Chapter 1

INTRODUCTION

1.1.1 Background of the study

While Rural Marketing basically covers various aspects of rural markets and marketing to the rural consumers (Badi, R V., & Badi, N V., 2007), rural communication is a process whose aim is to put rural people in a position to have the necessary information for informed decision making and the relevant skills to improve their livelihoods. Communication in this context is therefore a non-linear process with the content of data or information. (Castello & Braun, 2006). Marketing communication and its effectiveness has been previously studied from the perspective of customer satisfaction, purchase intention and customer expectations. The response of a consumer to the marketing communication can take several forms like cognitive responses (Wright, 1980). Marketing communication is an important tool for creating awareness about brands and influencing the purchase decisions of the consumers. One of the important aspects of marketing communication is that it should reach the target audience to create the desired impact. The economically disadvantaged consumers in rural India are very vulnerable to fall prey to deceit and buy substandard quality of products due to lack of awareness about brands. In this study marketing communication implies all those communication initiatives that are targeted to the consumers for building brand awareness and for promotional purposes.

For targeting the poor rural consumers, it is important to understand the various media that these consumers have access to. Media here refers to the various channels or vehicles of marketing communication that are used to spread awareness about brands. Advertisements that aim to target poor rural consumers have to ensure that they are able to reach out to them with their brand messages. This is possible and can be achieved through innovation in marketing communication media. There seemed to be a strong need for having creative solutions for marketing communications media for reaching out to the rural poor in an efficient way.

There are innumerable possibilities in targeting this consumer base of economically disadvantaged group, for, on the one hand the consumer base is really very vast while on the
other hand most of the companies can profitably hold the promise of enhancing quality of living at the grassroots level. This has the potential of creating a win-win situation for both the marketers and the consumers. Over the past few years rural India has witnessed an increase in the buying power of consumers, accompanied by their desire to upgrade their standard of living. A large number of projects both from the government and the private companies have changed the rules of the marketing game in rural India.

The NREGA (National Rural Employment Guarantee) schemes, as well as other rural employment schemes like the Rajiv Gandhi Rojgar Yojana have helped in improving the financial condition of the rural people. Farmers have benefited from loan waver. Moreover, the increased demand for labour in the urban projects has resulted in more money being sent back home by the immigrant labourers. Rural customers have upgraded their lifestyles and as a result are purchasing lifestyle products like cosmetics, beverages, mobile phones, etc. These products were once luxuries for them but now they have become necessities.

1.1.2. Problem statement

This study attempted to understand the impact of marketing communication media through mass media (television and print), traditional media (wall painting, hoardings and audio-visual media) and a new media in reaching out to the economically disadvantaged rural consumers in India. Another endeavour of this study was to carry out a comparative analysis of the impact of the above three categories of marketing communication media in reaching out to the specified target audience.

Lack of infrastructural facilities is an important drawback for the rural marketers. Absence of proper road connectivity and transport has since long slowed down the growth and developments of rural markets. A huge percentage of the rural population in India has to do either with irregular supply of electricity or without electricity throughout the year. This has increased the hindrances that are faced by companies attempting to reach out to the poor rural consumers in this country.
There was a scarcity of data available on a regional basis for rural markets. This scarcity of data was another obstacle in reaching out to the poor rural consumers in India, and particularly in Uttar Pradesh. Some amount of data available was owing to the private efforts of companies and was not readily shared by them. They had collected these data for their own personal usage or for other commercial purposes. Poor media penetration and lack of hoardings, television reach, newspapers and magazines has made the task of marketers rather challenging. It is also because of poor media penetration and low literacy rates that the village people are highly influenced by the local brands or even the loose unbranded products.

The Indian rural market with its vast size and huge consumer base offers a very lucrative opportunity that most MNCs cannot afford to ignore. The rural market constitutes half of the total market for TV sets, fans, pressure cookers, bicycles, washing soap, blades, tea, salt and toothpowder. The rural market for FMCG products is growing much faster than its urban counterpart. Though the rural markets are attractive, one of the major problems is the reach of marketing communication media.

It is not easy to enter the rural market and take a sizeable share of the market, due to the following reasons (Vishwanathan, 2005):

i. Low Literacy: There are not enough opportunities for education in rural areas. Rural Literacy level has improved from 36% to 59% however this is still low when compared to all-India average of 65%. Rural consumption has a high correlation with the education level of the homemaker. As for example, only 20 per cent of the households where the homemaker is illiterate own a TV but the number goes up to 78 per cent where the homemaker is literate. (Jha, 2000)

ii. Infrastructure and Transportation:

Number of “pucca” houses doubled from 22% to 41% and “kuccha” houses halved (41% to 23%). Though the infrastructure is improving rapidly, however in 50 years only 40% villages have been connected by road. More than 90 % villages electrified, though only 44% rural homes have electric connections. Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low
cost. Due to lack of communication, there is a host of me-too products which are inferior in quality. (Jha, 2000)

iii. Cultural Factors, Multiple Languages and Dialects:

There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behaviour of people in villages. Advertising and Communicating to the target audience becomes difficult due to wide range of languages and dialect in different regions in rural India. Catering to regional languages for advertisements will lead to a significant increase in the advertising cost due to the large number of regional languages in India. Hence this is a key challenge for the marketers (Krishnamurthy, 2009). The challenges of communication to the poor rural consumers are shown in table 1.1

This study will help in understanding the existing media that are used by marketers to reach the poor rural consumers with their promotional messages and the drawbacks associated with them, thereby, highlighting the insufficiency of such media. This research has implications for theoretical and empirical advancement in the areas of structuring marketing communications media planning activities for poor rural consumers in India in general and specifically in Uttar Pradesh.

India is a country where over 70% of its people live in rural areas. Out of these 70% population almost 80% are those that lie at the Bottom of the pyramid. Professors C.K. Prahalad and Stuart L. Hart (2009) defined the term Uttar Pradesh is chosen for this study because it is the most populous state of India with 200 million people. The majority of the state’s population lives in rural areas. A traditional village in Uttar Pradesh is a cluster of mud huts with roofs made of thatch (such as straw) or clay tiles and few amenities of modern living.

1.1.3. Justification for the study

While the literature has abundant research in the field of satisfaction of customers (Yi, 1990) with respect to marketing communication, there is hardly any study on the impact of
marketing communication media on the poor rural consumers. There is not much overlap between customer satisfaction and marketing communication (Ellis and Loftus, 1999). Marketing communications and its effectiveness has been studied from the perspective of customer satisfaction, purchase intention and customer expectations. However very little research is available that focuses on the effectiveness of marketing communication from the point of view of the media used to deliver the same. So this study was undertaken to fill that vacuum and provide an understanding of the impact of marketing communication media in terms of its ability to reach out to the rural consumers in India belonging to the economically disadvantaged segment. It is surprising that the effectiveness of marketing communication from the viewpoint of change in the preference level of consumers towards different brands based on exposure to marketing communication media and its impact has not be been studied so far.

Presently, the media options available to marketers for creating awareness and promoting their brands are categorized into two major types; they are mass media and traditional media. Mass media, also known as conventional media, includes the advertisement and promotion of brands in electronic media like television, internet, cinema theatres, print media like newspapers magazines, pamphlets, newsletters, and radio as a medium of marketing communication. There has been significant growth in the conventional media over the past few decades; however, it is far from being substantial. Only 54% of the households in rural India come in contact with any of the conventional media, like print, TV, satellite, radio or cinema. That means the remaining 46% are waiting to be touched by any mass media. The second broad media category, known as traditional media includes advertising and promoting of various brands through mobile vans, wall paintings, haats, melas, puppet shows and so on. The reach of this media is more but not many marketers employ them for marketing communications purposes due to various infrastructural and logistical problems as well as socio-cultural problems.

Communication initiatives in the poor rural markets are built on two key planks: a.) new insights into media habits and b.) the influencing agents. These form the cornerstones of communication in rural markets. It was thought necessary to understand the impact of marketing communications media in reaching out to the rural poor because in India majority
of the population lives in the rural areas and of those who live in the countryside the maximum number of them is very poor. The area chosen for this study, Uttar Pradesh, the largest state in India in terms of the population, very aptly highlights this issue.

An important paper that examined the possible relationship between poverty and credit facility used panel data on rural poverty and spread of bank branches. It argued that increase in access to credit had helped reduce rural poverty. It concluded that the fact that banks open branches makes formal credit accessible and in the long run seems to have had a positive impact on poverty (Burgess and Pandey, 2003). To illustrate the argument, the authors contrasted the poverty rates with the period of pre and post liberalisation [characterised by the condition to open more branches in unbanked areas was dispensed with]. While establishing their argument they also cited others (Eastwood and Kohli, 1999) who argued that the expansion of branches actually enhanced the lending to the rural small scale sector where the growth was faster. Even though rural consumerism is on the rise due to such facilities, the media reach in rural parts of India is very limited. Rural India consists of about 127 million households of which only 54% come in contact with any of the conventional media. The existing media-mix for reaching out to the poor consumers in rural U.P needs improvement. Various problems faced by poor consumers in rural areas like low literacy, traditional bent of mind, inaccessibility to different media necessitate the adoption of a different approach for reaching out to reach them. Few companies have customized their rural advertising but still the outcomes were far less that those expected. Appropriate media-mix has to be used to bring about a significant level of awareness among the poor rural consumers.

Assocham (2009) released a report titled The Rise of Rural India which had sought to explain the reason for which this market had become so important for companies, particularly consumer goods companies. The rising rural incomes, healthy agriculture growth, swelling demand, rising consumerism across India and wider distribution of FMCG products in the rural market are contributing to high growth and rapid expansion of the FMCG industry in rural India. (Goswami, 2009).

The figure below shows the media penetration in rural India.
1.1.4. Aims and Objectives of the study

With the urban markets getting saturated, the potential of rural markets have become a matter of interest to many academicians and marketers alike. Rural markets are attracting the attention of various companies. Even though the lure of these emerging markets is hard to ignore, there are various major hurdles for companies wishing to enter these markets. The most vital among those hurdles is the poor penetration and reach of the marketing communications media in reaching out to the poor consumer bases in these areas. Presently, the media options available to marketers for creating awareness and promoting their brands are categorized into two major types; viz. mass media and traditional media. Mass media, also known as conventional media includes the advertisement and promotion of brands in *electronic* media like Television, Internet, cinema screens, *print* media like newspapers, magazines, pamphlets, newsletters, and *radio*. There has been significant growth in the conventional media over the past few decades; however, it is far from being substantial. The second broad media category, known as traditional media includes advertising and promoting of various brands through mobile vans, wall painting, haats, melas, puppet shows and so on. Research in this field of marketing communication is very scarce.
The media needs of the poor rural consumers are very different thereby prompting the entire marketing communication vehicle to be different so as to make a reasonable mark in the rural markets. There seemed to be a strong need for some more creative and new marketing media.

The objective of the study

This study attempted to understand the impact of marketing communication media viz. mass media (television and print), traditional media (wall painting, hoardings and audio-visual media) and a new media in reaching out to the poor rural consumers in U.P. Another endeavour of this study was to carry out a comparative analysis of the impact of the above three categories of marketing communication media in reaching out to the poor rural consumers. The final objective was to develop a conceptual framework to help in increasing the impact of marketing communication media in reaching out to the poor rural consumers in U.P. So the objective of the study was;

To analyse the impact of marketing communication media in reaching out to the poor rural consumers in Uttar Pradesh. The research was undertaken taking into consideration the following issues:

1.) To study the impact of print media in reaching out to the poor rural consumers in U.P.
2.) To study the impact of television media in reaching out to the poor rural consumers in U.P
3.) To study the impact of wall paintings in reaching out to the poor rural consumers in U.P
4.) To study the impact of hoardings in reaching out to the poor rural consumers in U.P
5.) To study the impact of audio-visual media in reaching out to the poor rural consumers in U.P
6.) To study the impact of a new media or never before used marketing communication media in reaching out to the poor rural consumers in U.P
7.) To do a comparative analysis between mass media, traditional media and a new media (a new idea of medium that has never before been used for the purpose of marketing communication) in reaching out to the poor rural consumers in U.P
8.) To develop a conceptual framework for effectively reaching out to the poor rural consumers in U.P.

No matter how efficient was the content of the message and impressive was the communication, there would be no impact on the audience if the medium used to convey the same did not reach them.

1.1.5. Research questions

Two of the research objectives were to study the impact of print media and television media respectively. Since these two types of media belong to mass media, the first research question was framed to understand the impact of mass media. The research question was stated as-

**Research Question 1:** What is the impact of mass marketing communication media in reaching out to the rural consumers in Uttar Pradesh?

The first objective of the study was to analyse the impact of print media communication aimed at economically disadvantaged rural consumers in India. No research has been done on the reach-out of print media in rural areas. So marketers employing print media for marketing communication purposes do not have an estimate of its impact on the rural consumers. In addition to the above factor, the literature on rural marketing indicates that the reach of mass media in general is low in remote areas of the country, however no specific studies have ever been conducted with respect to print media as mass media with regard to specific product categories pertaining to various industries/sectors like FMCG, consumer durables and telecomm etc. It was thought appropriate to cover up these gaps in the literature by analysing the impact of print media with respect to the above two points- i.e. a.) specific product categories b.) product categories belonging to different sectors like FMCG, consumer durables and telecommunication services. So Research question 1 A was framed to fill that vacuum.

**Research Question 1 A**

What is the impact of print media in reaching out to the poor rural consumers in U.P?
The second objective of the study was to study the impact of television media in reaching out to the poor rural consumers in U.P.

Previously, in India, no research has been done on the reach-out of television media in rural areas. So marketers employing television media for marketing communication purposes do not have an estimate of its impact on the rural consumers. In addition to the above factor, the literature on rural marketing indicates in general that the reach of mass media is limited in remote areas of the country; however, no specific studies have ever been conducted with respect to television media as mass media with regard to specific product categories pertaining to various industries/sectors like FMCG, consumer durables and telecommunication etc. It was thought adequate to cover up these gaps in the literature by studying the impact of television media with respect to the above two points—i.e., a) specific product categories and b) products belonging to different sectors like FMCG, consumer durables and telecommunication services. So Research question 1B was framed to fill that vacuum and to achieve the second objective of the study.

**Research Question 1 B**

What is the impact of television media in reaching out to the poor rural consumers in U.P?

Three of the research objectives were to study the impact of wall painting, hoarding and audio-visual media respectively in reaching out to the target audience in rural India. Research question 2 as framed to achieve this objective.

**Research Question 2** What is the impact of traditional marketing communication media in reaching out to the poor rural consumers in Uttar Pradesh?

In the Indian context, no research had been done on the reach-out of hoardings and wall paintings in rural areas. So marketers employing hoardings and wall paintings as a traditional
media for marketing communication purposes did not have an estimate of its impact on the rural consumers

Though some broad strategies of rural advertising had been proposed in the literature, but the same have not been validated through extensive research in the context of rural regions of Uttar Pradesh. So there was a need to check if those strategies worked in the context of this research study focusing on rural regions of Uttar Pradesh. One of those strategies was show and tell. The impact of show and tell has been tested in this research study through audio-visual media. A study on similar lines was conducted for a coffee brand in the southern states of Andhra Pradesh and Karnataka to create awareness through the use of DVD films. This resulted in faster sales for the brand. But there was a scarcity of any such study in the northern state in India particularly in Uttar Pradesh. To work upon this gap in the literature, a study on the impact of audio-visual media as a means of traditional marketing communication media in reaching out to the poor rural consumers in Uttar Pradesh was carried out. It was done in the form of audio visual shown on a laptop to the poor rural consumers.

**Research question 3**

Research question 3 was broken down into three subparts. The third objective was to study the impact of wall painting in reaching out to the poor rural consumers in U.P. Research question 3A was designed to achieve that objective.

**Research Question 3.A** What is the impact of wall painting in reaching out to the poor rural consumers in U.P?

The fourth objective was to study the impact of hoarding in reaching out to the poor rural consumers in U.P. Since no study on this has been conducted in India, particularly in Uttar Pradesh so far, Research question 3B was designed to fill that vacuum.

**Research Question 3.B** What is the impact of hoarding in reaching out to the poor rural consumers in U.P?
The fifth objective was to study the impact of audio visual media in reaching out to the poor rural consumers in U.P. Research question 3C was designed to achieve it.

**Research Question 3.C:** What is the impact of audio visual media in reaching out to the poor rural consumers in U.P?

**Research question 4:** Which marketing communication media is more effective in reaching out to the poor rural consumers in U.P?

Research question 4 has been derived from the sixth objective of the study. The sixth objective was to do a comparative analysis of impact of mass media, traditional media and a new marketing communication media in reaching out to the poor rural consumers in U.P?

The main purpose was to understand which media had a greater impact in terms of its ability to reach the target audience in rural India- three kinds of media were analyzed here for their impact. Two of them viz. mass media and traditional media already exist while the third one is an idea of a new media introduced in this study. The impact of these three categories of media was compared.

The seventh objective of the study was to understand the impact of a new media marketing communication media as designed in this study in reaching out to the poor rural consumers in U.P. So the research question to obtain that objective was framed as under:

**Research Question 5:** What is the impact of new media in reaching out to the rural poor rural consumers in U.P?

**Research Question 6:** What could be the effective way of reaching out to the poor rural consumers in U.P?
As the final objective of the study was to develop a conceptual framework for effectively reaching out to the poor rural consumers in U.P, research question 6 was framed to achieve this objective.

1.1.6. Research Methodology

This study is a quantitative study based on the gaps in the existing domain of knowledge and research associated with rural marketing communication media. Review of related literature helped in having an in-depth understanding of the research problem. It also helped in identifying the gaps in the domain of study and developing the conceptual model by building upon the existing theory and adding further to it based on the results of the primary data analysis. So this study also has qualitative aspects associated with it in the form of secondary research to study the current practices in rural marketing communication adopted by various marketers in India.

Primary data with the help of questionnaires, experiment and structured interviews was collected. The questions in the questionnaire were explained to the consumers in the local language for better comprehension. For collecting secondary data various sources like census reports, books, journals, web portals and company manuals were referred to.

Random sampling technique was used in this study, the combined sample size for all the above primary data collection methods was 1048. The respondents were spread across ten different villages in the districts of Kushinagar and Gorakhpur in U.P. The sample was chosen from the poor rural consumers segment. Literacy level ranged from zero exposure to education to post graduates. The age of the respondents ranged from 18 to 67.

1.1.7. Flow of the research study

This research report consists of four chapters ahead. Firstly, there is a chapter on the Literature review and conceptual model development: In this chapter, the existing body of knowledge in the field of rural marketing communication is extensively studied to gain a rigorous understanding of the phenomena, to identify gaps in the literature and to develop
conceptual model and research hypotheses thereon to bridge the lacunae in this field of study. Secondly, there is a chapter on Research methodology which highlights the research design and approach adopted in the study and the justifications for the same.

Thirdly, there is a chapter is on Analysis of data and findings. This chapter also shows the results of the hypotheses testing. Chi-square testing, frequency distribution and Likert scale data analysis techniques were used to analyse the data that were collected through various methods of primary data collection viz. questionnaires, experiment and interviews. Chi-square test statistic was used to test the hypotheses for the former two methods of data collection while frequency distribution and measure of central tendency was used to analyse the latter.

The last chapter of the thesis is titled as Conclusion. It draws conclusions from the various hypotheses tested in the study and from the research problem. It also includes discussion on the conceptual model developed in this study. The chapter then goes on to draw the implications of the study-both academic and managerial. The chapter concludes with the limitations of the study and directions for future research.

1.1.8. Delimitations of Scope and key assumptions

The sample size could be delimitation in this study. Of the various types of media like radio, theatre, television, print and cinemas, the scope of this study, with reference to mass media, is limited to only two of the above types of media viz. television and print. This approach is justified given the fact that the respondents of the study are not exposed to marketing communication though the medium of cinema, theatres and radio. Radio is under the control of the Government and hence not much commercials appear in it in rural U.P. FM is yet to reach there. Respondents had exposure to print and television hence these were included for studying the impact of mass media. Another important reason is that marketing communication through mass media puts more emphasis on the above two media as compared to any other media form.

The scope of the study as far as the impact of traditional media is concerned is limited to the three media types- wall paintings, hoardings and audio-visuals. The reason is that these were used mainly for the purpose of marketing communications. The use of other media like
puppet shows, jathras and melas had limited use. So the above three types of traditional media employed in the study justified the stand.

Another delimitation of the study could be the fact that the impact of only one new idea of a new marketing communication media has been developed and analysed through experiment. Other new ideas of media could also have been tested, but it was thought ideal to test just one new idea as it would be sufficient to achieve the objective of the study given the fact that the idea of new media was a completely unprecedented one.

The conceptual model developed in this study has not been tested and validated statistically as it was beyond the scope of the study.

1.1.9. Assumptions of the study

Leedy and Ormrod (2010) asserted that without Assumptions, the research problem itself would not exist because assumptions are so basic in nature. Every study has certain premises without which it could not proceed further. This study on the impact of marketing communication media for reaching out to the rural poor is based on the assumption that the impact can be measured, verified and assessed dependably. It is also assumed that the participants of this study will respond to the questionnaires, experiment and interviews in a reliable manner.

1.2.0. Definitions:

Marketing communication: Marketing communication is defined as the communication that companies tend to establish with their target audience for creating awareness about brands of products through mass media and traditional media or any new media.

Poor: Those spending less than Rs 32 a day in rural areas should be considered poor, an expert panel headed by former RBI governor C Rangarajan has proposed. This is the latest available definition of the term “Poor” However, it was immediately rejected and a new panel has been constituted by the Government of India to come up with a more accurate definition.
of poor. Based on the Suresh Tendulkar panel's recommendations in 2011-12, the poverty line had been fixed at Rs 27 in rural areas.

For the purpose of this study, therefore, the latter definition given above had been considered. At the time of the survey, this definition was in place.

**Media:** Media, in this study, refers to the channels or vehicles of marketing communication.

**Reaching-out:** The term implies the reach of the marketing media in creating awareness about brands and informing the consumers about the various features/aspects of the brands of products.

**Traditional media:** In the context of rural marketing, traditional media refers to the unconventional media used for the purpose of marketing communication. Examples include puppet shows, jathras, wall paintings, hoardings, audio-visuals, melas and so on.

**Mass media:** Mass media refers to the conventional marketing communication media that has a much wider reach in terms of the number of audience exposed to it at a given point in time, when compared to traditional media which can cater to a very limited number of audiences at a time.

**New media:** In the context of this study, new media is used to refer to a new idea of medium that has never before been used for the purpose of marketing communication. The new media used in this study is the audio of a song interspersed with the marketing communication message for a brand of toothpaste.

**Rural:** As per the latest Census of India, "rural” means any place that meets the following criteria,

-A population of less than 5,000, density of population less than 400 per sq. km and more than "75 per cent of the male working population” is engaged in agricultural pursuits.