

## Ruralization of marketing efforts: Recent trends in telecommunication marketing sector

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### Abstract

The recent trends have evidently proved that the rural markets are the most promising places for marketers and businesses. Since the rural India is an educated mass and with increased per capita incomes resulting into change of life style and spending patterns. The rapid adoption of technology and innovations has exerted a pressure on the marketers to design the marketing strategies on par with the rural trends. Mainly telecommunication has created a revolution in rural India. Aggressive spread of tele communication and computing technology has motivated the industry to intensify the efforts to reach the rural consumer. This paper throws light on the growth of the rural market and telecommunication sector in India and the efforts of the towards the cause.

**Keywords:** Rural market, CAGR, GDP, Schemes and Promotion, Rural Tele Market.

### Introduction

In the recent time the rural India has acquired a significant place and attention of the marketers in terms of huge revenue gain. The studies clearly states that the rural consumer wants to acquire branded and high quality products. The rural India consists of around 6, 50,000 villages inhabited around 850 million consumers making up for 70% of the population and which consists of almost half contribution towards GDP of our country. Some of India's largest companies serve one third of their consumer from rural India. Changing and favorable spending patterns and quick adoptions to the technological advancements in rural India are creating a favorable conditions for larger investments.

India is currently the world's second largest telecommunication market and has resisted strong growth in the past decade and half. As per the sources, driven by strong adoption of data consumption on handheld services, the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017, registering a CAGR of 5.2% between 2014 and 2017.

The mobile subscriber base in India is 680 million out of which 68% of the subscribers are from urban areas and the balance 32% is from rural areas. The urban tele density has reached 134% whereas rural tele density is only 28%. As a result, the telecom subscriber growth in urban areas is now saturated and further growth can come only from rural India. By 2020 rural India is expected to have 40% market in emerging telecommunication market.

The telecommunication companies focusing on the efforts of promoting their services into Rural India which will be the most profitable destination for them.

The growth story of the country is backed by the rural India and has influenced greatly on the economic developments. The focus of big business houses and also the start-ups are merely concentrating on the rural market which is the most favorable destination for them. The sectors like fast moving consumer goods, telecommunications, consumer durables and food processing are penetrating in the rural market with convincing returns. The paper focuses on the telecommunication sector, which is serving rural India in an effective manner.

Shri Ram, M., & Kumar, S. (2015), discuss regarding the rural segment is growing at a healthy pace of 8-10% per annum and is expected to add US\$ 100 billion in consumption demand by 2017. The hinterlands in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favorable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

India's per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2 per cent since 2000. The Fast-Moving Consumer Goods (FMCG) sector in rural and semi-urban India is expected to cross US\$ 20 billion mark by 2018 and reach US\$ 100 billion by 2025.

As per the Census report 2011, of the 121 crore population 70% of the population stays in the Rural India. About 87.3 crore population resides in the rural areas and 37.7 crore population stay in the urban areas.

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The Census 2011 also defines the rural area which fulfils the following conditions.

- A population of less than 5,000
- Density of population less than 400 per sq km and .:
- More than "25 per cent of the male working population" is engaged in agricultural pursuits

**Table No.1.1 (Population & literacy level)**

Year	Population Size in Crores.	Literacy Level (%)
2001	102.9	64.8
Urban	28.6	79.9
Rural	74.3	58.7
2011	121.0	74.8
Urban	37.3	85.0
Rural	83.3	68.9

Source: Census Report 2011

## Methodology

The paper throws light on the reasons for ruralisation and it makes use of secondary data for the analysis.

## Reasons for accelerated of growth in rural Market

The rural India has experienced a radical change in terms of business. There are few contributing factors which have poured a catalyst towards the scenario.

- Un tapped huge population
- Increased literacy level
- Growth in per capita income
- Initiates in infrastructure developments
- IT penetration in rural India
- Banking sector advancements
- Influence of Media

Baring above factors there are few allied points which also have their significant contributions towards the same. Due to these points rural India has witnessed tremendous growth in the field of fast moving consumer goods and durables. The mobile revolution has changes the facets of the business and we could witness the rapid adoption of telecommunication services in rural areas. Today tele communication companies are more focusing on the rural market which is the most profitable destinations for them.

## Government Initiatives to uplift Rural Areas

The Government has introduced various reforms in the Union Budget 2017-18 to uplift the rural markets. Rs 187,223 crore (US\$ 28.08 billion) has been allocated towards rural, agriculture and allied sectors. The Allocation for Pradhan Mantri Aawas Yojana-Gramin has been increased from Rs 15,000 crore (US\$ 2.25 billion) to Rs 23,000 crore (US\$ 3.45 billion) in the year 2017-18 with a target to complete 10 million houses for the houseless by the year 2019. The pace of roads construction under Pradhan Mantri Gram Sadak Yojana (PMGSY) has been accelerated to 133 kms per day as against an average of 73 kms per day during the years 2011-14. The allocation to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been Rs 48,000 crore (US\$ 7.2 billion) in the year 2017-18, which is the highest ever allocated amount.

Since there is an elevation in the incomes of the rural mass, the spending patterns of the rural consumers has also increased. According to National Sample Survey Office data people of rural India spend most on the use of mobile phones and telephones among all services accounting for 25.33%. This is followed by beauty services at 11.07% and other services, including TV and radio services, tailoring, repair services etc.

Karuna P (2018), states since the rural India is backed by the concept of inclusive growth The Governments have focused on minimising the regional disparities within the country and have initiated the infrastructure building process. The schemes like Golden Quadrilateral Highways, Pradhanmantri GramsadaK Yohana, Ujawala Yojana, Sarva Shiksha Abhiyan, Jana Dhan Yojana, Antyodaya Yojana, rural electrification etc have sowed seed of developmental aspirations into the minds of rural mass and as a result of effective Government initiatives the conditions in the Medical services have improved and the effective reach of education to the people has made a paradigm shift into the minds of the people of rural India with respect to the expenditure and expectations.

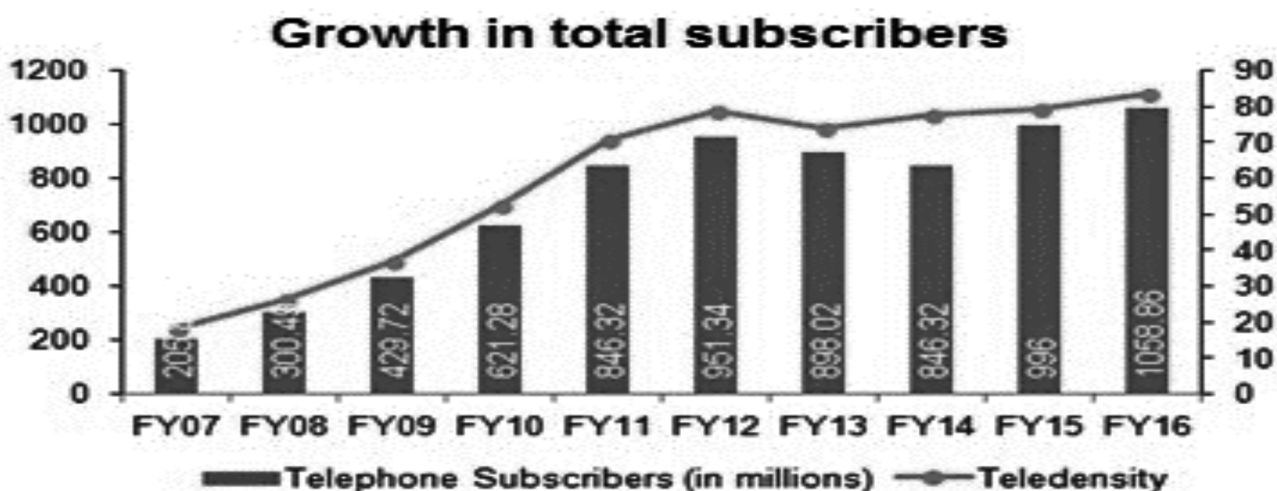
### Need For Telecommunications in Rural India

An era of post liberalisation has witnessed an enormous growth and advancement of business operations in our country both domestically and internationally. Communication is an integral part of the business transactions and which always follows the rapid mode of nature. Since the business conglomerates are focusing on the rich rural market, strong and faster communication is the only driver which can contribute to the high aspirations of the business houses. Telecommunications entered as a medicine to prosper the aspirations of the business. India is backed by the rural markets and the penetration of telecommunication sector in the rural market was must to get the rural markets into considerable mode. Since rural areas were facing the problem of reach, telecommunication sector resolved the issue by providing satellite base communication services.

### Telecom Industry in India

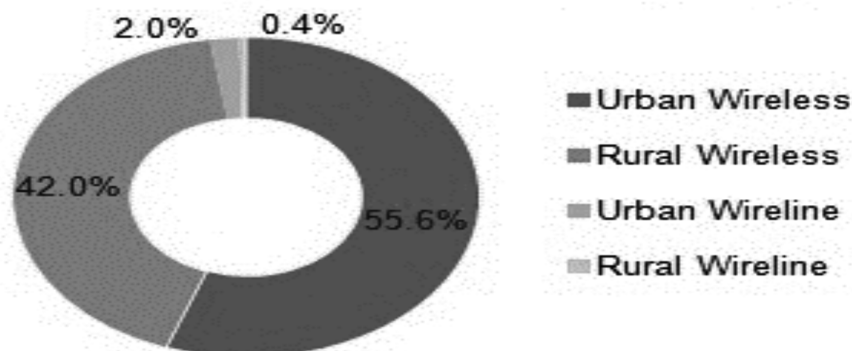
Sharma, P., & Kumar, A. 2016 discusses about Telecom subscriber base, which has expanded in India substantially in India and the most significant reason for such development is rural India. India is currently the second-largest telecommunication market and has the third highest number of internet users in the world. India's telephone subscriber base expanded at a CAGR of 19.96 per cent, reaching 1058.86 million during FY07–16. In March 2016, total telephone subscription stood at 1,058.86 million, while teledensity was at 83.36 percent.

Graph No.1



Source: Telecom Regulatory Authority of India, TechSci Research  
 Notes: CAGR - Compound Annual Growth Rate

## Graph No.2

**Composition of telephone subscribers (FY16)**

Source: Telecom Regulatory Authority of India, TechSci Research

The mobile subscriber base in India is million out of which 68% of the subscribers are from urban area and the balance 32% from rural areas. The urban teledensity has reached b143% whereas rural teledensity is only 28%. As a result, the telecom subscriber growth in urban areas is now saturated and further growth can only from rural India. As per the recent studies by 2020, rural India will be home to most of country's Internet users. Around 75-80% of Internet user growth will come from rural India.

**Contributing factors for the growth of rural telecommunication market**

- Advancement in satellite technology
- Mobile revolution
- Affordability of the device and service
- Price war between service providers
- Disruptive innovations
- Rapid IT adoption
- Government initiatives

**Telecom Service Providers in India:**

1. BSNL
2. Bharati Airtel
3. Vodafone India
4. Idea Cellular
5. Reliance Communications
6. Tata Teleservices
7. Aircel
8. MTNL
9. TTML

An extensive and deep studies have taken place to study the rural marketing efforts of companies and the potential possessed by the rural markets. Mrs.Meenu rani writes in Global journal of commerce and management perspective (December 2013) explains about the rural markets as a core of the Indian Markets. The FICCI report published in 2008, explains about the connecting rural India, which is an untapped growth opportunity. Perminder Kaur, in International Journal of Business Quantitative Economics and Applied Management Research explains about the present trends in the rural marketing.

CKS Consulting Pvt.Ltd has published a summary report on rural marketing practices for telecom services and states that the rural consumer have got tremendous adoption towards telecom adoption. Madhulika Gupta & Manjula Jain explains the opportunities and challenges in rural marketing and adds points that it adds a greater revenue to the country.

In 1996, Tata Teleservices Limited was the pioneer of the CDMA technology platform in India. It embarked on a growth path after the acquisition of Hughes Tele.com (India) Limited [renamed Tata Teleservices (Maharashtra) Limited] by the Tata Group in 2002. Being a part of the Tata Group, where customer-centricity is a way of life, the company revolutionised mobile voice calling through its philosophy of 'pay per use' in 2009. This initiative has been widely hailed as one of the biggest customer centric initiatives by any telecom operator in India. In November 2010, Tata Teleservices Limited became the first private telecom operator to launch 3G services in India. Over the years, Tata Teleservices Limited has been a key driver of the telecom revolution in the country. In 2002, Reliance Communications started its operations and extended its CDMA and GSM services to the people of India. This spread across the country like a wave and actually it initiated the wireless communication in rural India.

### Difficulties in rural areas for establishing strong telecommunication sector

There were few issues related to the service operations, namely

- Problem of reach
- Poor infrastructure
- Language barriers (Local vs English)
- High pricing

Since the board steps taken by the Government of India and the service providers towards improving the local conditions the rural market got memorising experience through telecom revolution. Especially Tata Indicom and Reliance Communications started providing customer services in local languages through call centres. The keypads of handsets were designed in the local language so that the rural people can easily handle the devices. Advancement in the Space technology added a catalyst to the sector and the quality of the network started experiencing a better dimension.

### Review of General Environment the Telecom Sector in India

The telecom sector witnessed a substantial increase in the number of subscribers during the year 2015-16. At the end of financial year 2015-16, the overall telecom subscriber base has increased to 1058.86 million as compared to 996.49 million at the end of financial year 2014-15 an increase of 62.37 million.

**Table 1.2 Overall Subscriber base and Tele density**

Particulars	Wireless	Wireline	Total Wireless + Wireline
	1033.63	25.22	1058.86
Urban Subscribers (Million)	588.79	20.90	609.69
Rural Subscribers (Million)	444.84	4.32	449.17
Overall Teledensity	81.38	1.99	83.36
Urban Teledensity	148.73	5.28	154.01
Rural Teledensity	50.88	0.49	51.37
Share of Urban Subscribers	56.96%	82.86%	57.58%
Share of Rural Subscribers	43.04%	17.14%	42.42%
No. of Broadband Subscribers (Million)	132.77	16.98	149.75

The wireless subscriber base was 969.89 million as on 31st March 2015 in comparison to the subscriber base of 1033.63 million as on 31st March 2016 registering a growth of 6.57% during the financial year 2015-16. During the year 2015-16, 55.28 million subscribers have submitted their porting requests to different service providers for availing MNP facility. With this the Mobile Number Portability requests increased from 153.85 million subscribers at the end of March 2015 to 209.13 Million at the end of March 2016. The tele-density at the end of March, 2016 reached the mark of 83.36 as compared to 79.38 at the end of previous year recording an increase of 3.98.

Verma, S., & Singh, A.2018(IJCRAR)As on 31st March 2016, the Wireless rural [Mobile and WLL (F)] market has reached the 444.84 million mark as against 414.18 million as on 31st March 2015. As per the Performance Indicator Report, 43.04% of total wireless subscribers are now in rural areas.

**Table 1.3 Service Provider-wise Rural Wireless Subscribers and Market Share**

Sl No	Wireless Group	Subscribers as on March 2015 (in millions)	Subscribers as on March 2016 (in millions)	Rural Subscribers as on March 2015 (in millions)	Rural Subscribers as on March 2016 (in millions)	Market Share of Rural Subscribers (as on March 2015)	Market Share of Rural Subscribers (as on March 2016)
1	Bharti	226.02	251.24	107.61	121.98	25.98	27.42
2	Vodafone	183.80	197.95	97.91	106.02	23.64	23.83
3	Idea	157.81	175.07	89.29	97.41	21.56	21.90
4	Reliance	109.47	102.41	27.75	25.32	6.70	5.69
5	Aircel	81.40	87.09	28.65	29.78	6.92	6.69
6	BSNL	77.22	86.35	29.52	28.90	7.13	6.50
7	Tata	66.32	60.10	17.25	15.87	4.16	3.57
8	Telenor	45.62	52.45	14.19	15.96	3.43	3.59
9	Sistema	8.86	7.69	1.95	1.64	0.47	0.37
10	Videocon	7.13	6.56	0	1.89	-	0.42
11	MTNL -	3.51	3.56	0	-	-	-
12	Quadrant	2.73	3.16	0.07	0.08	0.02	0.02
13	Total	969.89	1033.63	414.18	444.84	100.00	100.00

Source: TRAI Annual Report 2015-16.

### Benefits to rural area due to telecommunication

- Health, education and small business development enhanced by mobile services
- 3 out of 4 people feel they benefit socially or financially by using a mobile phone
- Big boost to E-commerce business
- ITC E-choupal and project Shakti of HUL have enhanced the true benefits of communication to rural mass.
- Educating people in local languages is possible and creating awareness regarding the new techniques and providing updated information to the farmers is effectively possible.

### Conclusion

The tele density in rural India is expanding its horizons and this is a favorable condition to the telecom service providers. Today businesses are convinced that the value is lying with the bottom of the pyramid and hence the same is rural markets.

Due to rise in the earnings, literacy level and improved communication infrastructure of rural India the untapped market has become an immense source of profits. Thus, the ruralization of marketing efforts is acting as timely and an effective strategy of business organizations and it is a move towards sustainable growth.

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