



A study on Technological Impact on Rural Markets in India

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Abstract : The vast country side in India is where the future markets will be. Rural Markets offer lucrative opportunities to invest in, as it is fast expanding in its size and scope. Rising affluence, good monsoons, use of modern technologies in farming and rural areas have shifted the focus of marketing gurus from the urban saturated centers to the rural potential markets. The advent of green marketing concept and organic farming techniques have added to the increase in the scope for investments in the rural markets.

The high demand base coupled with elevated market potential is culminating into developing fruitful technologies that will help to enhance the market of the new millennium. The regional diversity and the growing techno-savvy consumer base throughout India, makes it the best battleground for the multinationals to showcase their innovative offerings to the rural consumers. India is growingly becoming a better choice for global marketers to pilot test their innovative products and services, before they can cater to other parts of the world. Big brands like Nokia, Godrej, Tata, HUL, ITC, P&G and the like have successfully tested and crafted their products to the rural consumers.

The present article focuses on analyzing the impact of information technology in improving rural marketing, providing an insight into opportunities available and enabling strategies for further technological advancement of rural markets. Finally the exploratory study suggests a proposed model for e-Rural Marketing in India.

Keywords: Rural Marketing, e-rural marketing, rural marketing chain, Rural CRM

I. INTRODUCTION

India is predominantly an agrarian economy. Rural markets offer immense potential for market growth and expansion. The market demand for agricultural input such as Farm products (Seeds, fertilizers, pesticides, etc.), equipment (including tractors) has risen by leaps and bounds. Rural markets contribute to seventy percent of the population spanning across 6, 27, 000 villages in the country. The growth potential of the rural markets is depicted in the table below:

Products	Amount in Billion (INR)
FMCG	6500
Consumer Durables	500
Agriculture Inputs	4500
Automobiles(2 & 4 Wheelers)	500
Total	12300

*Source: Mc Kinsey Global Institute

An understanding of the term “Rural Marketing” is essential to gain insights into the present article in its perspective. Rural Marketing is any marketing activity which identifies and serves the needs of the consumers living in villages. Technological advancement will prove successful if and when marketers dwell in rural areas, live rural lives and understand the nuances of Rural Consumer Behaviour. In recent times, the focus of marketing has been channelised on rural markets, as they offer huge opportunities that Multi Nationals can ill afford to ignore. Green Revolution has ushered in the intelligent use of fertilizers, herbicides, high yielding agricultural crops, modern implements and improved use of technology which has resulted in increase in disposable income of the farmers, substantial use in purchasing power, decent lifestyle and a better standard of living of the large rural population. The growing rural markets envisages tremendous marketing opportunities for growth and expansion as they are vast, attractive, scattered, homogeneous and is nearly three times the urban markets.

THE INDIAN RURAL SCENARIO: KAL, AAJ AUR KAL

Rural India as depicted in the 1960 to 1990’s was characterized by a number of features which have been analyzed below from a dual perspective:

Consumer’s Side	Marketer’s Side
<ul style="list-style-type: none"> • Low Connectivity (Physical Communication, infrastructure, Roads, Electricity, Transport and Logistics) • Underdevelopment, low levels of literacy and low standard of living • Scattered and uneven spread of villages • Inaccessibility • Low Per Capita income and spending power • Seasonal demand 	<ul style="list-style-type: none"> • Inapproachability • Focus on the attractive urban markets • Myopia towards urban markets

The rural markets may be beset with problems but are alluring and are virgin markets waiting to be explored. They pose challenges of availability, affordability, acceptability and awareness (4 A's).

Tapping and capturing these markets can prove a mackinac's gold the future marketing gurus. Here the focus of the marketer should be initially change the mindset of the rural folk to think urban. Innovation is the key. Companies need to innovate profusely with their products and services. They need to design them specific to the rural community. Pricing and credit facilities also poses a great threat. If companies want to sell to rural consumers, they need to extend credit till harvest time and accept payment in grains and also have oodles of patience when it is receivable time.

Technology and communications have penetrated into the hinterland of the villages. Education and employment have resulted in a shift from ignorance to awareness, poverty to plenty and greater access to products and services like never before.

The Present Scenario:

The trends in the rural communities have shown a marked change. Technologies and strategies being propagated in the rural areas are urban based and ill suited to the needs of the rural folks. The products and services provided by the technology developers only cater to the needs of the elite farmers as a result of which the poorer section of the rural masses and are left behind and neglected, adding to their woes. Moreover, the mindset of the rural fraternity needs to be made in tune with that of the technology developers.

The hall mark of rural markets should be innovation. Technologies developed should be backed by good after sales service, convenience, affordable prices and they have to be tailor made to suit the requirements of the rural areas. An industry-funding agency interface can benefit the lower strata of the population and can also act as a catalyst to employment generation.

Future of E-Rural Marketing in India: An Overview

Rural India accounts for 833 million living in India, (census 2011). They have been exposed to new communication technologies and a gamut of services. The rural segment is growing at a pace of 9 – 10% per annum (Technopak report) and is anticipated to add new consumption of US \$90 billion – 100 billion over 2012-2017. Moreover according to ASER (2012) report, private school enrollment in rural India has risen by 5.5% over the past six years and the literacy rate has gone up by 68.91% of rural India.

The future of rural marketing is in retail, e.g.: DCM Shiram's rural retail arm "Hariyali Kisan Bazaar (HKB)" is planning to open 10 outlets in 2012, covering 230 stores across 8 states.

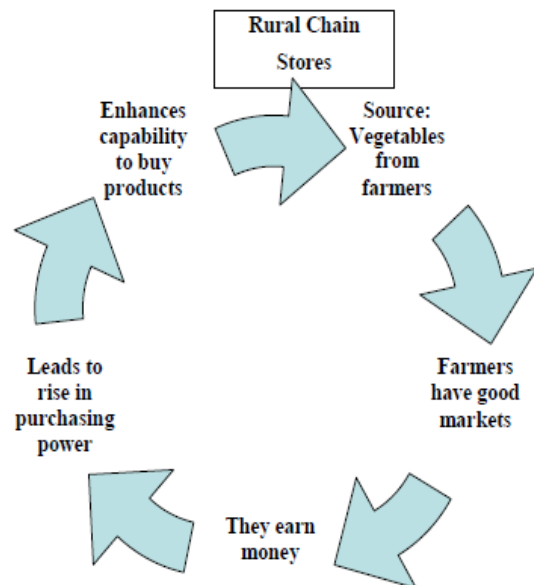
FMCG: big time players as Dabur, ITC, Colgate, and Godrej have penetrated into the heartland of rural areas.

Automobiles: Rural India with its vast size is attracting the automobile makers in a huge way. They account for almost 35% of the automobile industry sales. Players like Ford, Toyota, Hyundai, and General Motors are in the fray to offer financing services, retail banking services and rural reach to attract its rural fraternity.

Rural marketing efforts have also led to corporate social marketing initiatives like providing employment opportunities to rural people and thereby increasing their purchasing power.

Chain stores have stormed the rural bastion, which will ultimately lead to a cycle or chain as evolved below:

The Rural Marketing Chain

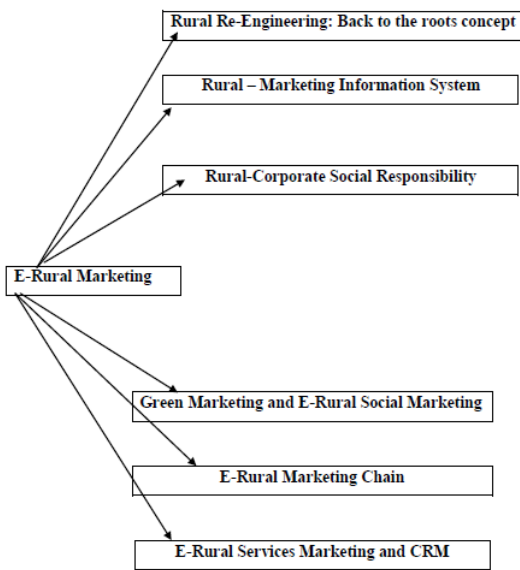


The rural chain stores will not only prove to be a boon to the farmer in selling his agricultural produce but also will generate employment opportunities, thereby resulting in improving the standard of living of the rural folks.

A Proposed Model for E-Rural Markets:

Information technology is the magic wand for the future of E-Rural Marketing in India. Technology can provide timely information for providing effectiveness to the 4P's of marketing in the rural areas. Farmers can be facilitated to sell their products effectively at remuneration prices, gain access to credit facilities at the right place and time and gain access to newer and greener avenues of selling agricultural products.

A Workable Model of E-Rural Marketing:



The proposed model provides linkages in six areas

Rural Re-Engineering Initiatives: Innovative practices to develop the rural areas are envisaged in this initiative. The back to the roots ideology is one such move which encourages the rural youngsters to educate themselves outside their village (earn foreign degrees) but they should endeavor to come back and serve their rural community. This will lead to the wellbeing and development of the place. This practice will ensure that there is a check on brain drain in India. Central Government is encouraging Entrepreneurship in the rural areas by floating many a employment schemes like, PMRY(Prime Minister’s Rozgar Yojana), SGSY(Swarnajayanti Gram Swarozgar Yojana), REGP (Rural Employment Generation Plan), etc, to name a few.

Initiatives by the state governments are also well framed to benefit weaker sections of the society and the downtrodden. The recent example of Andhra Pradesh government promoting the Pavala Vaddi Scheme (Interest Subsidy) during the year 2004-05 with an objective to provide interest subsidy on the bank loans taken by the Self Help Groups in Andhra Pradesh to reduce the financial burden on them is a good example of promotional schemes in the different states.

Rural Marketing Information system: In order to provide timely and needed pertinent information an effective information system is the need of the hour. Rural India needs to be connected via Broadband (Co Options technologies and Walden international are already in the fray to connect 2740 rural co-operative banks on its technology solution) .Connectivity via broadband using World Wide Web, mobile phones can be used for information gathering and dissemination via world space satellite radio. Remote areas can be connected deploying the services of a mobile communication node (MCN) which consists of a computer/laptop, solar panel, adaptor, portable printer

and the world space satellite radio receiver. Providing marketing information services can be of great help to the small rural producers and the big and small businesses.

The integration of all the rural markets across India through a Management Information system will provide and benefit the Multinational companies to fasten their product testing and generation process, thus benefitting the global society at large.

A thorough training and inculcation of Information Systems in all functional areas and the extensive use of Enterprise Resource Planning Systems (ERP) along with Business Intelligence should be provided to the rural youth to ensure efficient and effective marketing solutions to the rural markets.

Rural-Corporate Social Responsibility Rural social initiatives undertaken by the corporates help the poor people to have spendable income on product categories Hindustan Unilever Limited has created an income generating opportunity called Project Shakti and Shaktimaan which provides employment opportunities, distribution network to rural entrepreneurs. The ITC’S e-choupal initiative is the sole largest information technology based initiative which provides enriching and customized information to improve the farmers decision making abilities, securing better quality and productivity price. It also facilitates a direct marketing channel, is logistics efficient and generates considerable income for farmers spanning one sixth of rural India. There are other corporate initiatives of TATA(Tata Kissan Sansar), Indian Oil, Reliance Rural Hub and Future Groups Aadhar which enable the farmer to sell his produce , get credit and insurance facilities and non fuel products.

The Aditya Birla Rural Technology Park at Renukoot, Uttar Pradesh fosters people empowerment through capacity building. The company has built a huge campus which houses many training centers mostly dedicated to the agriculture and veterinary research activities, like, animal husbandry, cattle rearing and the latest farming techniques. Apart from that the company also has a vocation training centre and a hospital which ensures the health of the rural masses thus guaranteeing a better nation.

Corporate social responsibility (CSR) can be turned into a business opportunity too. Infosys Technologies is experimenting with the BPO centres in rural areas to exploit the workforce which is available in abundance in rural India. Infosys is targeting FMCG Companies (fast moving consumer goods companies), which are increasingly developing and growing by venturing into the rural areas.

Green Marketing: Synonymously known as Ecological Marketing or Environmental marketing or sustainable marketing. Green marketing is fast picking up pace in the rural areas and more so in the back bone sector of our economy, the agricultural sector.

Farmers are coming up with innovative ideas with the help of many companies dedicated to the cause of the environment as a part of their Corporate Social Responsibility initiatives.

The lift irrigation programme, which ensures the availability of water throughout the year, irrespective of the weather conditions is a rural integrated development system taken up by the corporate major, TATA in conjunction with GVK under the Gram Vikas Kendra project, in Jamshedpur. This has ensured that the farmers have substantial incomes throughout to invest in farming for the whole year and also has improved the fertility of the soil and thus made it more arable.

Mass planting of trees and avoiding soil erosion, the use of drip irrigation, the advent of herbal pesticides (Herbicides) and organic fertilizers, innovative water harvesting methods and conservation of natural resources are few of the successfully implemented initiatives in the rural development scenario. Green warehousing, vermicomposting, electricity generation from biological waste or bio-fuel manufacturing, use of tidal waves and wind energy in the production of electricity apart from solar energy utilization for farming purposes and production activities and the like are the few of the commendable initiatives taken up in the rural areas for higher productivity and a greater cause of the preservation of environment. For example, Jolly TV, a local TV Manufacturing company in Uttar Pradesh is producing televisions which run on rechargeable battery systems, to ensure uninterrupted entertainment to the consumers, despite many power cuts in rural India.

E-Rural Social Marketing: Using the electronic media to communicate the advantages of products or brands that have the specific objective of creating, executing, achieving and further controlling an influence of social change or overall societal well being are included in this arena. The different commercials aired by the government and the NGO's (non government organizations)/ NPO's (non-profit organizations), about the responsible consumption patterns in the rural households, the educative advertisements on the soil testing and fertilizer usage patterns to protect the soil from erosion; establishment of 24 hour, toll free call centers for counseling of the farmers on various issues relating to farming practices; consumer forums and consumer protection cells for the various issues relating to the retailer and consumer transactions, the legal provisions available for the same, and so on are included in the electronic rural social marketing.

Most of the organizations are increasingly using this medium to attract and bring about a change in the mindset of the society.

E-Rural Marketing Chain: The distribution network is one of the vital factors in rural marketing and it is observed that most of the companies are shifting their focus onto building a reliable network of supply chain which is custom made to suit to the requirements of the rural producers/ rural marketers. Most of the rural

distribution chains are uncomplicated and mostly include only the key success factors.

HUL, the FMCG giant and the maker of soaps such as Lux and Lifebuoy, launched a project named Shakti in the year 2001, employing mostly women for last-mile distribution in the rural areas.

Short Supply Chains: typically includes all forms of marketing involving direct links between food producers and consumers. Some of the famous examples of the same include: Sales at the farm, farm shops, Haats, Mandis, Rythu Bazaars (Farmer's Market), etc.

Farmer/Producer → Consumers

V.G. Ram Kumar, Founder, Aruntec came up with the idea of building a two way business channel between rural entrepreneurs and buyers in urban markets using Information technology; which included online deal of products developed by rural artisans like, weavers, potters, handicraft makers as well as agricultural produce.

Amul is a classic example of a firm that has built on its strength and integrated technology for the purpose of reaching a larger customer base and building a strong supplier network. The introduction and successful implementation of Cooperative model to reach its consumers in the rural areas and urban areas, including various nations globally, is the forte of Amul. Activities at the village level comprised of developing and servicing the Village cooperative societies, increasing milk collection, procuring milk, and transporting it to the chilling and processing units twice a day. The villages with no chilling processing units were mainly catering to the local demands. The successful integration of the main stakeholders, the cooperative society, producers and suppliers ensured a great supply chain management model for Amul.

E-Rural Services Marketing and C.R.M: Services and relationship management are the key to building bridges and opening doors in the rural bastion. Some of the prominent initiatives planted by corporates are:

Digital Gangetic Plan (DGP) - a Wi-fi project connecting some villages in Uttar Pradesh has been successful in providing internet access to the rural population. The people are benefited by the various modules like Bimari Jankari (information relating to health and diseases) and Digital Mandi (information pertaining to agricultural commodities, knowledge of relative prices, etc.) of the project.

Launch of e-governance services through E-sevas in rural Andhra Pradesh in 2003, enabling the people to pay their utility bills, passport services and receive certificates and the like at their doorstep.

Vihaan Networks Ltd. (VNL) has come up with GSM towers called the WorldGSM which work entirely on solar energy, whose technology can help many networking organizations to foster their business model of GSM, and broadband services in the rural markets.

The trial version of the project has been set up in Bhiwandi tehsil in Rajasthan.

Samsung Electronics Company Limited has launched a trial version of SOLAR GURU, a made in India mobile that operates on solar power. The shortage of power supply does not hinder the recharge of mobiles for the consumers.

Kisan Credit Cards have been issued to over 41 million people in rural India. Maintaining cordial and continual relationship with them will be beneficial to companies. Moreover, thanks to technology, net based initiatives are penetrating the rural soil offering galore opportunities to develop create demand for products, services and generate incomes.

CONCLUSION

Change is the order of the day and business organizations need to improvise and adapt in order to survive in the market. Since the urban markets have reached the saturation point, it is imperative that rural marketing will offer the much needed push in the form of wider consumer base, gain volumes and profitability. Simple technological solutions can create networks in rural areas which can be highly useful to farmers in farming purposes, selling their produce effectively .his will ultimately improve the economic condition of the rural folks. Rural markets are the rich investment hub for future. Marketing Gurus need to innovate, make marketing plans and programmes to fit the rural market.

As quoted by the marketing guru, Philip Kotler, there are only two basic businesses of any organization, to market the produce and to innovate. Organisations which innovate shall flourish, while the others are likely to perish.

“The rural markets are the indicators of the health of a nation at its grass root level; the stronger the roots, the healthier the nation in terms of economy, prosperity and affluence.”

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