

Consumer Behavior In Rural Markets: A-B-C-D Paradigm And its Applications

**Dr.S.Sakthivel Rani*

INTRODUCTION

In the marketing literature, much attention has been devoted to urban consumers. As there exists two countries namely -developed and developing countries, the market of urban and rural areas can be characterized by developed markets (urban) and developing markets (rural). This is due to the fact that most of the markets are untapped in these (developing) regions.

DEFINING RURAL MARKETS

According to the census of India, villages with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400 sq. km and with at least 75 percent of the whole working population engaged in agriculture and allied activities would qualify as rural markets. According to this definition, there are 585, 764 villages in the country. Of these, only 0.5 percent have a population above 10,000. Around 50 percent of the villages have population between 200 and 1,000 and another 18 percent have a population less than 200. For FMCG and consumer durable companies, any territory that has more than 20,000 and 50,000 population respectively is a rural market. According to them, it is the class-II and III towns that are rural. According to the census of India 2001, there are more than 4,000 towns in the country. The census classified them into six categories-around 40-0 class-I towns with one lakh and above population (these are further classified into 35 metros and the rest, non-metros), 498 class-II towns with 50,000-99,999 population, 1,368 class-III towns with 20,000-50,000 population, 1,560 class-IV towns with 10,000-19,999 population. It is mainly the class-II and III towns that marketer's term as rural and that partly explains their enthusiasm about the so-called "immense potential" of rural India.

Table : 1

2005	No. of towns/villages	Population (in crore)	Contribution to FMCG Sales (%)
Metro	35	11	28.7
Class-I	359	9	18.7
Urban ret	3,974	9	22.4
Rural	585,764	75	30.1

Source: AC Nielson ORG-MARG

EMERGENCE OF NEW MARKETS

The rural markets account for a market worth of 27 billion dollars. About 285 million live in urban India, whereas 742 million reside in rural areas. 72% of India's population resides in its 6, 00,000 villages. Many companies like Colgate-Palmolive, HCL, and Godrej etc. have already made forays into rural households but still, capturing the markets is a distant dream. Most marketers still lack in depth knowledge to analyze the complex rural market. The focus of this article is to provide a comprehensive view of consumer behaviour in rural markets.

For quite some time now, the lure of rural India has been the subject of animated discussions in corporate suites. With urban markets getting saturated for several categories of consumer goods and with rising rural income, marketing executives are fanning out and discovering the strengths of large rural markets. For example, Tata Chemicals ran a chain called Tata Kisan Kendra which offered services ranging from agri inputs to financing to advisory services. Hindustan Lever is offering deals to farmers that covered operations from the pre-harvest to post-harvest stage. Mahindra and Mahindra Ltd., India's largest farm equipment company and its subsidiary Mahindra Shubhlabh services has operations in 11 states with 700,000 strong Mahindra tractor customer base and the 400 plus dealer network to provide a complete range of products and services to improve farm productivity and establish market linkages to the commodity market chain.

There exists a great need for comprehensive examination to those wishing to market in the rural market. However, such a comprehensive examination is made especially difficult in the absence of a framework to study consumer behaviour in rural markets.

The objective of this article is therefore threefold. The first objective is to develop a framework used to study

**Assistant Professor, Department of Management Studies, Kalasalingam University, Tamil Nadu. Email : drsakthivelrani@yahoo.com*

consumer behaviour in rural markets. The second objective is to apply this framework to examine and understand consumer behavior in rural areas. Based on this examination, the last objective is to offer generalizations and recommendations to those wishing to market their products/services in the rural markets. In accordance with these objectives, the next section develops the framework, known as the A-B-C-D paradigm. The following section considers the four stages of the paradigm in detail, illustrating them with examples drawn from rural markets. Based on this discussion, the final section gives a summary of generalizations and recommendations for rural marketing.

COMPLEX MODELS AND CONCEPTS

THE A-B-C-D PARADIGM

Many comprehensive theories/models have been developed within the field of consumer behaviour (Engel et al., 1968; Engel et al., 1995; Howard and Sheth, 1969; Nicosia, 1966). Models have also been developed for specific contexts, such as for family decision making (Sheth, 1974) and information processing (Bettman, 1979). These theories have played an important role by detailing how various factors influence consumer behaviour. An extensive review of the literature reveals that there is no simple framework that lends itself to a comprehensive study of consumer behaviour in the rural/urban markets. Problems with the existing frameworks make it essential to provide some structure to the study of consumer behaviour. The paradigm proposed in this paper uses four sequential stages to represent the purchase and consumption processes. These four stages are named as *access*, *buying behaviour*, *consumption characteristics* and *disposal*.

FOUR STAGES OF THE PARADIGM

The four stages are briefly described below:

- **Access:** The first step is to provide access to the products/service for consumers within rural areas. Access pertains to physical access as well as economic access.
- **Buying Behaviour:** This stage encompasses all factors impacting decision making and choice within a rural area. Examples of these factors include perceptions, attitudes and consumer responses such as brand loyalty.
- **Consumer Characteristics:** The specific products/services that are purchased and consumed may be different in each area. The cultural orientation and social class distribution will determine consumption patterns within a culture.
- **Disposal:** Many rural areas are becoming more environmentally conscious and are moving away from throw-away products. Hence marketers need to design systems to facilitate the safe disposal, recycling, resale of products. They must also meet their social responsibilities especially in relation to public safety and environmental pollution.

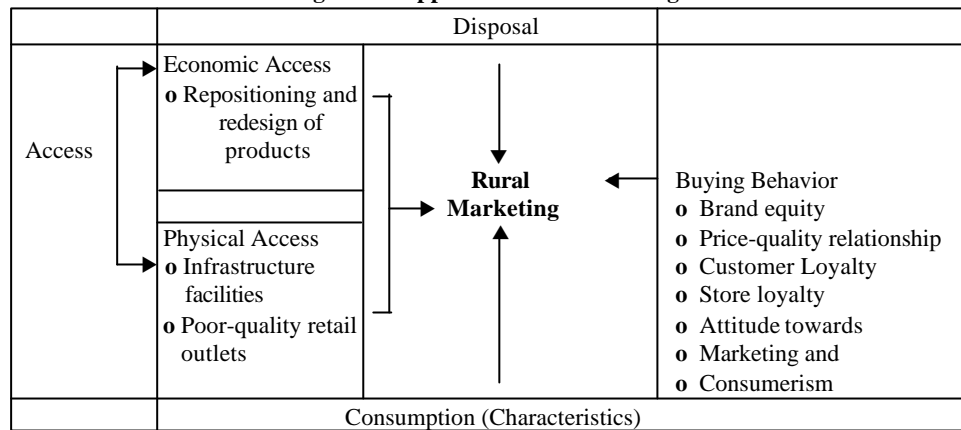
HIERARCHICAL APPROACH

The rationale of this paradigm comes from several perspectives. First, since the four stages are universally applicable, the paradigm offers a general framework to understand consumer behaviour within any rural market. Second, in order to understand the broadest possible range of consumer behaviors within any culture, the paradigm encompasses all aspects of purchase and consumption within a simple framework. Third, the four stages are arranged in a hierarchical fashion from the consumer's viewpoint (i.e.) there can be no buying behaviour unless products and services can be assessed and there can be no consumption unless there is buying behaviour etc. If the marketer is able to facilitate every step of the process from the consumer's perspective, then by definition, the marketing function would become very effective.

The hierarchical approach also gives the marketer a systematic way to prioritize the marketing tasks within a country, (i.e.) access issues should be considered first and disposal issues should be considered last. Note that this does not imply that disposal issues are any less important than access, buying behaviour or consumption issues since all four steps must ultimately be addressed.

The fourth and final rationale for the A-B-C-D paradigm is that it is consistent with the concept of business process reengineering (Hall et al., 1993; Hamma, 1990), which encourages businesses to improve corporate performance by using a cross-functional perspective (Cyprus, 1994). The A-B-C-D- paradigm encourages managers to examine each stage from multiple perspectives and is therefore, consistent with the cross-functional approach.

Figure 1 : Application of the Paradigm



ACCESS

Access can be divided into two types namely : *economic access and physical access*.

ECONOMIC ACCESS

Economic access relates to the issue of affordability of the product/service for the rural population. According to NCAER, the low penetration rates can be attributed to three major factors: namely low income levels, inadequate infrastructure facilities and different lifestyles (Datta, Sharma, Savitha 2000). Even though about 33-35% of the gross domestic product is generated in the rural areas, it is shared by 74% of the population. Hence, the per capita incomes are low as compared to the urban areas. Normally, the rural consumers spent a majority of their income in basic necessities, which makes them *price sensitive*.

In India, although the per capita national income is only \$270 per year (Aswathappa, 1991), there is also a thriving group of upper-middle and upper class consumers (Gandhi, 1985, p.62). Although much of India's population is rural and poor, a third of India's population is considered to be relatively affluent. While the affluent segment might comprise of only a small proportion of the population, one might note that the population base is itself quite large in India. India has a rural population of 742 million people. Estimated annual size of the rural markets in different sectors are as follows FMCG (Rs.65, 000 crore), Durables (Rs.5, 000 crore), Agri-inputs (Rs.45, 000 crore) and two and four wheelers (Rs.8, 000 crores) (C.K. Prahalad, 2000).

Table 2 : Per Capita Annual Expenditure of Rural and Urban

	Rural (%)	Urban (%)	Ratio of urban to rural (%)
Cereals	21.3	10.8	1.10
Pulses	5.2	3.1	1.30
Other food items	29.6	26.0	1.91
Clothing	10.5	9.8	2.10
Fuel	3.7	6.2	3.60
Ceremonies	4.2	4.5	2.30
Health	2.6	2.4	2.00
Education	2.6	5.3	4.50
Other non-food items	13.2	15.9	2.60
Imported rental values	7.1	16.0	4.90
Total	100	100	2.20

Source: Survey conducted by NCAER in 2004-2005

Total per capita annual expenditure on health and education of urban households is 2 and 4.5 times that of rural households. There is greater scope in services like retailing of pharmaceutical products and private sector educational facilities.

REPOSITIONING AND REDESIGN OF PRODUCTS

Owing to the large population base and income disparities, the ability to sell to different income classes would definitely be an advantage to marketers in rural India (Bruner 1994). A marketer has several possible options to accomplish this. The first option is to reposition products that are sold in urban areas. More inexpensive items have to be repositioned to appeal to rural consumers. Another option would be to make products functional yet affordable

through product redesign. For example, rural consumers can afford to buy a car, so cars can be redesigned without many high-tech extras for rural places. A third option, especially suited for the rural areas would be to enhance after-sale maintenance and repair services since consumers in these areas often cannot afford to discard old products. Designating authorized repair centers, having trained service personnel and monitoring both service quality and spare parts inventories can be very helpful in building a favorable company image.

While economic access is important, the evaluation of different rural areas on this dimension can often pose a problem to marketers. Marketers have traditionally relied on statistics such as personal income distribution or Gross Domestic Product (GDP) for this calculation. However, an important point to keep in mind is that traditional GDP figures can sometimes be quite misleading for developing areas. A newer method based on purchasing-power parties appears to be more accurate and shows stronger economics than originally envisioned. (The economist, 1993, Terpstra and David, 1991, pp 234-238).

PHYSICAL ACCESS

INFRASTRUCTURE FACILITIES

The first factor influencing physical access is a country's infrastructure, which is comprised of essential services such as transportation systems, communication systems, utilities and banking systems. Infrastructure not only has a tremendous impact on the ease of conducting business in a country, but is also vitally important for the future economic growth of India (Pitroda 1993). In India, the highway system is poor, utility systems are strained, water is scarce and telephone and banking systems are not efficient.

Nearly fifty percent of the villages in the country do not have all weather roads. The infrastructure facilities like roads, warehouses, communication system and financial facilities are inadequate in rural areas, making physical distribution a costly affair. The government data reveals that 92% villages with a population of 1,000 or more are connected with all weather roads, but the quality of road surface is poor and mostly unreliable in the rainy season. In case of smaller villages with a population of less than 1,000, just 32% have the connectivity to roads (CMIE Report of Infrastructure 2001:4). Banking and credit operations need reforms as less than 2.5% of the consumer purchases were credit transactions (Gehrt et al. 1989). These factors create great problems for distributing goods and services. But still then, marketers can make effective use of the large available infrastructure like post offices-1, 38,000, Haats (Periodic markets)-42,000, Melas (exhibition)-25,000, Mandis (agri -markets)-7,000, Public distribution shops-3, 80,000 and Bank branches-32,000. Infrastructure is improving rapidly due to the following reasons.

- In 50 years, only 40% villages have been connected by road; in next 10 years, another 30% will be connected by roads.
- More than 90% villages are electrified, though only 44% rural homes have electric connections.

DISTRIBUTION STRATEGY

The company can use delivery vans which will serve two purposes. i). It can take the products to the customers in every nook and corner of the market (ii) it enables the firm to establish direct contact and thereby facilitate sales promotion. Annual "melas" organized are quite popular and provide a very good platform for distribution because people visit them to make several purchases. According to the Indian Market Research Bureau, around 8000 such melas are held in rural India every year. Rural marketers have the practice of fixing specific days in a week as market days, when exchange of goods and services are carried out. This is the low cost distribution available to the marketers. Marketing Managers use these feeder towns as they will easily be able to cover a large section of the rural population.

In the service sector, many banks, mutual funds companies and other financial institutions are opening their branches in rural areas, only to tap those untapped customers by making the services available at their door steps. Private and foreign banks are tying up with nationalized banks to reach rural people. For example, very recently, HDFC Mutual fund and Union Bank have put their hands together to co-promote HDFC Standard Life Insurance and New India Assurance in the rural areas. This alliance with UBI will help HDFC to enhance accessibility of their products by UBI's huge network, especially in the rural and semi urban markets across India.

For easy access of one's own funds, ICICI bank has developed a low cost Automated Teller Machine (ATM) designed for rural areas and is aimed at increasing micro finance in rural India. To arrange easy finance for rural consumers, companies are nowadays tying up with banks and financial institutions.

FMCG giant, Hindustan Lever Ltd. has set its targets at reaching 100 million rural consumers through its women centric rural marketing initiative, "Project Shakti". (with the help of State Bank of India for providing micro-finance)

MEGA MARKETING

Mega-Marketing is another concept that is relevant to trade in countries like India (Kotler, 1986). For example, Pepsi was able to introduce its product in India (despite the opposition of domestic soft drink companies and many legislators) through the clever use of mega-marketing (Kotler, 1986). As part of the deal, Pepsi offered to focus on both rural and urban areas and bring new food processing, packaging and water treatment to India. Today, Pepsi is one of the leading soft drink brands in India.

POOR-QUALITY RETAIL OUTLETS

The quality of retail establishment in many rural areas further adds to distribution problems. Retail outlets in rural areas are often characterized as insufficient, unalternative, time consuming and frustrating. Companies, therefore, have to be creative and learn to work around these constraints. Shipping goods overnight and using telemarketing and other direct marketing techniques could pose major problems in rural areas. Also, products should be redesigned to function under less than optimum conditions such as electrical appliances having to withstand repeated power outages. Since computer technology might also not be advanced, the establishment and maintenance of computerized databases might prove to be more difficult. Marketers commenting in rural areas should have collaborative efforts and planned strategy to gain access to untapped markets in the rural areas.

The retail establishment where most rural consumers purchase their day-to-day goods is at a Kirana or street shop. These small open stalls line the streets and are approximately the size of a living room. Consumers purchase everything from bananas to razors at a Kirana with over 2.5 millions kiranas throughout Indian rural towns and villages; keeping store shelves stocked is one of the main challenges to consumer goods manufacturers (Bullis, 1997). In order to reach these local shops and establish a brand presence in them, companies need substantial amounts of working capital and a large committed sales force (Dawar and Chattopadhyay, 2002).

BUYING BEHAVIOR

Once the marketer has ensured both economic and physical access to its products, it needs to evaluate the buying behaviour of consumers in rural areas. However, little is known about consumer attitudes, buying habits, purchasing motives, lifestyles etc. in rural areas. Marketers who seek to enter these markets might, therefore, find it necessary to engage in some a priori marketing research relating to such issues (Peterson, 1990). Rural markets differ from agriculture in terms of demographic and occupational profile, psychographics and behaviour tendencies. The income from agriculture is seasonal and therefore, the demand for durable and other expensive products exhibits a highly cyclical pattern, fluctuating between the two harvesting seasons every year. The rural share in durable goods is estimated to be about 54% (Indian market Demographics Report, 2002). Rural India buys products more often (mostly weekly). Most consumers buy small packs, low unit price more important than economy. In rural India, brands rarely fight with each other, but they have to be present at the right place. Many brands are building strong rural base without much advertising support. Example is Chik shampoo which is the second largest shampoo brand in rural areas. The rural people buy value for money, not cheap products. In India, there has been a proliferation of small priced packs like shampoos, chocolate sticks, creams, cold drinks etc. at price points for Rs.5 and below. This helps in synchronizing the expenditure of the rural Indian consumers with their daily stream of income. The three dimensions of buying behaviour that are considered as critical to rural marketers are - consumer perceptions, consumer loyalty and attitudes toward marketing.

BRAND EQUITY

Brand equity is another aspect of perception. Some of the brands like Colgate, Marlboro are popular brands in rural areas. It might therefore be advantageous to retain these brand names and packaging in rural areas, although companies might want to use the local language on the package itself. One useful technique for marketers is to categorize brands to design marketing strategies uniquely suited to specific brands (Shimp et al., 1993).

Table 3 : Branded Component

% share	Branded Consumable Products
Over 80%	Toilet soaps, Razor blades, Shampoo, Toothpaste, Batteries, Rubs and Balms, Antiseptic creams and liquids, Skin cream, Tooth brushes, Tube lights, Chyawanprash.
60%-80%	Biscuits, Electric bulbs, Hair Oils, Vanaspati.
40%-60%	Iodized salt, Tea, Washing Cakes, Hair wash powders, Home insecticides.
20%-40%	Coconut Oil, Refined Oils, Coffee
Below 20	Non-refined cooking oils

Source: Business Standard, Mumbai, February 2, 1999, p.6.

Table 4 : Rural Volume Contribution of Small Packs (% of sales)

Product	1998	1999	2000	2001
Washing Powder	12.0	14.2	17.2	19.4
Coconut Oil	6.4	9.8	10.8	13.1
Hair Oil	16.4	17.8	18.3	18.3
Shampoo	85.0	86.5	89.3	19.0
Tooth Powder	49.8	54.8	56.7	56.8
Packaged Tea	22.3	28.5	34.3	31.8
Coffee	65.8	66.4	66.8	64.7
Biscuits	19.6	28.9	33.0	37.8

Source: ORG-Marg, R-Panel, as quoted in the Economic times (Brand equity) March 20, 2001, p.3.

PRICE-QUALITY RELATIONSHIP

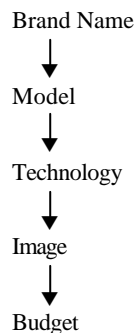
The next aspect of perception is price-quality relationships. Consumers in rural areas have been found to rely on word-of-mouth communication more than price as a means to judge quality. Similarly, it has been found that the consumers rely on personal experience and the opinions of friends and relatives to a greater degree in judging the quality of products. The effective use of word-of-mouth communication might therefore be critical to marketing success in developing market.

Increased income and improved awareness have made the villager more quality conscious than ever before. The demand for various categories of durable and non-durable goods such as Motorcycles, refrigerators, pressure cookers, better quality dress material, tv sets, premium soaps, biscuits and soft drinks concentrates are more in rural areas. Rural consumers are fast learning to use and consume such products (The Economic Times, Brand equity, Oct 6-12, 1999). This attitude may help marketers in securing the rural markets. However, marketers need to break the communication barriers to convince the potential buyer.

Rural markets are flooded with fake or poor quality brands. These brands are identical with well known brands in terms of colour, packaging size etc with minor alterations in spelling or pack design which is difficult for a rural buyer to notice. For example, brands found in Gujarat and Rajasthan are Nirbha for Nirma, Telta Salt for Tata Salt, Loveboy for Lifebuoy, Darbar Amla for Dabur Amla, Golgate for Colgate, Parel G for Parle-G and Real Label for Red Label.

The implication is that part sizes and price points are critical to sales and importantly, the rural consumers view the purchase-tradeoffs dilemma across a much wider range of product categories. So, a marketer will have to examine the methods by which the rural consumer makes the product more affordable. In short, the value for money is the most important concept that will differentiate the successful brand from the rest.

Status Seeking Consumer



Budget-Conscious Consumer



A budget seeking consumer in rural India takes into consideration (first of all) the budget available to him and then warranty and after sales service before setting on the brand name and model. Thus, the concept of the product fitting into one's budget is the most important consideration while making the purchase decision.

CUSTOMER LOYALTY

Customer loyalty can be broken down into two components namely - brand loyalty and store loyalty. Now the customers in the rural areas are turning more into 'brand loyal'. The brand loyalty may be due to their risk-averse nature resulting from financial resources and the spotty quality of products (Johnson and Johnson, 1993; Kanwar 1993).

A second reason for this risk aversion might be the limited brand information available to consumers. This may be caused by the inadequate retail facilities which prevent brand comparisons or the lack of meaningful objective messages about consumption choices. Low literacy rates in developing markets might make it difficult for consumers to gain access to available information.

Indian Readership Survey 2001 reports that there is marked difference between the extent of reach of the press and TV in the urban and rural areas. While the press reaches 56.7 percent urban households and 24.5% homes in rural areas, the reach of cinema in rural sector is 15.7%, which is only around half of the urban reach (Business line, June 16, 2001). According to census 2001, rural literacy was at 59.4 per cent against urban literacy of 80.3 per cent. Only 57 per cent of the total rural households have access to mass media of any kind and of these, 23 percent have access to print media and 36 percent to TV.

A third reason for risk aversion may be due to more conservative and traditional norms found in developing markets. Advertising, especially in the case of durable goods, therefore has to be informative and geared towards reducing risk in developing markets. Related areas could also be clustered on the basis of product perceptions in an effort to standardize advertising strategies within countries that belong to the same cluster (Sood, 1993).

STORE LOYALTY

Store loyalty is the second aspect of consumer loyalty. In India, a considerable proportion of the rural population shops are in neighborhood stores, making location an important factor in store choice. Rural consumers tend to favour specific local outlets because of the prior contact with the retailer. Store loyalty might be even more important than brand loyalty in determining brand choice. It is important for marketers to understand the factors that lead to store loyalty in different rural areas.

ATTITUDES TOWARD MARKETING AND CONSUMERISM

The status of consumerism and the degree of customer orientation in a culture can give marketers important insights into marketing. For example, consumer protection has historically not been given much prominence in India (especially in rural areas) and the government has only recently attempted to set up consumer complaint forums. In most of the areas, consumers are reluctant to complain even when they have a problem. Lack of customer orientation in developing markets is not due to economic factors but might also be the result of religious and socio-cultural factors (Das and Das 1988). In a study, it was found that there is a high level of skepticism regarding the operating philosophy of business and a general dissatisfaction with advertising, complaint handling procedures and information availability among both managers and consumers in India (Varadarajan et al., 1991). At this juncture, consumers preferred government regulation and price control to address these issues while managers preferred industry self-regulation.

CONSUMPTION CHARACTERISTICS

India's per capita income measured in terms of purchasing power parity is estimated at US \$ 2,230 against US \$ 440 calculated by conventional methods translating rupees into dollars at the prevailing exchange rates. Purchasing power parity has been used for comparison to capture available data through certain studies conducted by the National Council of Applied Economic Research in 1996, 1998 and 2002. These studies have attempted to classify the consumer goods market according to the consumption behaviour of its constituents. The classifications of households are made in 5 categories as follows.

Table 5 : Population Distribution By Economic Status (2000-2002)

Category	No. of households (millions)			Distribution of households (millions)		
	Urban	Rural	Total	Urban	Rural	Total
Affluent	4.84	1.3	6.16	9.44	1.05	3.49
Well-offs	29.45	27.36	56.81	57.42	21.84	32.18
Climbers	13.17	41.38	54.55	25.67	33.04	30.90
Aspirants	2.99	38.85	41.84	5.83	31.02	27.70
Destitute	0.84	16.34	17.18	1.64	13.05	9.73
Total	51.29	125.24	176.54	100.00	100.00	100.00

Source: NCAER, Indian Market Demographics Report 2002, p.67.

The upward mobility of aspirants and climbers is likely to expand the market for the products that are currently owned by the well-offs only because this bulk is growing much faster than the population growth. The rise in consumption is attributed mainly to rise in the disposable income, creation of new demands in the rural sector, rapid urbanization and exposure to the media. The more pragmatic approach, therefore, is to structure the Indian market according to consumption and not on the income basis.

The main factor for understanding consumption patterns in developing countries is the role played by the rural sector. While studies of consumption patterns typically emphasis the urban middle class, a majority of the population resides in rural areas. For example, 76% of India's population resides in villages (Gandhi, 1985). One study identified two major trends in rural consumption patterns (Das and Rao, 1991). The first is the increased amount of income being spent on durable goods as opposed to buying land. The second trend is toward buying goods manufactured in urban centers in contrast to buying goods locally made within the villages. These trends have opened up a tremendous market for goods such as tractors, agricultural implements, radio's televisions etc. in rural areas.

The rural goods industry is characterized by poor quality and mediocre marketing. However, a potential demand for consumer goods is vast despite the lower personal incomes in developing market with per capital income consumption expenditure (Kanwar 1993). The Indian rural market still represents a very large market for most consumer goods. In the future, demand for consumer goods like processed foods, toiletries, health care products and cars is likely to increase in these markets.

Cultural patterns in rural areas determine whether a culture is traditional or modern in its outlook and this is a factor that can have a major impact on consumption patterns. Most cultures fall in a blend of traditional-modern dimension. To convert the rural consumers (who are of strict religious and moral upbringing) is a challenge for marketers and requires the use of very persuasive techniques to overcome strong entrenched belief and values.

Another variable that can be used to analyze consumption patterns in developing markets is social class. The middle class in rural areas in India is characterized by conformity to tradition. This segment presents a major opportunity for marketers if they can appeal to traditional values and lifestyles. For example, rural Indian middle-class consumers appreciate products like grinders, blenders and other food preparation aids which allow more easy preparation of traditional Indian foods. Ratio of urban and rural revenues of top marketers are:

Table : 6

Products	Urban	Rural
HCL	67	33
P and G	70	30
Dabur	55	45
Marico	76	24
ITC	55	45
LG	60	40
Videocon	55	45
Hero Honda	60	40

Source: Business Today, August 13, 2006

The rural purchasing power of urban and rural areas is as follows:

Table : 7

Category	Rural (Rs.)	Urban (Rs.)
Cultivator	805	1,467
Wage Earner	522	636
Professionals	1540	1876
Business	1112	1637

Sachets were first introduced in India in 1990's by Velvette shampoo. Sachets meet the needs of the rural consumer in several ways. Sachets are inexpensive, they occupy a small amount of space and they allow consumers to experiment with new products that they may never have tried before (Bailay, 2003). For example, Coca-Cola found success by thinking small. In a packaging change aimed directly at the rural and lower-income markets, Coca-Cola launched a new 200 ml bottle (Kripalani, 2003). The sales increased by 34 percent by the end of the first quarter in 2002 (Kripalani, 2002). Packaging in smaller units clearly helps to increase the affordability of products for small Indian consumers.

CUSTOMIZATION

Marketers should concentrate on both product development and communication in order to win the mind space of the average rural Indian. The concept given by marketing gurus regarding product and promotion strategies in international markets (analogy extendable to domestic companies moving from urban to rural areas as well can be used.)

Figure : 2 PRODUCT

P R O M O T I O N		Do not change	Adopt product	Develop new product
	Do not change promotion	Straight Extension	Product Adaptation	Product Invention
	Adapt promotion	Communication Adaptation	Dual Adaptation	

In order to achieve success, a company should avoid straight extension. Rather, some form of adaptation, preferably product or communication or both should be used. In case of deep pockets, product inventions suited for Indian conditions would be able to generate more returns.

DISPOSAL

Product disposal is a critically important area for most of the rural markets. Since rural consumers in India generally cannot afford to discard used durable goods, resale value is an important consideration in product purchase. Hence, products should be designed for maximum resale value whenever possible. Products which are reliable and have low repair frequency are also ideally suited to rural markets since consumers cannot afford to spend considerable sum on repair and maintenance. Providing adequate repair services and replacement parts could, therefore, be an essential component of marketing in rural areas. Many rural areas have not yet evolved sufficient systems to recycle materials like plastics, glass and metal. In India, there are no formal government mandated recycling programs, although small-scale recycling is facilitated by brokers and door-to-door merchants, who buy items like newspapers and bottles and resell them to consumers or factories. The low education level of consumers in these countries often makes them unaware of dangers inherent in the improper disposal of chemicals, plastics and other hazardous wastes. In this context, companies should have the social responsibility to make products which will not harm the environment or health in rural areas.

SOME LIVE EXAMPLES

- One very fine example can be quoted of Escorts where they focused on deeper penetration. They did not rely on T.V or press advertisements; rather concerted on focused approach depending on geographical and market parameters like fares, melas etc. Looking at the kuccha roads of the villages, they positioned their bike as a tough vehicle. Their advertisements showed Dharmendra riding an Escort with the punch line “Jandar Sawari, Shandar Sawari”. Thus, they achieved whopping sales of 95000 vehicles annually.
- HLL started “Operation Bharat” to tap the rural markets. Under this operation, it sold out low-priced sample packets of its toothpaste, fairness cream, Clinic plus shampoo and Ponds cream to twenty million households.
- ITC is setting up e-Choupals which offers the farmers all the information, products and services they need to enhance farm productivity, improve farm-gate price realization and cut transaction costs. Farmers can access latest local and global information on weather, scientific farming practices as well as market prices at the village itself through this web portal – all in Hindi. It also facilitates supply of high quality farm inputs as well as purchase of commodities at their doorstep.
- BPCL introduced Rural Marketing Vehicle (RMV) as their strategy for rural marketing. It moves from village to village and fills cylinders on the spot for rural customers. BPCL considered the low-income of rural population and therefore introduced a smaller size cylinder to reduce both the initial deposit cost as well as the recurring refill cost.

CONCLUSION AND RECOMMENDATIONS

The practical application of rural consumer behaviour findings in Indian markets has often posed a problem for marketers for two reasons. First, most consumer research in rural markets has used a piecemeal approach. Second, there has been no comprehensive framework to integrate the findings in a meaningful manner. The A-B-C-D paradigm is an attempt which provides a comprehensive framework that will enable marketers to understand, integrate and apply consumer behaviour in rural markets.

SUMMARY OF PRACTICAL RECOMMENDATIONS

ACCESS

- Access the income distribution patterns and affordability of product/service within rural areas.
- Reposition products to appeal to all income classes whenever possible.

- Redesign products to make them more affordable, such as making cheaper versions of products and repackaging products in smaller sizes.
- After sales repair and maintenance services should be enhanced to increase the life of durable goods. Designate authorized repair centers with trained personnel and monitor spare part inventions like Maruti Udyog Company.
- Examine the distribution systems within a country and use innovative ways to overcome distribution problems and gain access to customers.

BUYING BEHAVIOR

- Examine the brand loyalty among the rural consumers and use local language to provide information on packages.
- Simply relying on price – quality relationship will not work out for prestige products. The price quality relationship will not be strong in many rural areas. So, it is better to emphasize quality by effective use of word – of – mouth communication.
- A common mark like silk mark can be followed by the manufacturers in order to avoid the fake products consumed by the consumers.
- Retailers have a very strong influence on rural buyers. In the absence of any other source of reliable information about the product, rural buyers often turn to the retailer for advice and counseling. The role of the retailer becomes more important when a new product is introduced in the rural market.

CONSUMPTION CHARACTERISTICS

- Examine the products and services consumption pattern in rural areas.
- Examine the culture trends (traditional or modern) for adoption of new products.
- Adequate information and educating the unfamiliar products will influence the consumption patterns.
- Examine the consumer behavior of the rural sector in developing countries and the opportunities it represents for marketing.
- Rural marketing involves more intensive personal selling efforts as compared to urban marketing. Firms should refrain from designing goods for the urban markets and subsequently pushing them in the rural areas. To effectively tap the rural market, a brand must associate it with the same things the rural folks do.

DISPOSAL

- Importance should be on product durability and resale value in the design of the products.
 - Design products and packaging to enable recycling.
 - Educate consumers about proper disposal methods of products, if it poses any threat to health or environment.
- The rural consumers are posing as a homogenous group, so that marketers might be able to use similar strategies.

SUGGESTIONS

- Provide meaningful, objective information to enhance brand loyalty and reduce the perceived risk of your brand. Examine the obstacles in the path of a consumer's access to information e.g illiteracy and devise methods to overcome these kinds of obstacles.
- Use terms such as "*new and improved*" since these may be effective in rural areas.
- Location and manner of salespeople are important factors in store choice in rural areas. Train local distributors in ways to improve customer service to enhance store loyalty.
- Allocate resources and devise methods to combat the negative attitudes that are generally prevalent in rural areas. Provide effective means to handle consumer complaints and improve customer satisfaction.
- Deeper psychological variables and social norms could have a significant impact on consumer behavior in rural areas. Use them effectively in marketing strategy whenever possible.
- Note the cultural similarities in consumer behavior which might allow standardization of marketing strategies across countries.

Much of the discussion in this article had noted the possibilities of establishing the foothold in rural markets. First, these kinds of markets (rural) are heterogeneous; hence the marketers should frame different strategies to sell their products. However, it must be noted that it is possible to capitalize on the similarities among the rural markets. Several researchers have suggested the possibility of clustering the areas which allow the standardization of marketing strategies across these regions.

The most important difference between the rural and urban is in the degree of sophistication of the consumers. Urban

consumers are generally familiar with such products, home their attitudes and values related to purchase and consumption will be different. The conversion of rural consumers to purchase sophisticated products is a great challenge for the marketers. But this kind ensures a good demand for sophisticated products in the future. Here, the marketers may have to work harder to sell their goods in rural areas, because of the diversity of values and attitudes present in these regions.

BIBLIOGRAPHY

1. Aswathappa, K. (1991), *Essentials of Business Environment*, 2nd, Himalaya Publishing House, Bombay, India.
2. Bettman, J.R. (1979), *An Information Processing Theory of Consumer Choice*, Addison-Wesley, Reading, MA.
3. Bourne, F.S. (1957), "Group influence in marketing and public relations", in Likert, R., Hayes, P.R. Jr (Eds), *Some Application of Behavioral Research*, UNESCO, Paris, pp.208-12, 217-24.
4. Bruna, R. (1994), "Consuming Passions", *International Management*, May p.p.40-41.
5. Bruner, R. (1994), "Consuming passions", *International Management*, No. May,
6. Bullis.D (1997), *Selling to India* consumer Market, Westport, CT: Quorum Books.
7. Das, H., Das, M. (1988), "The customer is always wrong: a look at the socio-cultural impediments to the growth of customer orientation in India", *Journal of International Consumer Marketing*, Vol. 1 No.1, pp.79-99.
8. Das, V.M., Rao, C.P. (1991), "Conceptualization of India's emerging rural consuming systems", *Journal of International Consumer Marketing*, Vol. 3 No.4, pp.35-49.
9. Datta, K.C. and Sharma Savita (2000), *Level of living in India: An analysis of consumption and poverty*, perspective planning Division, planning commission of India, New Delhi.
10. Dawar.N and Chattopadhyay.A (2002), *Rethinking Marketing Programs for Emerging Markets*, Long range Planning, 35, 457.
11. Howard, J.A., Sheth, J.N. (1969), *The Theory of Buyer Behavior*, John Wiley and Sons, New York, NY.
12. Kotler, P. (1986), "Mega marketing", *Harvard Business Review*, No. March-April, pp. 117-24.
13. Lolta. P (1986), "Mega Marketing", *Harvard Business Review*, March-April p.p.117-124.
14. Pitroda, S. (1993), "Development, democracy, and the village telephone", *Harvard Business Review*, No.November-December, pp. 66-79. pp. 40-41.
15. Prahalad, C.K., and Lieberthal, K. (2003) "The end of corporate imperialism", 81, 109-117.

(contd. from page 27)

BIBLIOGRAPHY

- [1] Larose, Daniel T. "Discovering knowledge in data: An introduction to data mining", ISBN: 978-0-471-66657-8, Published by John Wiley & Sons, 2005.
- [2] Larose, Daniel T. "Data mining methods and models", ISBN-13 978-0-471-66656-1, Published by John Wiley & Sons, 2006.
- [3] E-Learning Handbook <http://c4lpt.co.uk/handbook/index.html>.
- [4] Hart, Jane Centre for Learning & Performance Technologies, Directory of Learning Tools, <http://c4lpt.co.uk/index.html>
- [5] Al-Gattoufi, Said; Al-Naabi, Salem; and Gattoufi, Bechir "Readiness For Shifting From A Traditional Higher Education Learning System To An E-Learning System: A Case Study From the Sultanate Of Oman", *Journal Of College Teaching And Learning*, 4/11. 2007.
- [6] Blundell, Barry G. "Enhancing the Educational Experience through the Effective use of Digital Technologies", Paper presented at College of Applied Sciences – Nizwa, 4th of January 2008.
- [7] Nilsson "The Edutella P2P supporting democratic e-learning and communities of practice".

(contd. from page 37)

The restaurant management can increase their sale and market share by taking into account these underlying factors. The various factors are payment options and behavior of staff, presentation, price, hygiene and quality of food, quality of beverages, ambience and experience, behavior and loyalty, comfort and promptness, packaging and service.

BIBLIOGRAPHY

- 1) Fraj.E, Martinez.E, (January 2007), "Ecological Consumer Behavior: An Empirical Analysis" *International Journal of Consumer Studies*, Vol. 31, Issue 1, (pp. 26-33).
- 2) Grunert.K.G,(2005), "How Changes in Consumer Behavior and Retailing Affect Competence Requirements for Food Producers and Processors", *Aarhus School of Business - Marketing and Statistics, Economía y, Recursos Naturales*, Vol. 6, No. 11, and (pp. 3-22) .
- 3) Rodriguez, Paola.R,Lupin.B, Lauragarrido,Gentile.N," Consumer Behavior and Supermarkets in Argentina", *Development Policy Review*, Vol. 20, (pp. 429-439), 2002 .
- 4) Shan.O.C, (October 28, 2001)," Key Aspects on Consumer Behavior of Hong Kong Internet Non-Shoppers - An Empirical Study", Net Holdings Limited – General.
- 5) Strugnell.C, (1997),"Factors affecting consumer acceptance of chilled ready meals on the island of Ireland", *Hospitality Tourism and Consumer Studies*, University of Ulster at Jordanstown, Shore Road, Jordanstown, Co. Antrim BT37 0 QB, Northern Ireland, UK.
- 6) Sukalakamala, Boyce.J.B, (2005), Customer perceptions for expectations and acceptance of an authentic dining experience in Thai restaurants" *Hospitality, and Retailing (NHR)*, MS 41162, Texas Tech University, Lubbock, TX 79409, USA.
- 7) Verma, Plaschka, Gerhard, Cornell, (Dec, 2002), "Understanding customer choices: a key to successful management of hospitality services", *Restaurant Administration Quarterly*.