

Understanding Rural Customers

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A study by IIM-A, MaRS

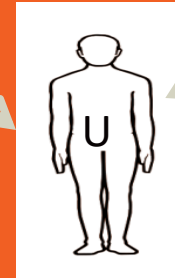
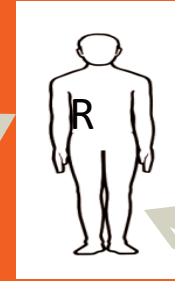
The story so far



That is how we have evolved, the anthropologists claim. They may well be right

It is said that after this, we, the humans, evolved into two segments- the urban human consumer and the rural human consumer. Of that there is no dispute

There also emerged a very small segment of humans who provided these two segments with consumer products



This segment remained in urban areas

Time and again they developed myths about the rural consumer

And time and again they also “burst” these myths and promptly generated new “myths”

It is in this context that R: Scape was conceptualized

An exploratory study in select Indian rural areas to understand consumer behaviour.

- Consumer segmentation
- Select category behaviour
- Some life and time enquiries

NOT

**Assessing market sizes, or
Estimating category penetration or brand shares**

Target segment - The Consuming class - Households with CTV, Fridge and 2 Wheelers

Ownership	% Rural Population	
	2011	2015
TV	33.4%	44.2%
2W	14.3%	22.0%
Fridge	9.6%	18.0%
4W	2.3%	3.0%

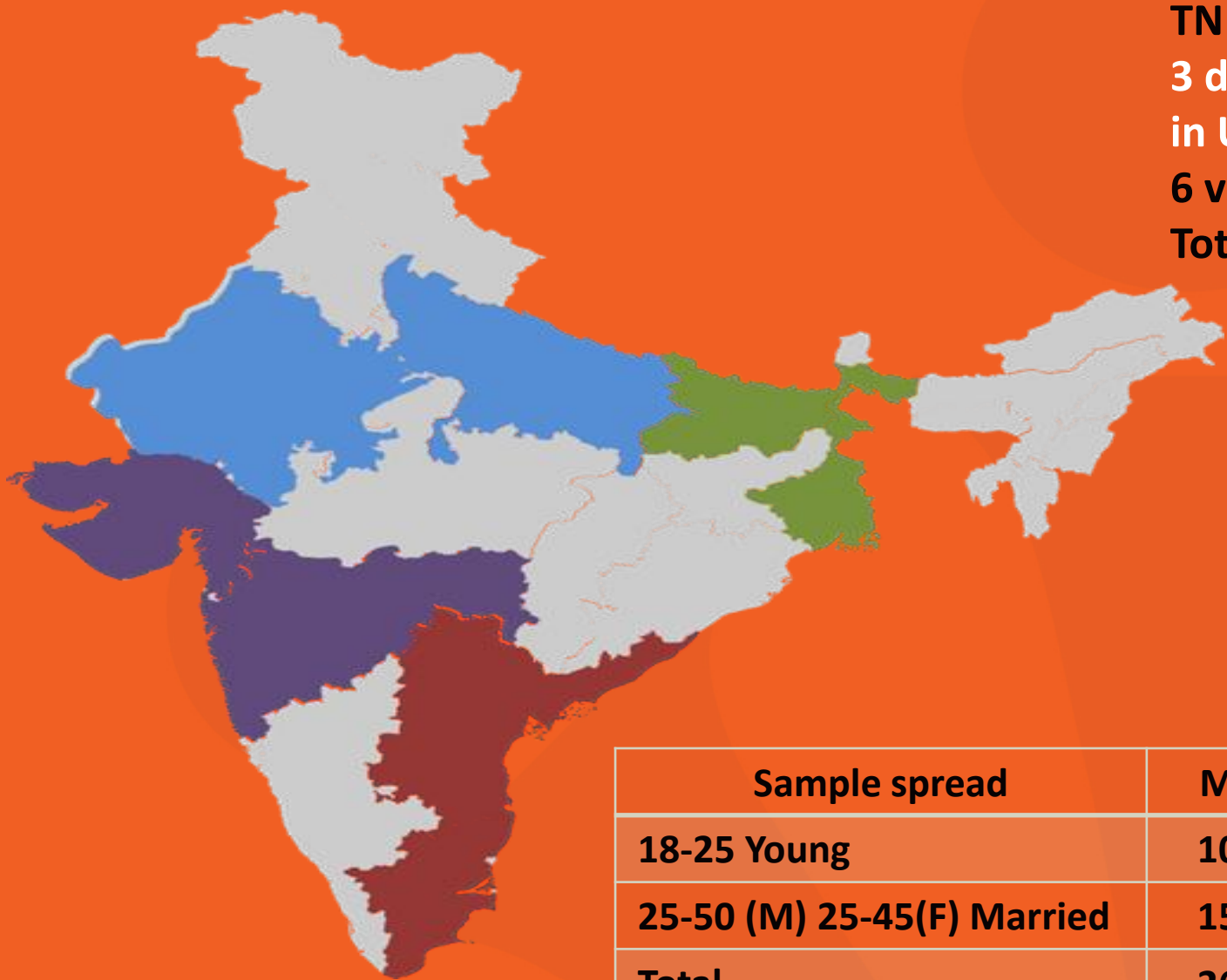
The economic segments

The Rich	3.0%
The Consuming class	16.5%
Reachable lower stratum	25.7%
Unreachable	52.8%

Source- Census of India 2001 and 2011, Residential Power Consumption, World Bank Draft paper, 2008, R:Scape

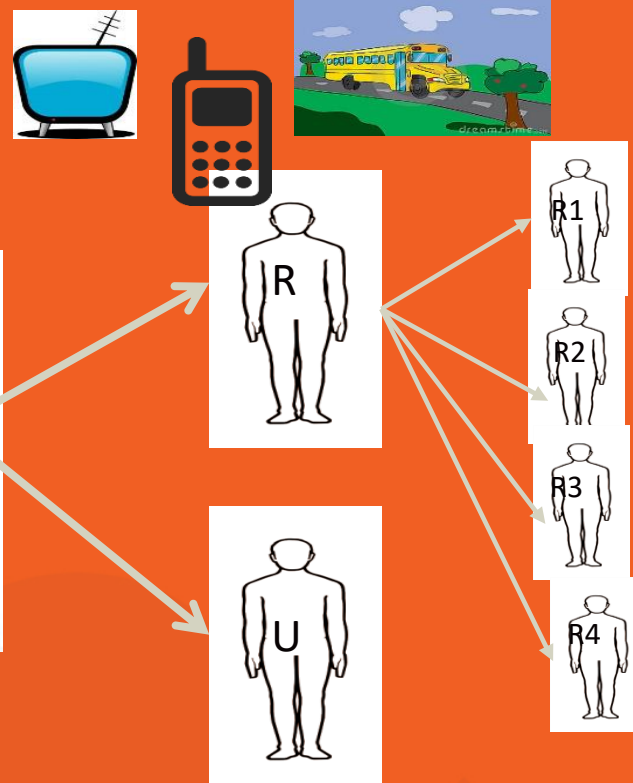
Coverage

Coverage
8 States: UP, Rajasthan, Bihar,
WB, Maharashtra, Gujarat, AP,
TN
3 districts in each state except: 6
in UP
6 villages in each district
Total: 27 districts, 162 villages



Sample spread	Men	Women	Total
18-25 Young	1077	1085	2162
25-50 (M) 25-45(F) Married	1554	2180	3734
Total	2631	3265	5896

Taking the story forward.....



After a while things changed.
Much more so more recently

And when the R Scape team pulled
our experiences together, we
realized that the rural consumer is
no longer one amorphous entity

They, almost as much as the
urban consumers, consisted of
several segments

And this segmentation process
has been accelerated by the
rapidly incident changes- better
connectivity, higher penetration
of TV and mobiles

But the discourses on “myths
and realities” and similar
continued

- Some Snippets
Housewives
Young
Farmers

The Housewife- The R Scape consumer segments

Based on two orthogonal dimensions, selected based on literature survey and primary pilot

Adherence to social norms-

Selected itself

(Village normative attitude)

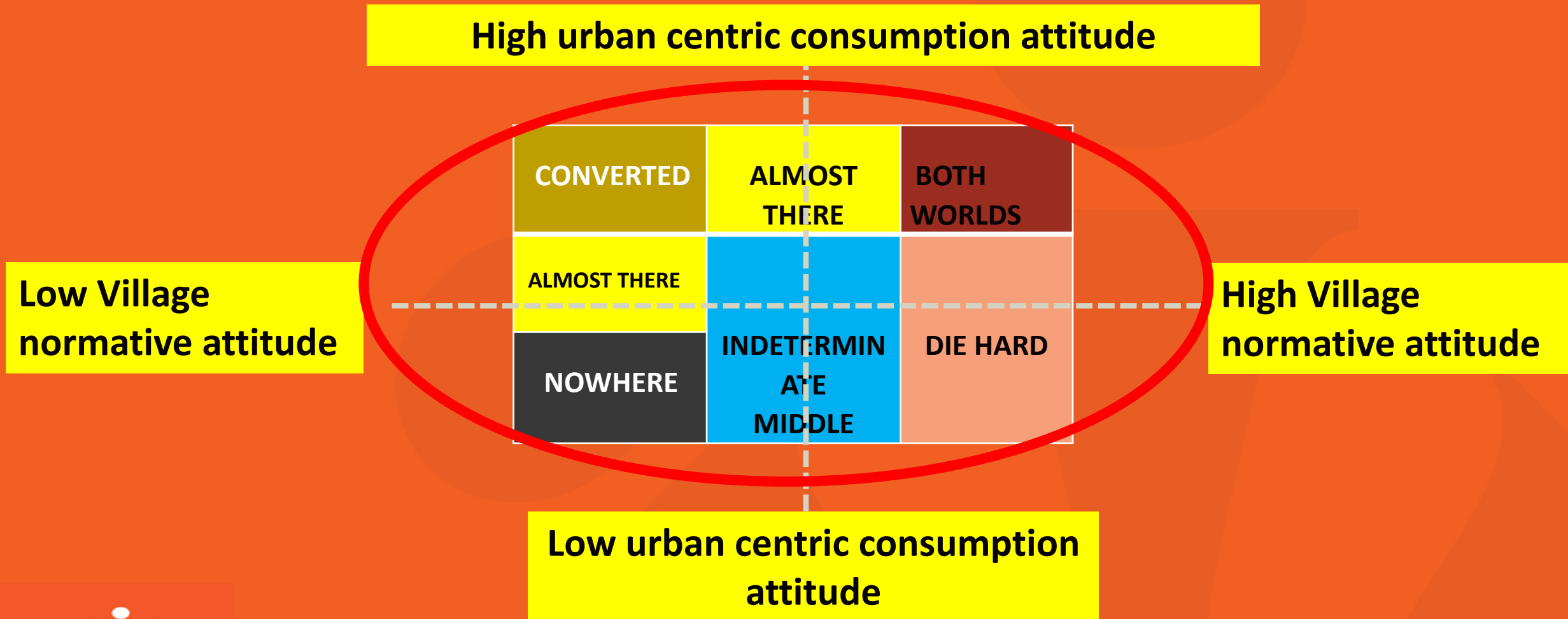
The criteria that we used to decide on the second dimension were :

- It must reflect some aspect of consumerism
- Also reflect a prevailing trend

Urban centric attitude to consumption behavior

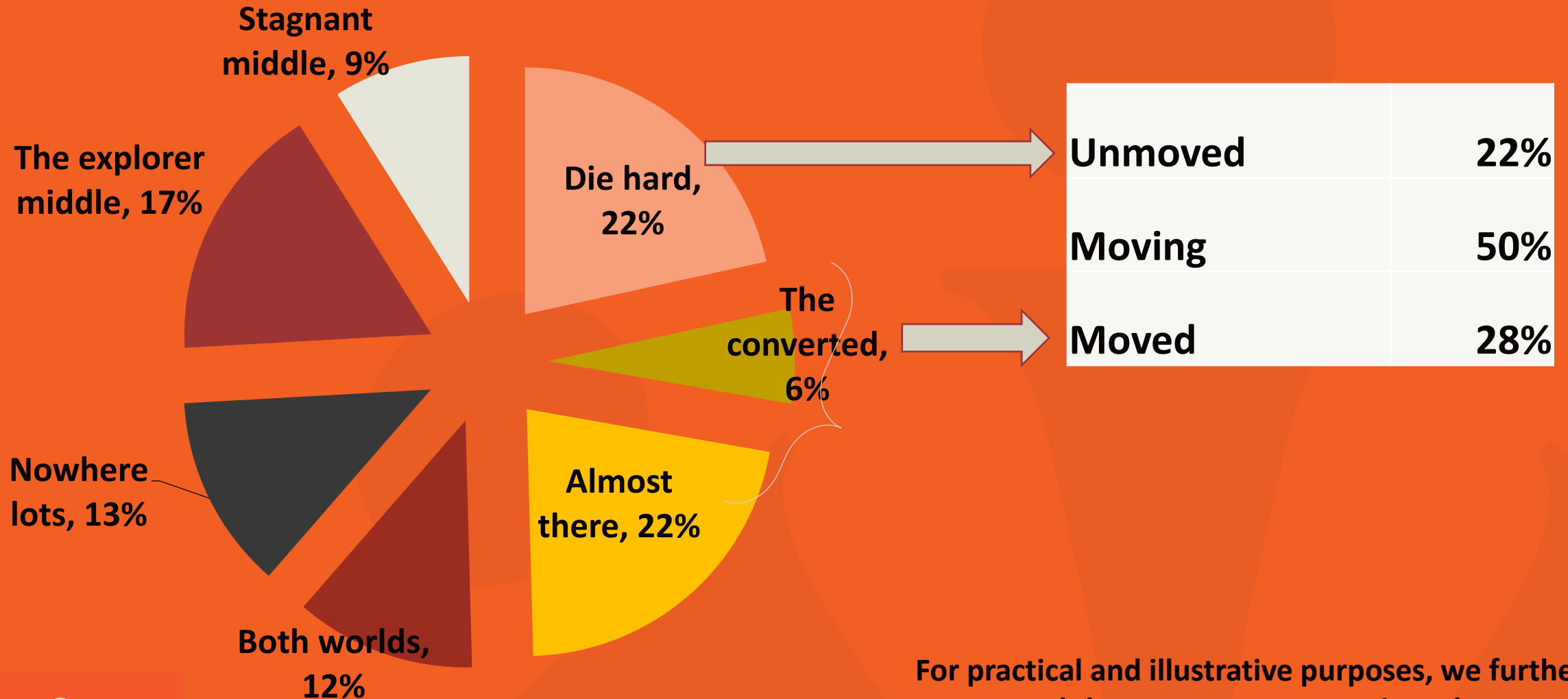
The Housewife- The R Scape consumer segments

We married the village normative attitude levels with urban centric consumption attitude levels to derive R Scape segments



The Housewife- The R Scape consumer segments

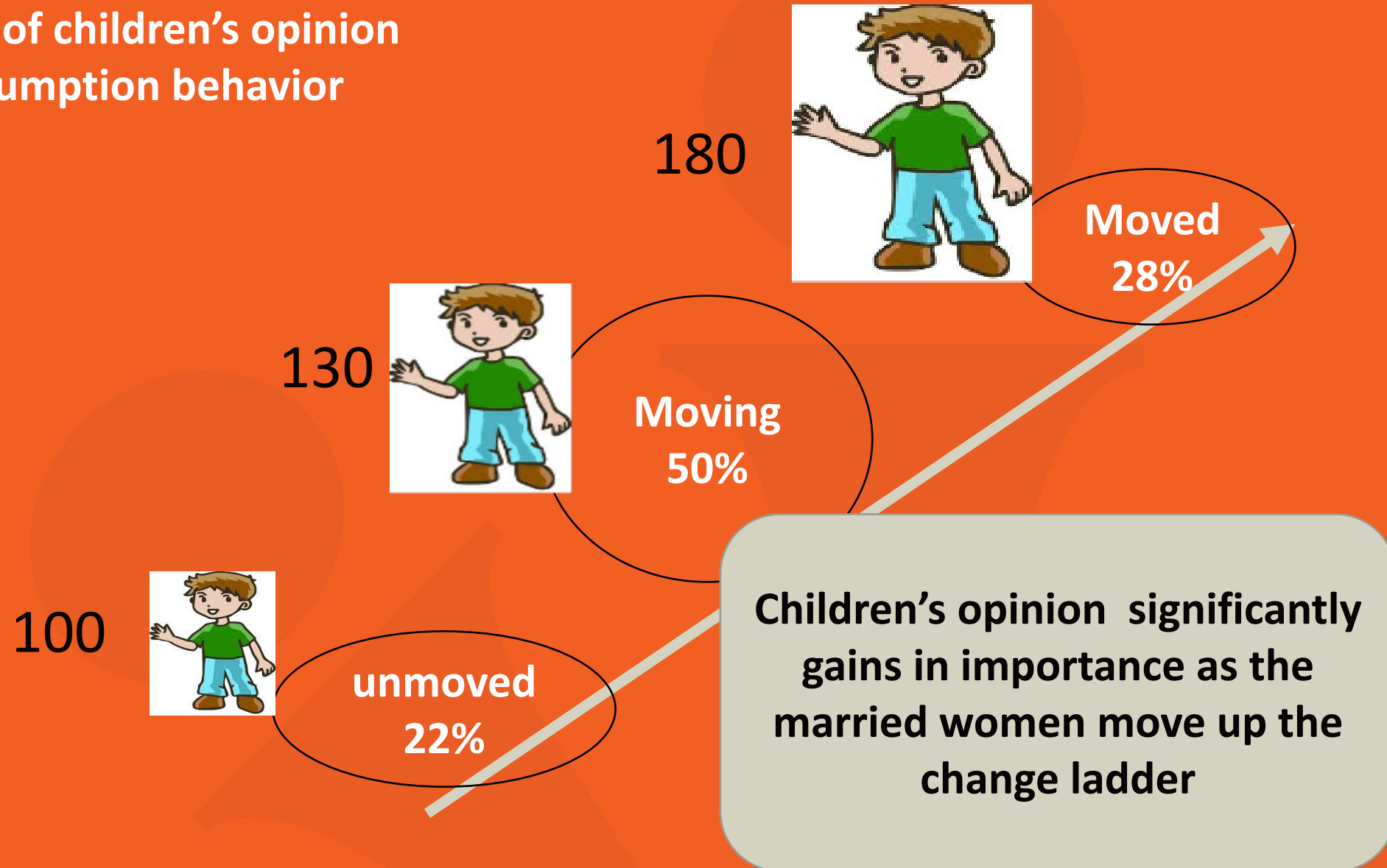
The segment sizes



For practical and illustrative purposes, we further aggregated these seven segments into three super segments

The Housewife- consumer segments- assessing differentials

Importance indicator of children's opinion
on Lifestyle and Consumption behavior



The Housewife- consumer segments- assessing differentials

Importance indicator of husband's opinion
in Lifestyle and Consumer Behavior

And lo- the pattern does not change.

Overall, what does emerge is
that a housewife who has
MOVED
is significantly more
consensual
in her decision- making than
others



100

unmoved
22%



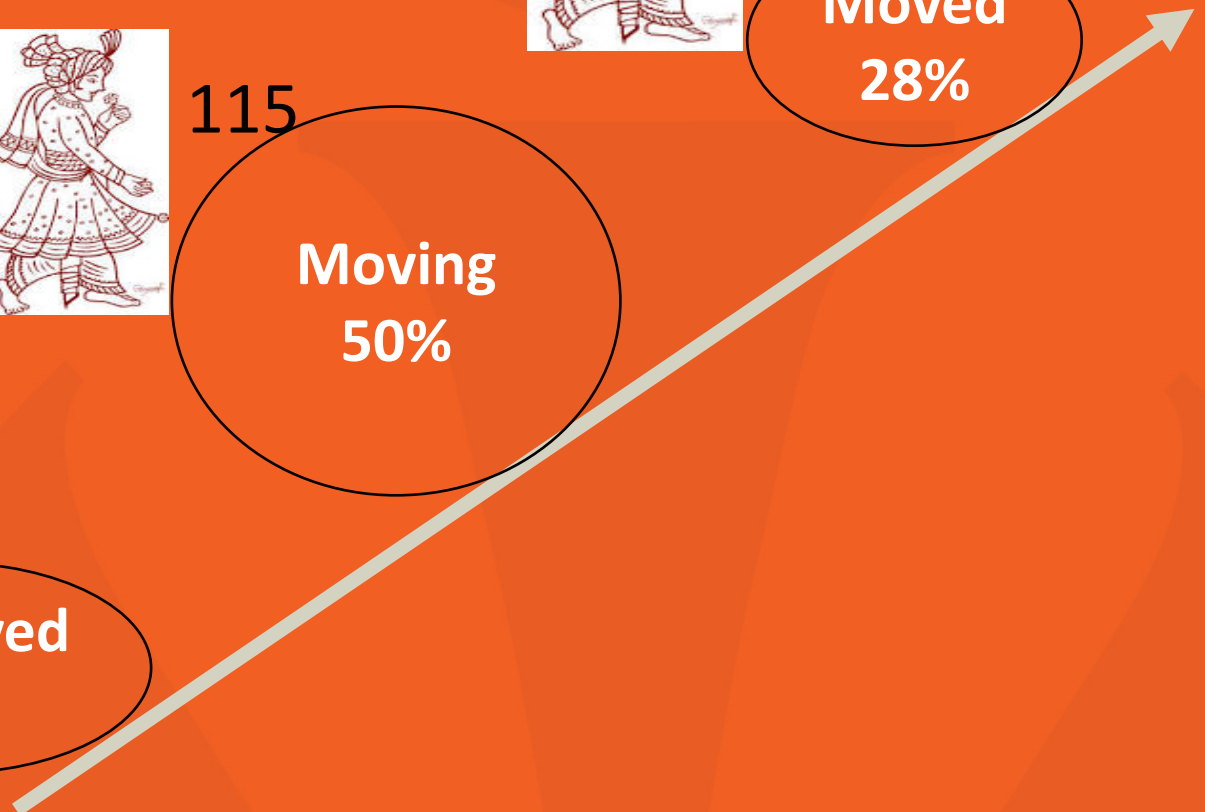
115

Moving
50%



140

Moved
28%



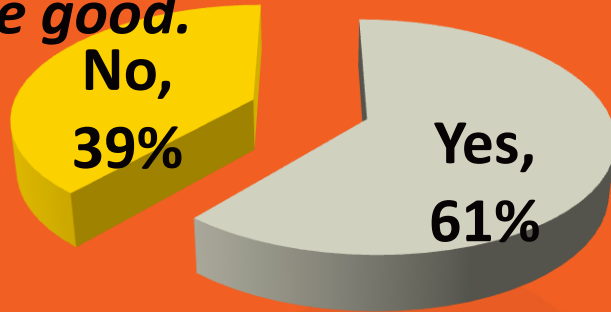
Some consumer behaviour insights- across segments

- **As the woman moves up the change ladder, she becomes more and more consensual in taking decisions on her lifestyle and consumption behavior**
- The Die Hard, the unmoved segment, remains more righteous, less consultative with family members on her decision making
- **Similar pattern can be observed on brand decision making on functional categories**
- **But no significant differentials are observed with respect to brand decision making on personal care products**
- **Category usage of personal care products remain more or less same across the different segments, but those who have moved exhibit more moderation**
- **“Smart” may be better cue for brand positioning among “moved” and “beauty/attractiveness” among “not moved”**

The Housewife- Brand loyalty and Price sensitivity - some observations

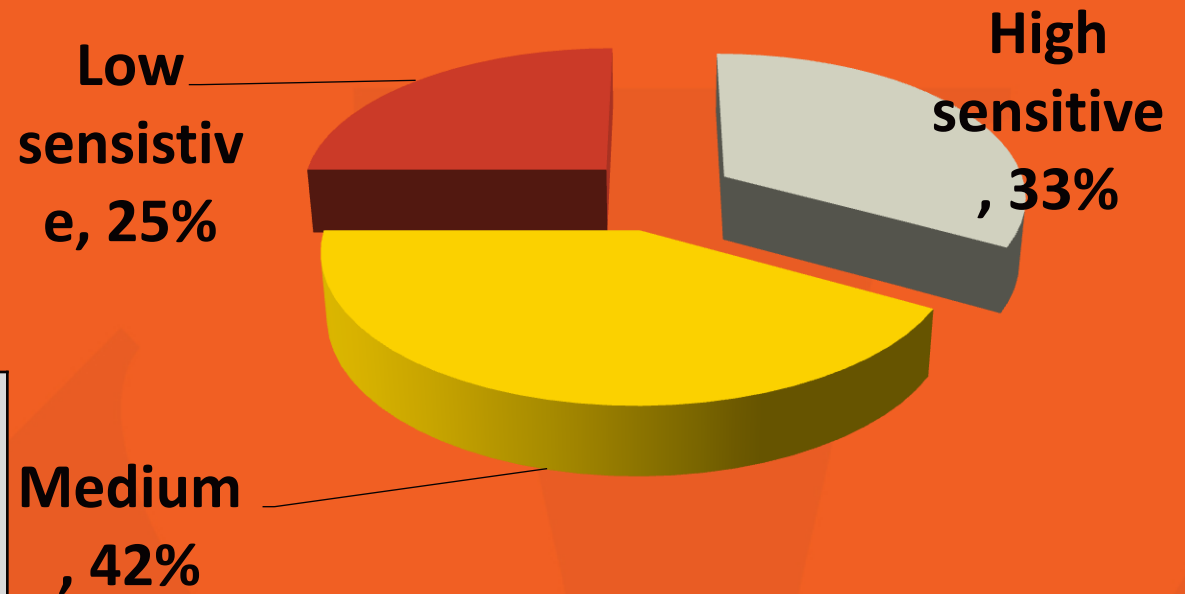
Brand loyalty is coming under significant strain

I get bored with using the same brands even if they are good.



Changed Toothpaste brand less than a year ago	Changed Tea brand less than a year ago
38%	25%

Price Sensitivity- they are all there

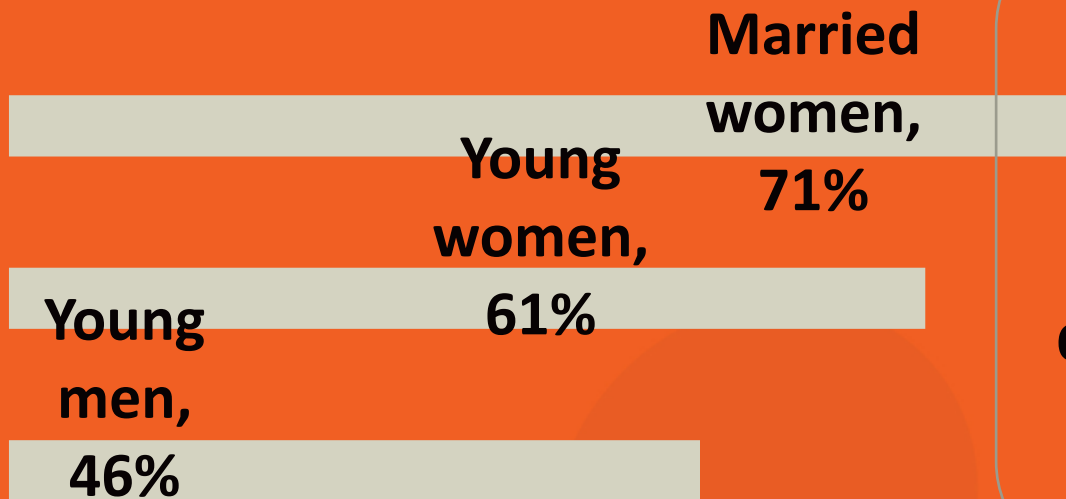


The R Scape segment sizes- by audience segments

Segment	Young women	Young men	Married women
Unmoved	20%	13%	22%
Moving	34%	34%	50%
Moved	47%	53%	28%

Happiness quotients

Only 46% of young men are happy in rural India !



This is a very significant finding. Mobiles, DTH and connectivity may have brought about significant changes in economy and lifestyles in rural India but, as R Scape demonstrates, the developments have also brought about significant disquiet and lack of happiness among the rural young men

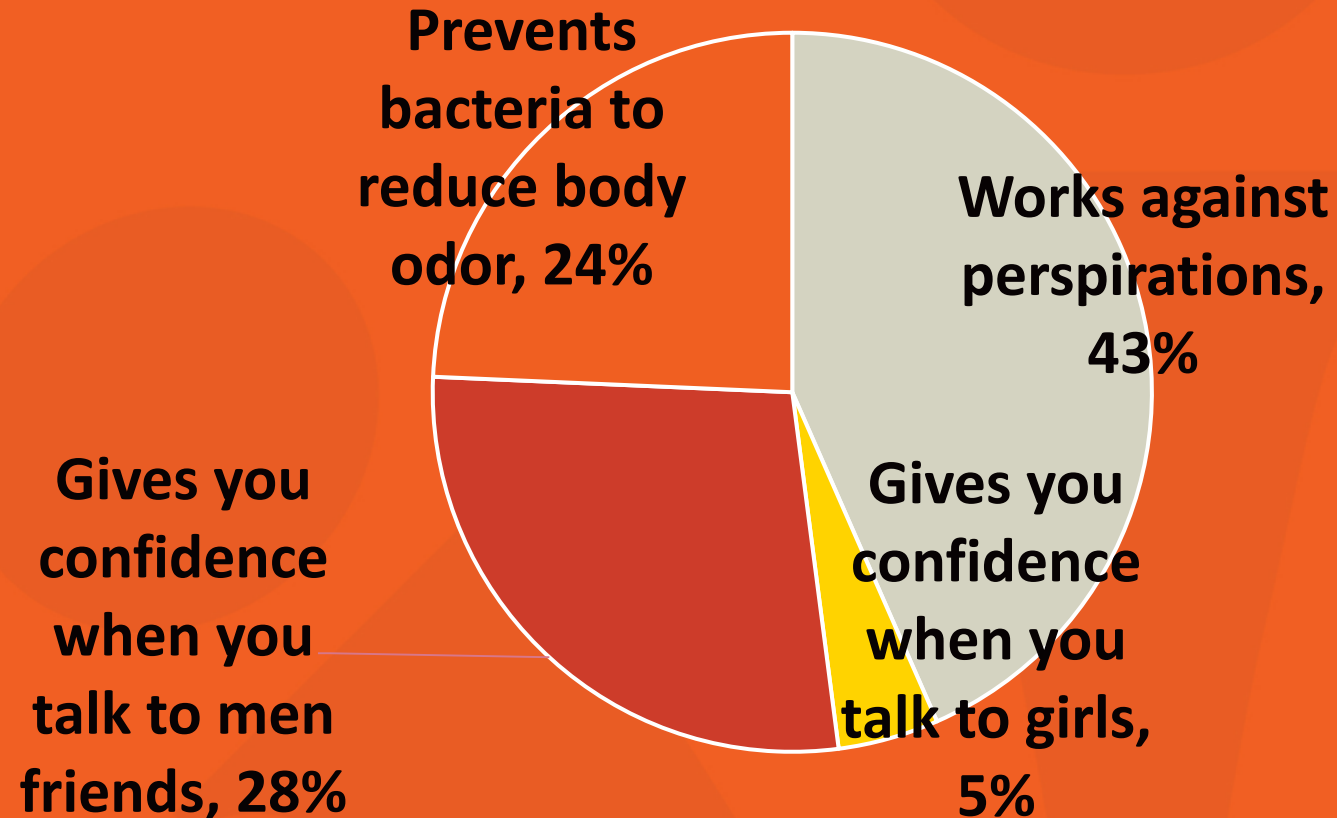
A finding that may provide fodder for thought for all- the marketer, the sociologist, the journalist as well as the politician

Young men- Reasons for Category usage and brand selection

Rural Young men- they may surprise you

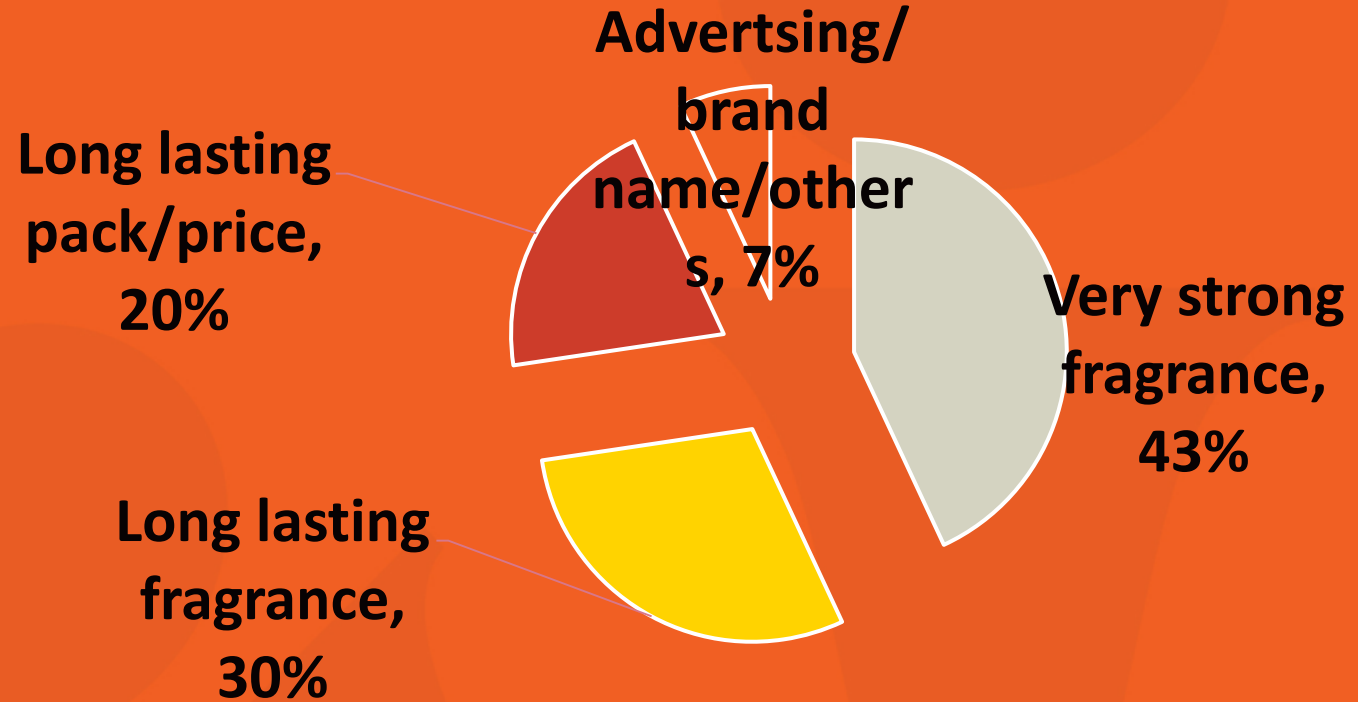
Not much to do with chasing/impressing girls!

Using Deo- benefits



Young men- Reasons for Category usage and brand selection

Selecting Deo brands- most imp reason

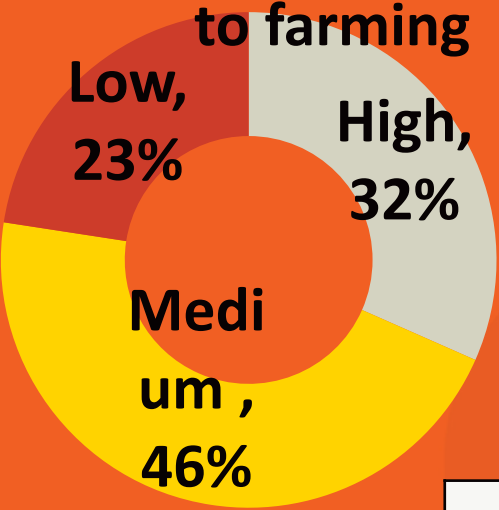


Very little to do with durability or price!

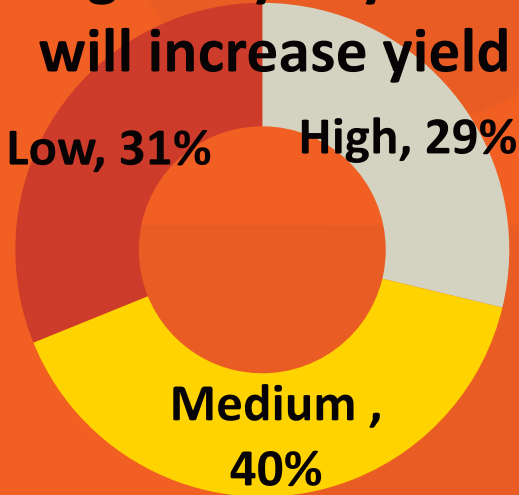
Farmers – Attitudinal Segmentation

Based on two orthogonal dimensions, selected based on literature survey and primary pilot

I am emtionally attached
to farming



I am willing to try any method that
will increase yield



		Emotional attachment		
		H	M	L
Willing to try any method to increase yield	H	15%	9%	8%
	M	10%	25%	11%
	L	4%	7%	12%

Farmers – Attitudinal Segmentation

Pragmatists	34%
Cautious	25%
Business outlook	19%
Low interest operator	12%
Traditionalist	11%

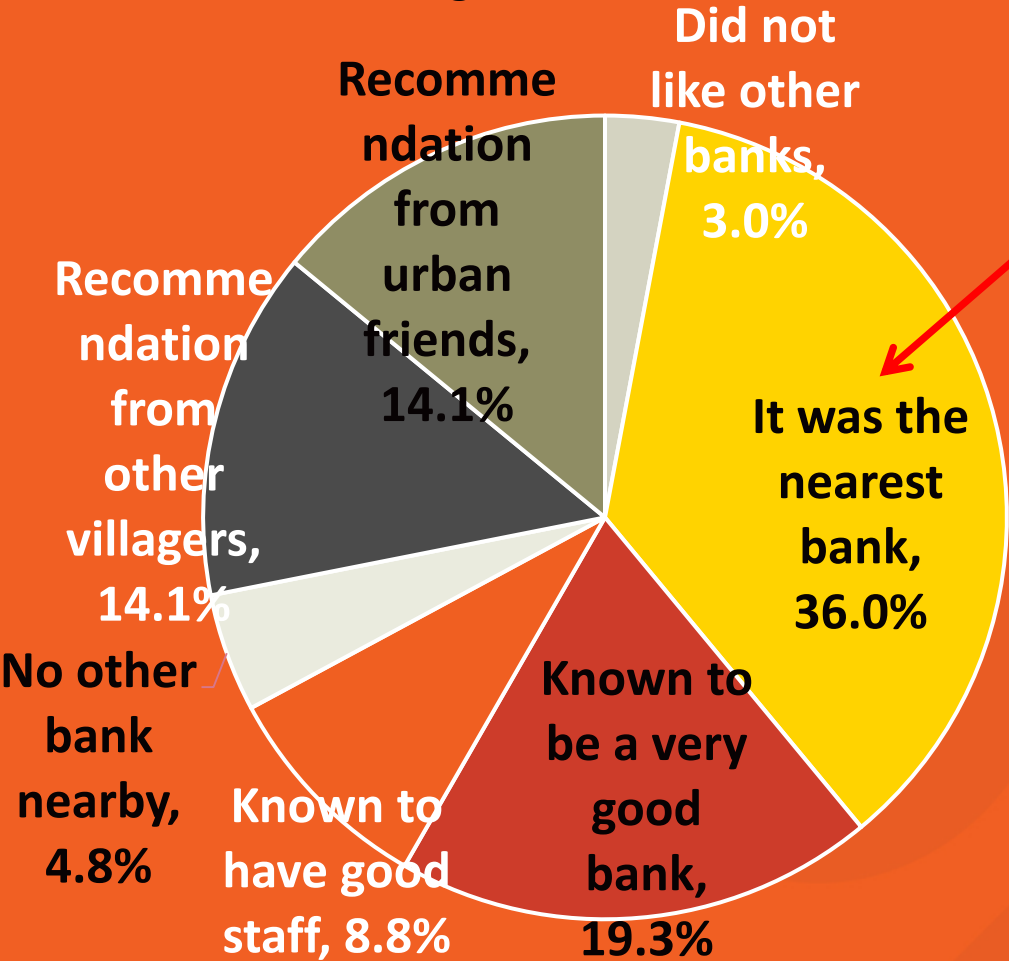
		Emotional attachment		
		H	M	L
	H	15%	9%	8%
	M	10%	25%	11%
Willing to try any method to increase yield	L	4%	7%	12%

The Farmer- Decision making on new adoptions

Factors considered in adopting a new brand	Factor rating	
	Pesticide	HYV seeds
If it is from a company that you know and trust	19.7%	19.3%
If it is recommended by the shop keeper	7.6%	3.9%
If you liked and believed the company salesman	2.7%	1.5%
Only if many others in your village purchase it	25.3%	32.8%
Only if the large farmers and leaders in the village use it	24.1%	27.3%
Price	20.5%	15.2%

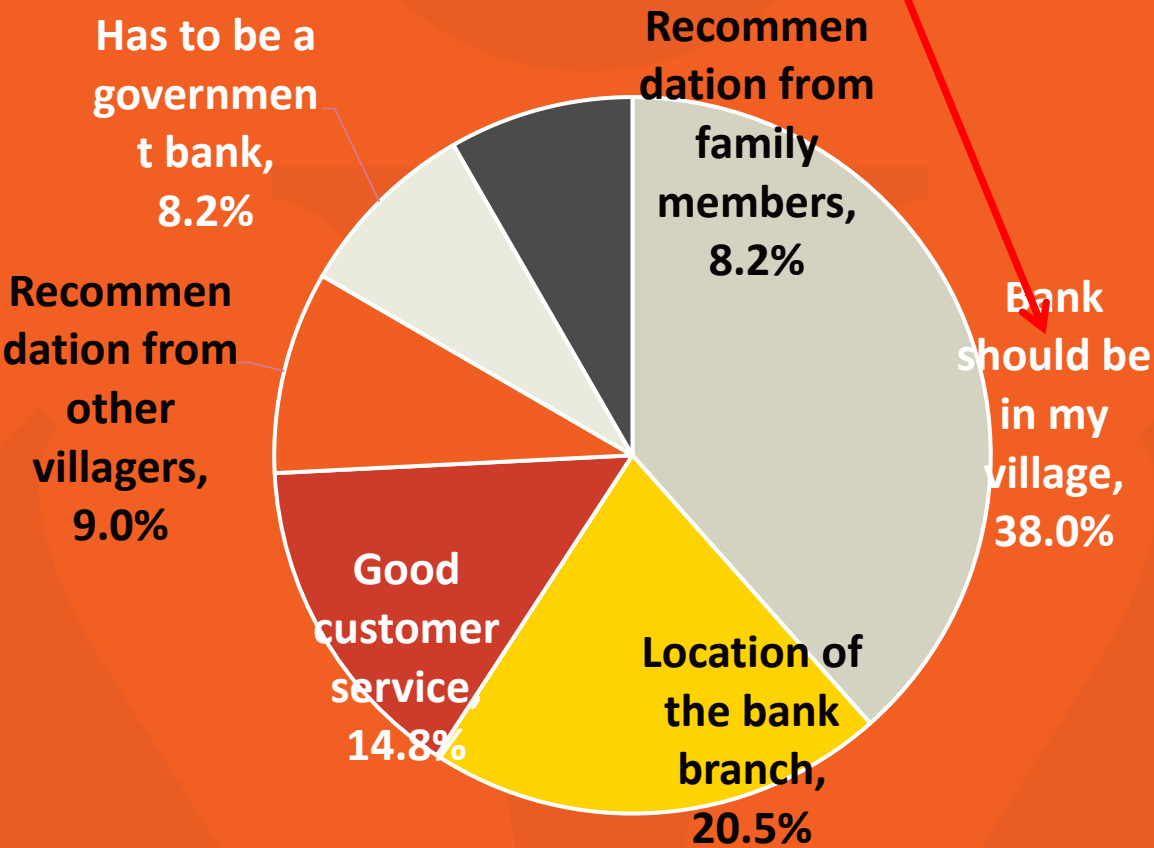
Farmers and their savings account bank

Reasons for choosing the current bank



Times have changed- now they want the bank to be located in their own village

Selecting a bank-new account



The background is a solid orange color with several large, semi-transparent geometric shapes overlaid. These shapes include circles and triangles in various orientations, creating a layered, abstract effect. The shapes are in a slightly darker shade of orange than the background.

Thank You