



## **Rural Opportunity : Conquer The Last Mile** **- A Case Study Based Analysis**

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### **Abstract**

*There was a time when in boardrooms, going rural was the to-do-job. Companies chased the rural dream through innovative methods. Some of them have supplied the diluted products for the rural market, but some have created new sales networks that could cater to the rural demand. It's been observed over a period of time that the face of the rural market is changing incredibly with the positive notion to the marketers. The level of change is so significant because, the magnet metros are full of buyers and sellers, whereas, the so called media dark region is full of potential and also swiftly coming to the lime light, hence the untapped potential and silent change can't be ignored so simply. The customary rural villages are losing its age-old look and traditions in tune with the advancement in technology, income and education. The very look of rural village is like an old tile or dry grass covered house, situated in the line called 'Keeri' (colony), mainly the houses are made up of mere mud walls and tiles or grass covered over the wooden beams. The present study aims to through light on the present and future potential of N-Holekatte a village in Sorabataluka of Shivamogga district. It is a micro village covered by dense forest at (slowly disappearing) one side and another side covered by lush Rubber trees and Areca nut plants. The village is full of natural resources. And people of the village lead a decent life with all basic amenities. It is very clear from the facts discussed above that the rural market is offering huge market potential to sell fleet of products, some of the products which were thought not for the rural market also. Therefore hitherto the topic limited only for boardroom discussion getting the momentum, many have already started implementing their 'made for rural market' strategy and it is need for the hour too. Just imagine a small village like N-Holekatte is coming to the lime light and offered an incredible amount of market potential to various marketers from bike seller to car sellers and refrigerator sellers to microwave oven sellers.*

**Key Words : N-Holekatte, Untapped potential, Transformation of rural market.**

### **Introduction**

There was a time when in boardrooms, going rural was the to-do-job. Companies chased the rural dream through innovative methods. Some of them have supplied the diluted products for the rural market. Some have created new sales networks that could cater to the rural demand. Some even went as far as to create rural verticals to ideate and create new business plans. As the country celebrated its 71st Independence Day and the completion of 70 years of existence as an independent country, rural India has changed and has risen dramatically.

It's been observed over a period of time that the face of the rural market is changing incredibly with the positive notion to the marketers. The level of change is so significant because, the magnet metros are full of buyers and sellers, whereas, the so called media dark region is

full of potential and also swiftly coming to the lime light, hence the untapped potential and silent change can't be ignored so simply. Some of the early adopter already made their strong foothold in rural market, and it is also true that some of the major companies' secret of the survival lies at the hinterland of India. In a recent interview the chief of Snapdeal, the second major seller of online products opined that it's major part of the sales i.e. 62% (Business world June 2017) is coming from the rural market of India.

The customary rural villages are losing its age-old look and traditions in tune with the advancement in technology, income and education. The very look of rural village is like an old tile or dry grass covered house, situated in the line called 'Keeri' (colony), mainly the houses are made

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up of mere mud walls and tiles or grass covered over the wooden beams. The colonies are pathetically planned; some of the houses will not have suitable connectivity of road. In spite of these small issues/problems, the people of the same village live harmoniously, helping each other in good and bad times. Agriculture used to be the main profession of the villager, as very less people (baby boomers) availed education in their early days. The joint family system is existing in villages and it will be headed/controlled by the first person of the families called 'Karta' or father of the family. He decides what to buy and what not. It is a kind of centralized decision system. Every member of the family exhibits the same kind of behavior as their head of the family exhibits.

### Case Study

The present study aims to through light on the present and future potential of N-Holekatte a village in Soraba taluka of Shivamogga district. It is a micro village covered by dense forest at (slowly disappearing) one side and another side covered by lush Rubber trees and Areca nut plants. The village is full of natural resources. And people of the village lead a decent life with all basic amenities.

The spectacular view prevailing now was not there in the last 5 to 10 years back. The village was reeling with problems of shortage of food grains, unemployment and crops were not yielding the expected yield many more like that. Thanks to the modern method of agriculture, has taken off the traditional method and changed the entire DNA of rural agriculture. Introduction of new high yield annual crops like Cotton, Ginger, Wheat, Chilies, Banana plants and commercial crops like Areca nut and Rubber also fuelling the growth engine. In the recent past one more definite reason for the growth is usage of bore wells. Due to the acute shortage of rain, every household in the village are forced have their own source of water for the crops. So the dependency on rain water came down drastically and people are adapting two crops system so that also helped immensely. The present prevailing situation in the village is every house hold have a minimum one bore well of their own, but some of the households are having up to three as well as a source of water to meet their needs. This is something phenomenal achievement when compared to the neighboring villages of the same taluka. Out of the total households in the village, around 12 houses lost their traditional tile house look and elevated to the next level of housing that is RCC houses. Another remarkable change is the usage of two wheeler and four wheelers. At present a total of 12 four wheelers are used daily, price ranging from Rs 2.5 lakhs

to 13 lakhs, and an around 70 plus two wheelers are in use. Every household owned a color Television with DTH connection, the price rang vary from Rs 5000 to 65,000 per Television. Usage of these products looks pretty ordinary in urban market but in the rural that too such a micro interior village is something applaud able. The obvious reason for such wonderful growth is usage of technology in farming, high yield seeds and more and more commercial crops with good market price.

### Past and Present Comparison of a Village

(compared the present 2017 data to the census 2011 data)

- 1. No. of Households** - As per the Census 2011 data the village has a total of 68 households, but at present (2017) the village is having a total of 80 households. Within the gap of 6 years a total of 12 new houses were constructed in the village. Based on the data it can be predicated that in future also the number of households may increase in the same pace as many young people separating themselves from their main family after getting married and constructing their own modern houses.. Hence the number households may continue to grow in future. As the number of household grows, the demand for all basic and luxury goods may also increase proportionally.
- 2. Population of the village** - At present 398 people are living in 80 households the village, which includes a total of 201 male and 197 female. The population of the village in 2011 was 348 including 175 male and 173 female. The population has grown around 12 percent in the gap of 6 years. In future too, the population will grow in the same pace, but the problem is migration. Many qualified people of the village may leave the village in search of suitable job temporarily, but their base will remain to be in the respective village only. As the new breed is joining the band wagon of Indian middle class consumer group which offers more opportunity to the marketers.
- 3. Major Profession** - It is a hard fact that most of the villager's major profession is agriculture, the fact holds true even in present scenario too. But the method of doing agriculture has passed through significant change; thereby the income of the villagers too has increased multifold. It is observed in the village that at present many families are not following the traditional and age-old method of doing agriculture. It is also noted that many families profession remains same agriculture, but the type of crops they grow has changed significantly. Out of the total households, around 10 to 13 households do not depend upon annual



crops; rather they depend upon multi-years commercial crops. It is also noted that around 20 to 22 houses are having 1 or 2 member working for monthly salary based on their educational qualification outside the village, hence the level of dependency on mere agriculture as profession has reduced drastically, but at the same time the annual income has increased significantly. Another remarkable change in the profession is usage of technology in farming. Today in N-Holekatte only 22 houses are having bullocks to assist in agriculture field. Remaining all houses are under taking agriculture work but without the help of bullocks but with the help of technology in the form of tractor, tillers and JCBs in order to perform the task of ploughing, sowing, crops cutting, leveling, loading and unloading, etc... that is how their agriculture productivity has grown speedily in the recent past. All these unique changes, which are discussed above could be seen only in the recent past not long ago. As the profession became modernized, the rural people income also increased and their demand for luxury goods also increased incredibly.

**4. Education Qualification** - Level of education has seen a sea change in the village. Compared to the previous generation, the present generation has availed a very good education qualification. The level of education at children level is almost 100%, young generation wise it is around 50% & senior citizens wise it is very less, around 15% to 20%. If the data again breaks-down, it can be observed that up to the age group of 15 to 16 years, all most 90 to 95% of boys & girls have availed education till matriculation, & under young generation a total of 70 to 75% availed education up to 12<sup>th</sup> standard, around 50% are graduated, around 10 to 12% have qualified up to Post-graduation & one has completed post doctoral studies under Management Studies.

**Table 1** - breakup of the students who have qualified graduation and above till now

Sl No.	Name of the Course	No. of students passed		Total
		Girls	Boys	
1	BA	26	41	67
2	BCom	4	12	16
3	BSc	0	2	02
4	MA	2	18	20
5	MCom	1	5	06
6	MSc	0	0	00
7	BE	0	2 pursuing***	
8	Diploma	0	2	2
9	MBA	1	4	5
10	CA	0	1 pursuing***	
11	PhD	0	1	1

Source - primary data

**Table 1** gives the data on the level of education qualification i.e. graduation and above. It is most important to note that compared to the neighboring villages these numbers look pretty awesome. People are there in the village who have studied course like BE, MBA, CA and PhD. This is something unique characteristics of the village; hence the level of exposure to the modern life is very high. The present level of educational qualification affects significantly on their buying behavior.

**5. Annual Income (in Rs)** - The annual income of the villagers had changed drastically over a period of time. Probably the increase in the income could be attributed to the modern method of farming and high yield crops. In the last five years or so, the income has swiftly increased, the family which was earning an annual income of Rs 1,50,000 to maximum 2,00,000 now earnings reached around Rs 4,00,000 to 5,00,000 per year. It is a phenomenal growth. While discussing with the people in the village at the time of understanding the village history, people opined that the village was reeling with many basic problems like shortage of food grains, lack of suitable job throughout the year, problem of sufficient rain and many more. But now, if anyone look back the village, all that is history. The village is having households which are having an annual income ranging from Rs 15,00,000 to 20,00,000.

**Table 2** - Highest income families Past and Present

Sl No.	Maximum annual income in Rs (undisclosed)	Present Total No. of families	5 years back No. of Families
1	15,00,000 - 2000000	2	00
2	1000000 - 1499999	5	1
3	500000 - 999999	13	4
4	300000 - 499999	18	9

Source - Primary data

**Table 2** provides the glimpse of maximum annual income holding families in the village, remaining all families annual income is less than Rs 3,00,000 per year. Another point must be highlighted is, there are no big landlords in the village, maximum land holders are having not more than 5 acres of wet land and 10 to 15 acres of dry land. Within such a small holding getting an annual income up to that extent gives the clue of the cultivation techniques been used by the people of the village. The question was asked the family head of the high income families, they deliberately agrees that this kind of high income they are getting since last 3 to 4 years only, before that their annual income was used to be maximum Rs 2 to 3 lakhs. They



are so confident about their future income also. People said that their annual income will never come down drastically, rather may go up.

**6. Pattern of Annual Crop** - Unprecedented changes could be seen in the annual crop patter. So called annual crop who were once upon a time ruling such as Cotton, Oil seeds, Ground nuts, Red Chilies and Ginger all disappeared from the farm field, and even large Paddy field too. All these commercial crops lost their charm due to various reasons, and eventually those were the root cause for the highest debt in some of the houses. Hence people of the village have thought for a solution as going for more commercial crops and in-turn, it has reduced significantly the dependency on annual crops. Even Paddy they grow in very limited field as much as to fulfilling their annual requirement. That is how the entire crop pattern has changed drastically over last 5 years or so. At present only Wheat is the only crop they grow as an annual crop and little bit Paddy, remaining major commercial crops are Areca nut, Rubber and some extent spices and Banana plants are taking over the annual crop as their source of income. These crops due to the good demand and fair price bringing lot of income to the families of the village. Therefore it is observed that the revolutionary changes in the patter of cropping and income.

**Table 3** - Families dependent on Commercial crops and Annual crops

Sl No.	Major crop of the families	Present 2017 Total of the families	2011 statistics
1	Areca nut	52/80	11/68
2	Rubber Plantation	14/80	4/68
3	Spices (Ginger & Pepper)	4/80	00
4	Wheat	15/80	14/68
5	Paddy	80/80	68/68
6	Mixed of above all	80/80	63/68

Source - Primary data

**7. Housing pattern** - The typical image of the rural housing is, scattered single houses, covered with baked red tiles. But the typical look is losing its existence, as it is replaced by the modern style of houses i.e. Cement concert houses (RCC). It was evident to see in the village that at present out of 80 houses 12 are RCC houses with the budget ranging from Rs 15,00,000 to 60,00,000. Such beautiful houses could be seen only in the recent days, not long ago. It is also observed it the village that many have expressed their desire to go for a RCC house in the near future. The newly

constructed RCC houses will open the door for many sellers ranging from building material, plumbing items to decoratives. The urban market is almost saturated, and at the same time rural market is emerging. Therefore, the great opportunity is lined up in front of the marketers of related goods. The size of the market is pretty big compared to urban. Hence it is inevitable for giant companies to go rural as early as possible.

**8. Dependency on the mode of transportation** - Till very recently, all most all the people of the village have completely depended upon public mode of transportation to go and come for any city or any other family functions. But in the last ten years or so the whole dependency on public mode of transportation has reduced to an extent of just 20 to 25%, where previously it used to be almost 100%. Now many people dependent on their own mode of transportation, majorly, it is two-wheelers, and in case of some families it is four-wheelers. Below table provides the statistics of the number vehicles exist in the village.

**Table 4** - Number of two and four wheelers in use

Sl No.	Type of vehicle	Number of vehicles	Price range (Rs)
1	Two wheelers	89	32000-1100000
2	Four wheelers	16	210000-1300000
3	Tractor & Tiller	2	****

Data - Primary data

These numbers in the table 4 are till date, but most interesting fact to know is around 7 to 8 people are planning for a four wheeler within the time span of one or two years, and many family/people are thinking of going for additional two wheelers for different users in the family. Being a small village in the taluka, these many numbers of vehicles when compared to the population or number of households in the village are pretty high. It is a clear evidence to say how beautifully and grandly rural market is opening up and offering great potential to the marketers.

**9. Evolution of mode of communication** - Mobile users' number has grown by leaps and bounds in the recent past as the mode of communication and source of entertainment. As Mr. Ambani once said every hand in India must have a mobile phone, the people of the village is trying to live up to that expectation. Without any exaggeration, the fact is almost all male (adults/young) are possesses a handset minimum, because, some of the youngsters are using more than one. And selected female especially young girls, who go out off



the house for different purpose, also possess a handset. So on an average number of mobile phones are almost equal to the number of people in the village. It was so unusual in the last five to ten years back. If we goes back to the history of the telephone connection in the village. In the era of 2000 there as only one public telephone connection and later landline connection started penetrating slowly but sharply died due to various reasons in the rural area. Only 6 houses had BSNL land line connection before. But now whole scenario is changed and it is posing direct competition to the urban market in mobile usage. The one more exiting fact is all most all handset are Android enabled with internet connection. The price range varies from Rs 3500 to 18,000 per set.

**10. Total consumer/durable goods in use** - Another incredible change could be seen in the recent past is usage of unimaginable amount of consumer goods in daily life. There is obvious reason to say so that almost every house in the village is having a color Television with DTH connection. Among all the Television many are flat TV (LCD and LED) and brand name wise there are Sony TVs, Samsung, Sharp, Videocon, Panasonic etc... are in use. Many have opined in near future they are planning to change their doom TV with flat screen one. Hence market for CTV will flourish in future. The availability of market for Refrigerator, Air-conditioner, Washing Machine and Microwave Oven is huge, currently the market is least tapped by the marketers. In the entire village hardly there are people using these consumer durables, probably including entire village only a total 5 Refrigerators (double door) are in use, no AC, Washing Machine and Microwave oven are in use as of now. Hence there is a huge market to tap.

**Table 5** - Number of Consumer Durables in Use

Sl No.	Type of Consumer Goods	No. of Households using	Price range (Rs)
1	Doom Television 21 inch	72	5000-12000
	LCD Television	12	8000-36000
	LED Television	6	15000-60000
	3D, Triluminos, 4K TVs	00	****
2	Refrigerator	5	10000-35000
3	Air-conditioners	0	****
4	Microwave oven	0	****
5	Mixer-grinder	76	800-2200

Source - Primary data

But the Mixer grinders, almost all families are using, only four more families yet to buy, but many have expressed their willing to go for a new branded and advanced version mixer grinder from the basic one. Because many are using local brand mixers without grinders and price also very less when compared to branded one.

### Conclusion

The rural consumers' growth story presents one of the biggest opportunities for business to expand their footprint to new geographies and markets. While several corporate have established a firm footing, startups too are investing to claim a share of the pie in the three billion consumers market. There is a growing convergence of demand in the rural and urban markets. The proliferation of satellite television, mobile phones, and improving internet connectivity are evidently allowing the rural population to keep up with urban India in consumption of various products. The villagers no longer wait for their urban relatives to bring them the latest gadgets and accessories. Many are joining the digital bandwagon and purchasing the products of their choice through online mode.

It is very clear from the facts discussed above that the rural market is offering huge market potential to sell fleet of products, some of the products which were thought not for the rural market also. Therefore hitherto the topic limited only for boardroom discussion getting the momentum, many have already started implementing their 'made for rural market' strategy and it is need for the hour too. Just imagine a small village like N-Holekatte is coming to the lime light and offered an incredible amount of market potential to various marketers from bike seller to car sellers and refrigerator sellers to microwave oven sellers. If the trend continued to grow in the same pace (it will) probable the entire Indian rural market comprises of 69% of population can provide a sizable untapped marketpotential.

### Management implication

The rural consumer segment has now been redefined. The proliferations of the internet and the mobile phones have disrupted the prevailing dynamics and these consumers today are as aspirational as their urban counterparts. So the time is right for companies to seize this opportunity to expand and grow. This has effected many innovations in products, in packaging, in promotions and in distribution. This will certainly bring growth for the corporate.



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