

Marketers must revise their rural marketing formula based on hard facts

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Some marketers say that in their experience the rural-urban divide is blurring, and the whole idea of rural marketing as we knew it (haats, wall paintings, mobile vans, paisa packs, street corner demos on benefits and methods of usage, etc) are now obsolete; that media, physical distribution, exposure to the world, income levels, access to ecommerce have drastically improved, so let's officially end the era of specialists in rural markets. This is true if you drive through many of the more developed states with easy road and public and private transport connectivity to the nearest large town with jobs, more rural educational facilities and higher incomes thanks to non-agricultural jobs and to better paying crops.

	Developed Rural	Emerging Rural	Under Developed Rural
Households (mn)	29	53	97
Average per capita income*	205	134	100
Average HH consumption spend*	203	133	100
% of HH belonging to Top 20% per capita income of India	40	17	8
% of CWE illiterate	1	7	16
OCCUPATION (%)			
Cultivators	25	30	28
Grade 4 employment	17	9	7
Shop/Business owner	10	7	5
In the past 3 years my financial condition has become better (%)	38	24	20
I am confident or most confident about stability of my major source of income (%)	61	45	39
% having cable/dish	84	49	30
% having motorcycle	56	37	18
% having refrigerator	41	19	6

Source: ICE 360 data base of People Research on India's Consumer Economy
*Indexed to 100

Yet others have adopted the view that 'rural' includes semi urban or peri-urban or rurban as it is variously called; that these are not really urban (even the census classifies 'census towns' as distinct from other urban towns). These are not classified as rural anymore because they do not fulfill the census definition of rural, that 75% or more of the male work force must be employed in agriculture. 3894 such rurban census towns, housing almost 40 million people (10% of urban population), lie in this twilight zone. By this definition of rural, marketers report that rural is showing far more exciting growth than urban and is behaving pretty much the same way. But that's the bright side of the moon. The dark side of the moon also exists. There is also an extremely underdeveloped rural India, in low GDP, historically poor states with poor infrastructure, where it takes the genius of a Hindustan Unilever to build oases in the media and distribution dark desert. People Research on India's Consumer Economy, a newly established fact tank and think tank on India's consumer economy have, based on their 2014 all-India, large scale, household survey, the ICE 360 data base, segmented rural India (as stringently defined by the census) into Developed, Emerging and Underdeveloped Rural, and helps provide a data based map of market structure to help interpret what marketers are experiencing as consumer response in rural India. (Table 1 captures the diversity of rural India well, and shows that "rural=urban" and "dark rural"

assumption are both true.)

Underdeveloped Rural does not look too exciting for a marketer. However, if you are familiar with the Indian number trick of how a large number of households earning a little bit each can add up to a lot, then you will not be surprised to find that under developed rural has 55% more income and 64% more expenditure than developed rural. Lots of gain, lots of pain, not every company's cup of tea!

Another data driven insight that emerges from the ICE 360 data base is that if you consider all the people who are in the top 20% of per capita income in India, then 18% to 19 % each live in metros and in developed rural; and almost half of them (45% to be precise) live in census defined rural India.

So, of course rural markets are singing, they have almost half of upper income Indians, and they will sing in the future too. When a large mass of a whopping 180 million households starts to move, even though at varying speeds, and some quite slow, it still makes for a market opportunity that is already larger than the urban market. Rural consumption expenditure is 56% of all India expenditure as we speak, and growing faster. So is rural marketing as we once knew it dead? Not quite, but there's a different kind of poor but exposed and aware consumer out there, and a different kind of growing tribe of rural rich out there that needs a different cocktail of marketing tools.

The authors are cofounders of People Research on India's Consumer Economy (ICE 360°)