

RURAL INDIA: SCOPE FOR DIGITAL STRATEGIES

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Abstract:

Of late rural market has attained importance and is attracting the attention of marketers towards rural market due to the urban market saturation. This paper provides the understanding of rural market to develop digital strategies in the rural areas of India. In order to meet the needs of rural people, the companies are facing many challenges and this brings about rural market to grow faster than that of urban market. Hence, the marketing professionals' also looking for expanding their products and services to the rural market as it is unexplored. The main objective of this paper is to explore and describe the rural market for finding the potential business opportunities so that the companies develop the digital strategies accordingly.

Introduction

India is a fastest developing country and also commonly known as the country of villages. As per the Census India (2011) report, around 70 per cent of the population still living in 6.5 lakhs villages and almost 50 per cent of the people are heavily relying on agriculture. This heavy reliance on agriculture might be one of the causes of poverty in rural India. It can be well observed that there is a big difference between rural per capita income and urban per capita income. The statistics of 2012-13 are report that the rural per capita income was 40,772 INR while urban per capita income was 1, 01,303 INR. So, most of the business companies were concentrated on consumer demands and businesses in the urban areas which have a very small part of total population. But today the scenario is different as there is technology enhancement. The usage of mobile phones and internet by the rural people is becoming very common and it making the marketers to think about demand for the products and services and scope for developing digital strategies in the rural areas. Rural customers and also business organizations are getting benefited by the usage of mobile phones and internet to meet the demand by providing the necessary products and services. Today, many of the consumer companies are focusing on rural market because urban cities started saturating as a result of high population and low opportunities. Hence, it is very important for the organisations to develop strategies to enter into the rural market to improve their businesses. Due to the technological advancements there is lot of scope to start new businesses and expanding existing businesses in rural areas.

Literature Review

Researchers conducted various studies to illuminate the ICT (Information and Communication Technology) adoption and use for every individual. Technology Acceptance Model (TAM) is one among the well accepted and frequently used theories. TAM is basically designed to describe the influence of various factors on accepting different computing technology in the organization. Theory of Reasoned Action is the basis for TAM which believes that the user always has specific reason to act. Using TAM theory several studies have been done to illuminate the patterns of information and communication technology adoption and use in disadvantaged areas and rural areas. Particularly in rural areas, there is an influence of social and economic factor to adopt technology. Rusdiah (2013) has conducted research study and found that there are many non-technical factors of ICT such as legal uncertainty, human resources ability influence the adoption and use of ICT in rural areas. However, Rusdiah (2013) study lacks the explanation of the impact of socio-economic factors on the acceptance

and use of technology. Hence, incorporation of social and economic factors in rural area resulted in Rural TAM framework (Islam, 2011). Theory of Rural TAM includes Facilitating conditions (Venkatesh et al., 2003), technology service attributes, social influence, demographic factors and individual factors. According to Moosa (2010) individual characteristics are very important when compare to the nature of technology in the adoption process. Another important factor is the ability to process information which separates adopter from non-adopter (Venkatesh et al., 2003). Tambotoh et al. (2015) concluded that demographic, social factors and facilitating conditions impact the beliefs of rural community that the technology existence increase their performance i.e. perceived usefulness and also influence technology perceived ease of use. Moreover, Researchers (Tambotoh et al., 2015) suggest that there is a need to study the behaviour of technology use in remote areas. Due to the penetration of smartphones and availability of internet irrespective of regions (rural/urban), business people using social media to position their brands. For instance, latiff et al. (2017), state that Instagram is a nice platform to begin a home-based business. Not only ambitious homemakers but also part-timers, students can use Instagram as a platform to promote their brands by sharing the photos in it. Because today, even commodities like salt, sugar, rice etc. are coming with a brand. Edward J. Malecki (2003) studied the potential benefits and downfalls of digital improvement in rural areas and found digitization improve work efficiency. Laura Galloway et al (2005) have stated that Information and Communication Technology (ICT) drive rural economic growth. Researchers (Erda CV, 2008) have studied the rural and urban consumer behaviour on mobile phones and highlighted the difference between rural and urban people consciousness about price, style, quality, brand, function. Heikki Karjaluoto et al (2010) investigated the factors which influence the customer acceptance of mobile advertisement and developed a conceptual model of customer readiness to accept mobile ad. Mahalaxmi et al (2016) have stated that people are employing digital means for purchasing products regardless of their income level and qualification. Hence, they also opined that advertisement through digital channels create awareness among people. However, age difference and gender differences will influence the adoption and use of Information and Communication Technology.

Research Objectives

The main objective of this study is to analyse the rural market and identify the opportunities to develop the digital strategies in the rural India. In order to achieve

- To understand the ways for digital marketing in rural areas.
- To investigate perception of rural people towards digital marketing.
- To know rural people behaviour towards usage of smart phones and internet.

Research Methodology:

This study used descriptive research design to explain the scope of developing the digital strategies in the rural areas of India. The data has been collected from various secondary materials available.

Improvements and recent developments in Rural Areas:

Narendra Modi quoted, "In this digital age, we have an opportunity to transform lives of people and ways that was hard to image a couple decades ago."

Earlier, in rural areas mobile network was very poor. Due to the rivalry in telecom industry, companies had to increase customer base and high band width which led to increase in mobile usage in villages. With the development in the infrastructure today rural areas are coming closer to the urban cities. Mobile phones and internet facility have brought a change in the lifestyle of the rural people which is closer to the urban lifestyle. Along with these improvements, the government schemes and easy capital availability by micro finances motivated the rural India to start side businesses in the field of agriculture. For instance, milk, poultry, honey etc. are some of the notable examples of rural side businesses due to which the per capita income of the rural India has been increased.

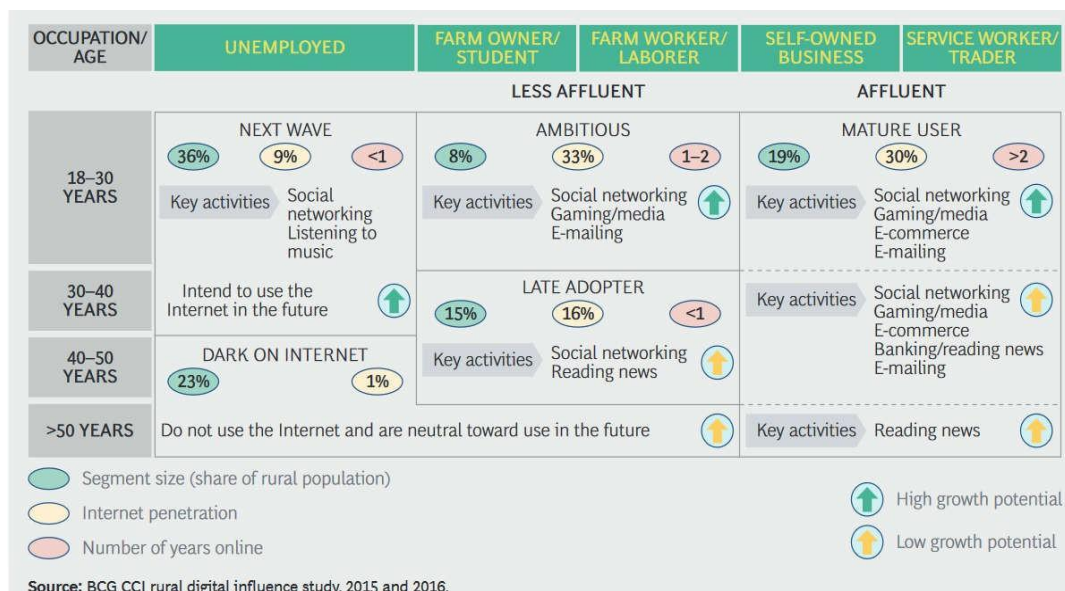
The Government of India initiated a flagship program called Digital India. This program has been initiated to make government services available to the Indian citizens electronically by developing the online infrastructure and raising the internet connectivity. This campaign has been launched by the Prime Minister Narendra Modi on July 1, 2015.

Digital India includes strategies for connecting the rural areas by providing the high speed internet networks. This flagship program includes majorly three components. They are: developing digital infrastructure, delivering the services electronically and digital literacy. Manufacturing of electronics is one of the aims of digital India concept which is for bringing down India's electronics imports to zero by 2020 and encouraging domestic manufacturing by adopting new technology. All indications are that rural India will welcome these digital inclusion efforts. Rural Indians have been getting online in increasing numbers, and are expected to catch up with urban India by 2020, when 48% of the online population will be from rural India (up from 36% in 2016).

Five different Segments of Internet Users in Rural India:

According to the BCG (2016) report, by 2025 India likely to become third largest consumer market as there is 12% growth of India's consumption expenditure year-over-year which is greater than double the predicted global rate of 5%. There are five household income segments in India which includes elite, affluent, aspirers, next billion, and strugglers, out of which elite and affluent are fastest growing income classes. Due to the rise in the income levels and Indian society progress, consumer behaviors and spending patterns are changing. Hence, it has been estimated that, by 2025, the share of strugglers will decrease from 31% to 18%. These changes have big inferences for how companies and government position themselves currently. Today, rising affluence, urbanization and shifting family structures etc. are the main factors which are driving the consumer market growth. Generally, there is a difference between emerging city and big-city consumer behaviors. The consumers in emerging cities are value-for-money oriented and have local cultural affinity and high conservation attitude. Though they have buying desires, they are constrained by the availability of products or services. Statistics saying that from 2015 through 2020, the number of rural consumers will raise from 120 million to 350 million. In rural area majority of the internet users is male i.e. 98% which is different from cities. More than sixty percent of the rural people are using internet for less than 2 years. It is indicating that they are comparatively immature digitally and as they get experience their usage patterns change as well. Even at this premature stage in their development, they can be classified into five different segments which are of changing interest to marketers. They are:

1. Mature users
2. Ambitious users
3. Late Adopters
4. Next-Wave users
5. Dark on the internet



A mature user is an 18-50 year- old salaried (male) employee or businessman from an affluent family and he has been online for minimum three years. Daily he accesses internet for various purposes mainly for social networking, gaming, e-commerce, e-mailing etc., and spends 2-3 hours online, principally on smartphone. Almost 19% of the rural people belong to this category and internet penetration is comparatively high in this segment.

Ambitious Users: This category consists of 8 percent of the rural people who are young college graduates. They belong to a less affluent family than the mature user and want to move to urban city for working. They are active in digital media, use internet-enabled phone and spend 2-3 hours online daily. In this segment, internet penetration is estimated at around 33 percent. Significant growth is estimated in this category.

Late Adopters: This category consists of 30-50 year-old-men. Even though many have their own farm they are less affluent in comparison with ambitious users. This category occupies 15% of rural people with online penetration of 16%. Daily 2-3 hours they spend online and in a week 4-5 times they access digital media. These people are savers and very conservative who prefer value-for-money brands.

Next-Wave Users: This segment consists of 36 % of rural users who are young female homemakers belongs to affluent family. This segment has only around 9% of Internet penetration. Even though they aren't college graduates, they are the decision makers in their family and prefer branded products. Next-wave users spend online only 15 minutes in a day and started going online now.

Dark on Internet: Old men and women (50 years or above) are included in this segment which occupies nearly a quarter of rural population. This people are not belongs to affluent family, not well educated and do not work. They have traditional values, and women in this category are not decision makers in the family. Family members have a basic mobile phone and have little interest in using internet with only 1% of internet penetration.

Difference between rural and urban internet users:

Rural and urban users differ in their internet usage that marketers must take into consideration. The internet usage of rural and urban consumers will be varying greatly based on the geographical area. Rural users use feature phones which are inexpensive internet-enabled phones to connect 2G or sometimes 3G networks. Only about 25% have smartphones and nearly 10% use laptops and PCs. In contrast, almost 66% of urban people own smartphones and 20% people use laptops and PCs. However, due to the drop of device prices and deployment of faster networks, the patterns of rural will change.

Due to the difference in device and internet penetration or capability, rural and urban consumers use different apps to carry out similar activities. For example, SongsPK for downloading songs for free, Whatsapp is being used for messaging and rural people use UC Web Browser because it uses technologies like data compression which helps in loading Web content faster and reducing data consumption during browsing. The more popular and vernacular media consumption apps are Daily Hunt (For news search) and Dainik Jagran than the Times of India. In cities, Facebook is used to stay connect with friends, share photos and videos whereas in rural areas, this is the only app on the phone, hence, used for news and videos. Rural users are less likely interactive than urban users on social media. In rural areas, internet influence on purchasing process is an important factor. Nearly 15% of rural consumers employ internet to search product details, quality and share satisfaction and dissatisfaction with product.

Scope of Digital Strategies in Rural India:

The transformation of twenty-first century business is under way. At the heart of this wide-ranging transformation is the use of technology to digitize complex services. Firms are systematically creating new services by rewiring and integrating existing business processes.

The time is ripe for Indian companies to pursue digitalization whereby digitized resources, such as cloud-based software and machines equipped with digital sensors, are transformed into new sources of profitable revenue. In the nearby time, various components of the digital ecosystem in India including the digitized consumer, generation of digital data volumes, e-commerce and tech-savvy talent pools are expected to mature.

Digital Startups or entrepreneurial ventures may still seem to be at the nascent stage in India, but the fact remains that they are disrupting major businesses. The good news is that there is plenty of room and business for all. Not surprisingly, India is called the “youngest start-up nation in the world” and has the fastest growing base of startups worldwide.

The words “Digital Startup” generally conjures up images of high pedigree digitally innovative products or services backed by state of the art Internet-aided technology and service levels, and being offered at prices that are both competitive and affordable. Customer orientation and focus have been an all-time high with the advent of the digital revolution- where all players are vying for a larger share of the proverbial pie. Customers are able to not only choose from a bouquet of offerings, but also very benefit a lot by leveraging on the various pricing models being offered by new entrants.

Startups are not only re-defining new growth trajectories, but are also impacting traditional businesses and creating new models. Startups can be seen playing pivotal roles across verticals such as Manufacturing, Automobiles, Government, Banking & Financial Services, Logistics, Healthcare, Gaming, Online Education, Sports & Fitness, Supply Chain, ICT, IT & ITES to name a few.

End of the day, it's actually all about greater investments in the right type of technologies and services that guarantee optimum returns to stake holders, as also about fruitful collaborations and mergers in a huge global marketplace called India.

Recommendations /suggestions:

Companies which are particularly into consumer goods should start targeting the individuals those who contain smart phones and internet connectivity and who will spread word of mouth throughout various locations or places.

Digital India intends to encourage the individual's to participate in digital activities by promoting the digital usage via mobile phones etc and also beefing up of infrastructure. Government and businesses need to put rigorous effort to secure the potential advantages of digitization by providing robust and wide-ranging mobile and digital infrastructure. There are some challenges to implement the digital India program. These challenges can be used as opportunities to plan start-ups.

This study also recommends that telecom operators need to better understand their customer's needs both in terms of products and services cost, buyer values of rural customers, as well as the post-sales support expectations that rural customers have in India. In order to address these needs; operators will have to think beyond the typical business models they have come to rely on in the urban marketplace. As the business environment changes, so must its underlying processes need a change. Companies that digitize processes can improve their bottom line sales and customer-experience. The value at stake depends on the business model and starting point but can be estimated by allocating costs to end-to-end processes and benchmarking against peers.

Conclusion:

Rural internet in India is growing. New users will come online, and current users will expand both their time online and activities they pursue as they gain digital maturity. Online commerce is in its infancy but is increasing fast. Digital is a significant influence on purchasing. India's marketers need to take all these factors into consideration and plan for a big and growing rural digital marketplace. Rural market is a market for many producers has potential opportunity for many entrants. Present study reveals such opportunities for the marketers to grab untapped potentiality in rural market.

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