24,990
Mizoram	773	447,567	17,271
Andaman & Nicobar	623	239,954	25,963
Daman & Diu	545	100,856	54,037
Chandigarh	525	92,120	56,991
Dadra & Nagar Haveli	349	170,027	20,526
Lakshadweep	154	33,683	45,720

Source: Indicus Analytics, 2007-08

The five biggest rural markets are: Uttar Pradesh (Rs.146,528 crores), Andhra Pradesh (Rs.130,611 crores), Maharashtra (Rs.126,313 crores), West Bengal (Rs.122,703 crores) and Gujarat (Rs.86,451 crores). When filtered by states with rural populations of 10 million and more, and sorted by per capita 'market size', the states of Haryana, Gujarat, Kerala, Punjab and Andhra Pradesh top the list of 17 such states, with figures ranging from Rs.35,500 to Rs.23,500 as the per capita market potential (Indicus Analytics Report, 2008).

## **Appendix II**

### **Few Successful Companies in Rural Marketing**

- **HLL (now, HUL) initiatives in the rural India**

HUL's Project Shakti is not only helping their company attain some revenue but also empowering the rural women. This has increased their brand loyalty and brand recognition in the rural area.

- **ITC E-Chaupal**

A major impact of the E-Choupal system comes from bridging the information and service gap of rural India. ITC's E-choupal shows that amazing results can be produced if we use the communication methods properly and after understanding the psychology of the person. E-Choupal aims to give the due respect to the farmers and in turn positioned ITC as an iconic brand in their minds. Today ITC's E-Choupal is respected for its work and also helping the companies increase their brand value.

- **Britannia's Tiger biscuits**

Britannia launched a campaign aimed at increasing the visibility of its Tiger brand of biscuits and Coconut Tiger and Chai biscuit variants. Magicians were hired to perform at the local

melas using the ribbon flowing tricks. It thus tapped local forms of entertainment as their communication strategy and made huge investments in infrastructure for distribution and marketing.

- **Gujarat Co operative Milk Marketing Federation**

It is India's largest food products marketing organization with 2.6 million number of milk producer members, 12,792 number of village societies, 10.16 million litres milk per day aims at safeguarding both the producer and the consumer's interest and have created history with co-operatives and positioning Gujarat in the world map. (Iyer, 2010)

- **Hindustan Latex's Swasth Gram Pariyojana at Gwalior**

The project involves the social marketing of contraceptives. The folk media was used very effectively. The nautanki style was used to propagate the theme of the problems resulting from population increase. To convert this awareness into action, the play projected the grass root level worker as an adviser and confidant of the villagers in matters of family planning.

### **Appendix III**

#### **Questionnaire used for the interviews**

1. Which mode of communication do you prefer for gaining knowledge about a product?
  - A) TV
  - B) Mobiles
  - C) Radio
  - D) Announcements
  - E) Newspaper
  - F) Posters
  - G) Word of mouth
  - H) Skits / Plays

2. Which type of communication affects you most?

- A) Personal (one to one communication)
- B) In Small groups (skits, plays, announcements)
- C) Mass (TV, Radio, Newspaper)

3. Which of these impacts you most in making purchase decisions?

- A) Word of mouth (from friends, relatives, neighbors)
- B) Advertisement in media
- C) Shopkeeper's suggestions

4. Whom do the marketers focus towards more while designing communication methods?

- A) Urban
- B) Rural
- C) Both

5. Which form of communication affect you most?

- A) Audio
- B) Visual
- C) Combination of both

6. Which is the most important parameter of a communication that impacts you while making purchase decisions?

- A) Price
- B) Company / Brand Name
- C) Celebrity Endorsement
- D) Language
- E) Content
- F) Tagline

7. What type of celebrities influence you?

- A) Local celebrities
- B) National celebrities
- C) None of them
- D) Both of them

8. What type of language used in communication influence you?

- A) In Regional languages
- B) In National languages
- C) Both of them
- D) None of them

9. Who is responsible for making purchase decisions?

- A) Self
- B) Parents
- C) Spouse
- D) Children

10. How do you react to new products or brands?

- A) Does not affect; stick to the existing brand
- B) Try new brands for experimentation
- C) Try new brands only when dissatisfied with the existing one
- D) Try new brands on receiving positive feedback from others