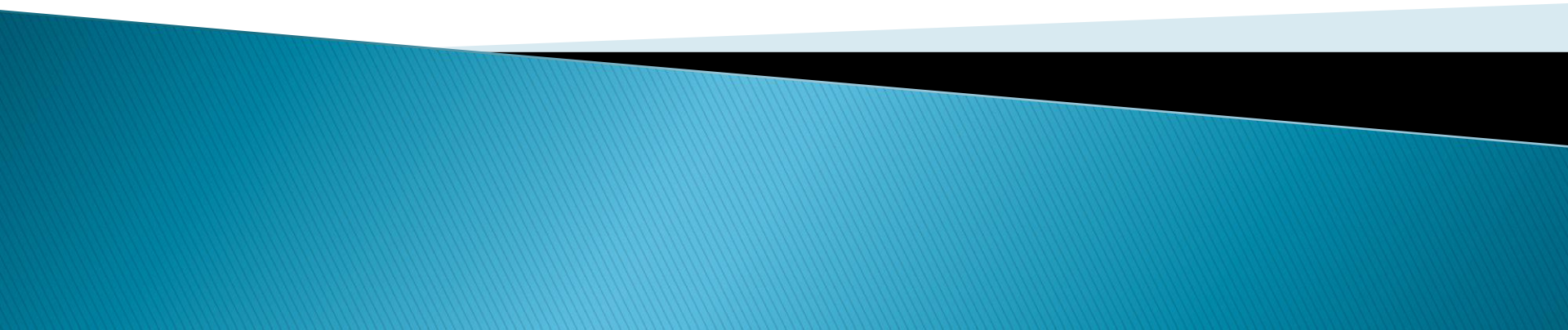


Chapter 5

Understanding the Rural Customer



Key Points

1. Introduction
2. Profile of the Rural Consumer
3. The Rural Consumer
4. Factors affecting The Rural Consumer
5. The Rise of Consumerism
6. The Rural Consumer Behaviour
7. Factors Influencing The Rural Consumer Behaviour

Introduction

- ▶ 700 million people living in 6,38,667 villages
- ▶ 90% village population concentrated in villages with population <2000
- ▶ Agriculture being the main business
- ▶ Rural consumer started purchasing branded and value added products
- ▶ Rural consumer profile is made available by IMRB and NCAER

Profile of the Rural Consumer

- ▶ Profile of rural consumer –
 - Literacy rate is low
 - Maximum education till primary school or high school level
 - Print media & hoardings can not make significant impact
 - Product demo become integral to the rural market promotional strategy
 - Average money earned by rural consumer is much lower than urban counterpart

Profile of the Rural Customer

- ▶ Traits of rural consumer –
 - Low purchasing power
 - Lower standard of living
 - Low per capita income
 - Lower economic and social position
- ▶ Reference groups in rural areas – Primary health workers, doctors, teachers and panchayat members
- ▶ Rural customers are scattered over large area

Profile of the Rural Consumer

- ▶ Principal occupation in rural areas – farming ,crafts, trading , and other odd jobs like plumbing, electric works etc.
- ▶ Rural people are fond of folk music and folklore
- ▶ Culture, language, religion, caste and social customs are some other important variables for profiling rural consumers

Profile of the Rural Consumer

- ▶ Classification of rural consumers based on economic status –
 - Affluent group (150 million people) – cash rich wheat farmers in Punjab and chilli merchants in AP fall in this category
 - Middle class (300 million people) – It forms the base for demand for manufactured goods in the country. Sugarcane farmers in UP and Jute farmers in WB
 - Poor (250 million people) – Purchasing power low and size is large. Farmers growing Jowar, bajra etc. of Bihar & Orissa

The Rural Consumer

- ▶ 2008 Hansa report says that rural population of India is larger than total population of US & the EU
- ▶ The spread of education and availability of TV , cable & satellite has a huge impact on consumption and ownership of a whole range of products & services
- ▶ Indian rural customer is marred largely by illiteracy & poverty

The Rural Consumer

- ▶ Rural consumer –
 - Buy in small quantities
 - Does not have concept of storing goods
 - Does not block capital into goods
 - Need credit or EMI systems for larger products
 - Important to induce first time purchase and trails
 - Hardly any brand stickiness in rural consumption

Packaging of products play important role

Factors affecting The Rural Consumer

1. Efforts of GOI to enhance standard of living of the rural population –NAREGA
2. Rural population is largely self dependent and is able to produce most of its consumption needs locally
3. Social status of rural regions is likely to be low
4. Range of traditional values and superstitious beliefs
5. Lack of infrastructure

Special characteristics of Rural Consumer

- ▶ Age & stages of life cycle
 - Product & services at different life cycle stages may be quite different between urban & rural
 - Eg. Age group 20–40 in rural market needs Motorcycle ,telephone, LPG or tailored /unbranded clothes
- ▶ Occupation & Income
 - In rural sector range of goods and services beyond very basic ones are influenced by occupation & income
 - Fisherman buy boat & large nets whereas farmer opts for tractor & pump set
 - Consumer behaviour is also guided by working status of earning member

Special characteristics of Rural Consumer

▶ Economic Circumstances

- Purchasing power plays important role in choice of products
- Rural income are largely dependent on good monsoons
- Majority in rural sector are self employed increases risk of stability of income

▶ Lifestyle

- Deals with everyday behaviourally oriented facets of consumers, as well as their values, feeling, attitudes, interests, and opinions
- Extension of urban positioning can become totally irrelevant to rural consumers

Special characteristics of Rural Consumer

▶ Personality & Self Concept

- Self -concept or self image is the way we perceive ourselves in a social framework
- Rural youth prefers to buy pan masala, tea & namkeen
- Rural people carry food items from their homes or buy open food

▶ Personality & Psychological factors

- Rural consumer is quite content to satisfy his basic needs relevant to his environment
- He is less adventurous, averse to taking risks and prefers to stay with tried and tested

Special characteristics of Rural Consumer

- ▶ Perception & Brand Belief
 - Perception being an individual concept ,acts more as a barrier to trial and acceptance for products in case of rural consumers
 - Familiar and known sources such as a retailers, act as a strong spokesperson for low involvement FMCG
 - For high involvement products – an outlet away from rural environment & retailers closely identified with the brand act as strong reinforcement for the brand

Special characteristics of Rural Consumer

- ▶ Information Search & Pre -purchase Evaluation
 - Rural consumer primarily seeks & gets his information from opinion leaders & influencers, rather than media
 - In the case of high involvement products, the information search needs to be supplemented by an 'out of village' visit to a company outlet with an opportunity for personal interaction
 - In rural India, seeing is not sufficient to believe, using is.

The Rise of Consumerism

- ▶ Growing number of rural people working in urban India, but continuing to live in their village has brought items of conspicuous consumption into the village
- ▶ Villagers who have migrated to urban India, but visit their village during holidays with gift for their family & friends
- ▶ Migrated villagers are emerged as new class of opinion leaders and influencers

The Rise of Consumerism

- ▶ Occupation & consumption pattern in Rural India
 - NSS & NCAER provide data on occupation
 - 30% rural population is employed in non farm sector
 - 11% rural population is salary earners
 - 50% rural population is self employed & income stream differs from them from those working for others
 - 35% population constitute labour & are daily earners

The Rise of Consumerism

- ▶ Changing face of rural customer –
 - Due to Media exposure and increasing literacy levels, people in rural India are now demanding better lifestyle
 - Rural Youth working in urban areas send back money home to his family resulted in increase in disposable incomes & surge in demands for consumer goods
 - A radical change in the attitudes of the marketer towards the vibrant and ever growing rural market is called for

The Rise of Consumerism

- ▶ Overcoming the roadblocks–
 - Companies have shifted their focus on rural markets and developing affordable products which are easily available and accessible to the rural consumers
 - Rural market needs –
 - Low cost products
 - Proper inventory planning to cater to large spread of villages
 - Availability of local transportation is a key determinant of the warehousing network

The Rural Consumer Behaviour

- ▶ Rural consumers are highly influenced by several demographic factors and personal factors
- ▶ This leads to prefer basic offering, durable products and brand loyalty based on past experience
- ▶ Rural consumer income is seasonal which is reflected in their purchase behaviour
- ▶ Rural consumer has 2 or 3 brands to choose from whereas urban one has many more choices

The Rural Consumer Behaviour

- ▶ Buying Behaviour Patterns –
 - The level of involvement in buying products & services depends on various factors such as price, availability, variety, knowledge and purpose
 - Rural & Urban consumer behaviour is different to same product
 - Wrist watch buy may be low involvement product for urban consumer whereas same is high involvement product for rural consumers

The Rural Consumer Behaviour

- ▶ Buying Behaviour Patterns –
 - Medical services buy may be low involvement product for rural consumer due to limited or no choice whereas same is high involvement product for urban consumers as they have options of general physicians, speciality and super specialty doctors and surgeons

The Rural Consumer Behaviour

- ▶ Simple Model of Rural consumer Behaviour –
 1. Need recognition – eg. Nimbaram of village Takaligaon wants to buy a colour TV (CTV)
 2. Pre purchase search – He searches in nearby city & visit showroom
 3. Evaluation of alternatives –pick the best alternative from available CTV options such as Videocon, Onida, LG .

The Rural Consumer Behaviour

- ▶ Simple Model of Rural consumer Behaviour –
 4. Purchase decision – Friends, urban relatives influence the decision
 5. Post purchase behaviour – This is the final step. Buyer's relationship with the seller does not come to an end with the purchase.

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Factors Influencing The Rural Consumer Behaviour

▶ Stimuli

- Sensory inputs
- Information cues about characteristics of the product
- Include products, packages, brand names, commercials etc

▶ Perception

- Process of selecting, organising and attaching meaning to events happening in the environment
- Factors that affect perception are exposure and interpretation

Factors Influencing The Rural Consumer Behaviour

▶ Attitudes

- Inner expressions or feelings
- Composite of a consumer's belief, feelings and behavioural intentions toward some object within the context of marketing

▶ Changing effects

- Uses the approach of classical conditioning 'pair' the product with a liked stimulus
- Dharmendra riding Escorts bike with punchline "Jandaar sawari, shandaar sawari"

Factors Influencing The Rural Consumer Behaviour

▶ Changing Belief

- Trying to modify people's belief
- Eg. Ala fabric bleach of HUL attacks people's belief by communicating that the real colour of whiteness is ala whiteness

▶ Changing behaviour

- Rural consumers are used to charcoal, neem sticks, salt etc of oral hygiene
- Colgate used Operation Jagruti to persuade people to convert to oral hygiene products

Factors Influencing The Rural Consumer Behaviour

▶ Needs & motives

- Need is state of deprivation of some basic satisfaction
- Marketers have to adapt products to suit rural needs
- Eg. sachet shampoo
- Rural priority in outlays can also be non traditional

▶ Demographics

- Family size, age, gender, income, occupation, education, caste are important demographic profiles
- The problem of rural demographics is that there is often no good correlation between personal characteristics of consumers and what they want to buy

Factors Influencing The Rural Consumer Behaviour

▶ Culture

- Refers to values, ideas, attitudes, and meaningful symbols, as well as artefacts
- It is the total of learned beliefs, values, and customs, including material elements that serve to regulate the consumption patterns of members of a particular society
- Eg. joint family system

▶ Beliefs & values

- Behavioural patterns of an individual depends on his or her beliefs and values

Factors Influencing The Rural Consumer Behaviour

▶ Social class

- Involves stratifying people into groups
- Caste system though no longer powerful but still has tremendous influence on rural society

▶ Role of rural women

- Rural women role is changing
- They are educated and more aware about the health & education needs of family
- Women involvement in family buying decision process is also increasing

Factors Influencing The Rural Consumer Behaviour

▶ Buying roles

- Buying roles are similar in urban and rural
- Men choose personal care products
- Women choose utensils & other things of use in the home
- Purchasing High involvement products is collective decision

▶ Influence group

- The group used by an individual as a standard of reference against which he or she compares himself/herself. Influence group involves reference groups, opinion leadership, family & innovation

Factors Influencing The Rural Consumer Behaviour

- ▶ Reference groups
 - Primary Reference groups – members of family, school teachers or mukhiya of the village
 - Secondary Reference groups – Choupals where rural folks get together

Factors Influencing The Rural Consumer Behaviour

▶ Opinion Leaders

- Individuals may be Opinion Leaders, opinion seekers or opinion recipients
- Women & children are demand generators
- Old orders – successful farmers, elders
- New orders – Youngsters who go to nearby town to study in a college or to work

Factors Influencing The Rural Consumer Behaviour

- ▶ Innovations
- ▶ Innovations are used to spread new products, ideas to other people.
- ▶ Companies use various ways to influence rural consumers such as –
 - Magic shows
 - Nautanki performance
 - Puppet show
 - Wheel of fortune game at the Nauchandi Mela

Factors Influencing The Rural Consumer Behaviour

- ▶ It is important for marketers to understand consumer behaviour –
 - How a consumer behaves ,Interprets & analyse a product ,Communication , Pricing, Purchase action
 - ▶ A rural marketer has to do a critical analysis of the behaviour of rural consumers
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