ABSTRACT

A substantial growth has been noticed in India’s rural market since last one decade due to influence of increasing purchasing power, improvement in literacy level, disposable income, growth in digital infrastructure, and increasing media exposure. The rural household consumption in India is expected to attain INR 26,383 billion by 2025 from the present INR 16,701 billion with compound annual growth rate of 5.1 per cent and per household rural consumption is estimated to count on INR 104,000 and INR 158,000 per annum by 2015 and 2025 respectively. The presence of many national and foreign national companies related to fast moving consumers goods (FMCG) category such as Hindustan Unilever Limited, ITC, Godrej, Procter & Gamble, Colgate-Palmolive, Marico, and PepsiCo; consumer durables makers like LG, Maharaja, and Samsung; automobile companies like TVS, Hero MotoCorp, and Maruti Suzuki; retail companies such as ITC’s Chopal Sagar, Tata’s Kisaan Kendra and DSCL’s Hariyali Kisaan Bazaar; and banking & insurance companies such as ICICI Prudential in rural corner of the country manifest a huge opportunity to capture the untapped potential of rural market. Over the last few years, the companies recognized the fact that it is imperative to penetrate rural markets to secure long term profit sustainability in hyper competitive saturated urban markets in general and for mobile telecom sector in particular. It is also important to note that doing business in rural areas seems to be challenging due to lack of infrastructure facilities, unstable demand, improper supply chain, high distribution cost and distinct rural consumer psychology as compared to urban counterparts.

The present study is based on distinct marketing strategies of various national and multinational companies with aim to capture untapped potential of rural markets for mobile telecom services. The study critically examines the latest rural marketing approach and offers an integrated, innovative and inclusive (3Is) framework for rural mobile telecom services. The reasons to select mobile telecommunication industry is based on disparity between urban (140 per cent) and rural teledensity (39 per cent) coupled with over saturated urban teledensity, declining average revenue per user per month (ARPU), minutes of use per connection per month (MOU), and hyper competition with existence of various service providers. These all factors compel telecom service providers to enter in rural markets for sustainable business growth and profitability. The dimensions used in the present study have been borrowed from latest rural marketing approach i.e. integrated, innovative and inclusive based on the “Theory of Bottom of the Pyramid” as proposed by C.K. Prahalad. The integrated approach stresses on improving the access of products and services in rural areas
through developing public-private partnership (PPP); the innovative approach stresses on leveraging local solutions and successful diffusion of innovation by developing firm, products, market or consumer oriented innovation; and inclusive approach stresses on empowering rural people by promoting entrepreneurship.

The research objectives as mentioned in the study are based on exploratory as well as descriptive research designs. The first part of the study is exploratory in nature aiming to identify the problems associated with mobile telecom services in rural areas and development of inclusive framework (rural entrepreneurship) for rural mobile telecom services. The rests of the objectives such as examining rural preferences & satisfaction towards mobile telecom services; measuring rural consumer’s innovativeness & motives and rural consumers’ segmentation based on consumer innovativeness are related to innovative approach and development of conceptual framework of public-private partnership for mobile telecom services indicates integrated approach in the study. The findings of exploratory research design are based on qualitative data analysis and in-depth interview technique based on telephonic survey has been used for this part of study. The officials of the select telecom companies from three regions of Punjab are considered as target population for qualitative research design. The 16 officials from various telecom service providers of Punjab considered as a sample and non-probabilistic convenient sampling technique has been used for selecting the sample. The interpretation of qualitative data is based on ‘Open Coding Approach’ as suggested by Strauss and Corbin (1990). By using this approach, the text can be coded line by line, sentence by sentence, or paragraph by paragraph or a code can be linked to whole text (Flick, 2010). A sample of 600 respondents (200 respondents each from Doaba, Malwa and Majha) has been selected from the rural Punjab by using multi-stage sampling technique and self-administered questionnaire has been used as an instrument for data collection. The descriptive as well as inferential analyses have been used in quantitative data analysis. The results of descriptive statistics are portrayed in tabular forms by displaying central tendency (mean, mode and median) and dispersion (standard deviation and variance), whereas one sample t-test, multiple regression and cluster analysis have been used for generalization of results for target population.

The results of qualitative data analysis identified 33 sub-categories and 4 main categories of problems related to rural mobile telecom services. The entire analysis is resulted into identification of seven sub-categories for technical problems; ten sub-categories for infrastructural problems; seven sub-categories for manpower related problems; and finally
nine sub-categories for customers’ perspective related problems. The lack of network quality and reliability, high operational costs to maintain Base Transceiver System (BTS), site off due to frequent power cuts, high distribution cost, lack of after sales services & latest information and communication flow, difficulty to complete documentation process for acquiring new customers and lack of technical skills and knowledge are the main problems identified in this part of analysis. The various dimensions have been borrowed from global telecom players such as Grameen Telecom-Bangladesh, Village Phone- Uganda, Smart Incorporation- Philippines, and Celtel- Nigeria for designing a conceptual framework of inclusive approach for rural mobile telecom services. The mobile telecom operators, rural entrepreneurs, micro-finance agencies, regulating bodies and customers have been identified as four main stakeholders in the framework and their role in leveraging the inclusive growth by facilitating rural marketing mix (4As) for mobile telecom services have also been discussed.

The findings related to innovative approach stress on leveraging local solution, diffusion of innovation and identifying rural consumers’ segment based on innovativeness towards mobile telecom services. The one sample t-test has been used to examine the satisfaction and preferences towards mobile telecom service. The results highlight that information (agricultural, health, and educational) availing function, style & status functions and financial transaction facility through mobile phone are considered insignificant for rural consumers; the talk time validity and lack of after sales services identified as major barriers; the findings reveal that rural customers’ are not satisfied with network coverage quality, reliability, signal strength, clarity of communication, and availability of different combinations of plans and recharge coupons. The results indicate that rural consumers’ innovativeness towards mobile services is significant along with the various determinants such as opinion leadership, price sensitivity, product involvement, need for uniqueness & venturesomness and the results of multiple regression reveal that higher the opinion leadership, product involvement and venturesomness, higher will be the innovativeness where as higher the price sensitivity, lower will be the innovativeness for mobile telecom services among rural consumers. The findings also indicate that rural consumers are highly motivated by social motive followed by functional, cognitive and hedonic motives. The results of hierarchical and non-hierarchical clustering techniques identified three distinct rural consumers’ segments namely ‘open minded’, ‘opinion seekers’ and ‘innovators’ on the basis of determinants of consumer
innovativeness and another three segments namely ‘stimulators’, ‘passive innovators’ and ‘value seekers’ identified on the basis of motives of consumer innovativeness.

The findings related to integrated approach stress on designing a conceptual framework on Public-Private Partnership (PPP) aiming to improve the access of mobile telecom services in rural areas. The various dimensions of the framework have been borrowed from existing global mobile telecom players such as Bangladesh’s Village Phone Programme, Peru’s PPP Telecommunication Project, India’s Rural Service Centre by Viom Network and PPP led enabled services of Nepal. Over the last few years, many companies realized that the partnership between public and private sector can be used to improve the access of quality services in rural markets. The proposed framework in the study consists of public organization as a government agency responsible for managerial and monitoring support, formulation of policies for smooth functioning; the private body could be domestic or foreign telecom service providers or technology provider firms responsible for developing telecom infrastructure, uninterrupted telecom services, with assurance of wide access and improvement in rural teledensity. The selection of telecom operator in partnership is executed on the basis of Least Subsidy Auction method initiated by the Government and grants of subsidies are periodically distributed as per the performance of project. The important roles of stakeholders involved in the framework have also been discussed, followed by the revenue flows and benefits sought by each stakeholder in the partnership.

The recommendations in the study are presented separately for each dimension of 3Is approach. The recommendations related to integrated approach emphasising on recognition and encouraging synergistic alliance among private sector, private sector, NGOs, financial institutions and other organizations aiming to strengthen rural telecom infrastructure. The recommendations related to innovative approach concentrate on developing distinct business model, emphasizing the need of innovative and customized telecom products, and the role of various determinants of consumer innovativeness in successful diffusion and adoption of innovative services within a rural social system. The recommendations related to the inclusive approach stress on promoting rural entrepreneurship with intent to enhance the access of telecom services in rural areas and creating buying power among rural people.