

An Overview on the Implication of ServiceMarketing Strategies in Rural India

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Abstract

The service sector is the fastest growing sector in India, contributing significantly to GDP, GDP growth, employment, trade and investment. Considering its necessity, service marketing strategies is mainly concentrated in cities but its requirements in rural India are growing gradually. A large part of the employment is still belonging to the unorganized rural area. So, to this aspect service provision at rural India has huge prospect of economic progress and business expansion. Therefore, there is the need of its strategy build up in its implications.

Focused attention is required to be paid to market research to reduce the uncertainty in dealing with rural markets. The research process is initially based on secondary research, which will helpful in better understanding of the service market of rural consumers in India.

The present exploratory research study has shown the actual provision of rural consumers and the required service strategies in the rural markets. The major findings from the study are the realization about the enormous effect of required service marketing on the rural consumers. The other findings include the perception of the locals as being neglected by the companies as compared to the urban counterparts.

There are huge potential and substantial growth opportunities in the rural service markets in India, yet there are some challenges too, which causes hurdles in tapping rural markets. This study is a step forward in exploring different strategies which has to be adopted in the rural market along with the current scenario of rural service marketing, highlighting key challenges related to rural service marketing.

Keywords

Trade; Service strategies; Indian rural market; Service marketing; rural service; rural consumers;

Introduction

The Indian rural market with its vast size and heterogeneous demand base offers huge lucrative opportunities to marketers to provide proper services. In India two thirds of the consumers are belonging to rural areas and almost half of the national income is generated in the rural areas. There are 450 districts and almost 6.3 lakhs villages and rural market offers a vast untapped potential. It is seen that sixty percent of the country's service sector enterprises are in rural areas according to a report by National sample survey organization (NSSO).

There have been two successive types of evaluation relating to services in rural areas. There is always a tendency to bring services closer to the people by installing basic services in villages, for example school, post office services, health care, electricity and water supply etc. depending on planning policies for rural areas.

Now with the development of better transport the general quality of services have improved. There is a growing tendency to delegate certain tasks, which traditionally were performed within families. The tasks are linked to babysitting, assisting the elderly care for sick people, tuition relating to different areas like education, songs, drawing etc. There are other domestic areas such as laundry, ironing, preparation of mid-day- meals, food processing, infrastructure, information and communication technologies, strategic services (e.g. Auto, Toto) etc. The supply formats of services may, however still be different in rural areas due to smaller and dispersed populations, long distances and limited availability of delivery infrastructure.

The growth of India's rural service sector has drawn global attention and unlike other countries where economic growth has led to a shift from agriculture to industries, in India there has been a shift from agriculture to the service sector. There is no doubt that rural service provision is a complicated path work quilt and service provision in rural areas is certainly a contented and constrained terrain, with numerous policy challenges.

Objective of the study

It has been seen that the growth in spending on goods and services by rural India (between 2012-13 and 2013-14) was 19 percent compare to urban India where growth was

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recorded at 17 percent*. This shows push through NREGA and other social sector schemes which provides an opportunity to rural households to supplement their traditional farm income leading to increased for consumption goods and services in the rural sector.

The objectives of this paper are to provide an overview of the Indian rural market service sector. It identifies major barriers faced by the sector and provides policy- recommendations which if implemented will lead to inclusive growth, increase productivity, and generate quality employment and increase trade and investment.

In this paper efforts are made on telecom service:-

- ❖ To study it'sstrategies and problems of rural service marketing.
- ❖ To study about the rural service marketing environment of the same service issue.
- ❖ Extension of services in relation to this.

The concept service to rural India from rural India should always be given priority. This will help to migrate simpler work from urban India to rural India with a primary view to extend the labour arbitrage and it helps to tap a whole new market. Today mobile phone is inevitable from our day to day life. When a mobile phone malfunctions, it takes considerable time and effort for a rural mobile user to get it repaired. He may have to travel some distance to a service point for a simple task like this, for this he will have to lose either a day or loss of wages, work etc. There is an opportunity for technically trained personnel to become 'roaming' service providers for the manufacturer and deliver this 'value added service at a fee, which would offset the time and effort the user needed to expand.

As the basic essentials of product in mobile telecom services are its core functional benefits so it is desired by majority of mobile telecom customers that they would enjoy the benefits of voice clarity, proper geogrphical network coverage, no call drop possibility, easy internet facility, speedy data accessing facility, proper customer support,easy to get new connection, easy vast recharge facility or recharge card at convenient locations etc. There are five distinct dimentions of service strategies suggested by Parasuramanaretangibility, reliability,responsiveness,assurance,andempathy. Distributionpattern,channel management and retailer net work are considered to be important in rural India. The private sector

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providers adopt intensive distribution strategy and the public sector BSNL provides exclusive distribution strategy.

It is expected that large proportion of India's population resided and will continue to reside in rural India, if service support as well as low cost last mile outreach be possible by companies in near future. There is little doubt, given the deep loyalties that usually prevail in rural India, that innovate customer support strategies involving local talents that will help them gain first mover advantage and sustain customer loyalty. It is increasingly evident that imparting appropriate training and providing support to rural youth in different services can unlock significant opportunities in rural India. Integrated marketing communication plays a vital role to build up proper promotion network in rural areas. Nowadays telecom companies use various promotional tools like advertisements, sales promotion, direct selling, events experiences and public relationships in the rural areas too. It helps to build awareness about the product, to create liking, preference and faith for the service provider, to stimulate repeat association with the service provider and to convince customer to continue with the service provider. The factors which become highly important in the rural areas for rural customers to build up proper strategies are promotional phone calls to the customers, price reduction offers, extra talktime offers, SMS package offers, internet package offers, free trial for newly introduced services, time to time different schemes for recharge. The strategy of telecom service providers is to build up competitive advantage and synergy through a well integrated programme of service marketing mix elements in rural areas to tailor the needs and wants of potential customers in that target market.

Literature review

As India is considered to be a fast growing developing country in the service sector, can lead to inclusive growth through backward and forward links (Banga 2005), by securing equitable access to basic services at low prices (Deloitte 2011), by creating employment opportunities. Liberalization and reformed have shown that with economic growth and the rise in the per capita income, demand has changed from necessary to discretionary consumption and propelled the growth of services specially in the rural India (Mc Kinsey & Company, 2007).

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It is shown through different studies that there are barriers to growth in services which include decent employment (Basu and Maertens, 2007), a poor business environment (Joshi, 2008) shows lack of an integrated service sector policy (Banga, 2005) and a strong focus on skill-intensive services and higher education while a majority of the population remain unskilled and poorly educated (Kocchar et.al, 2004).According to Raghu et. al. (2006)* services firms have a wide range of alternatives which is available in competing market place.

Basically India rural market highlight on literature for providing services of a agricultural products to urban areas. A socio economic influence of rural consumer behavior was studied by Sayulu and Reddy (1998) concluded that frequency of purchase of commodities by rural consumers was highly influenced by the type and nature of the products.

Velayudhanet. al. (2010) in their study entitles “marketing to rural consumers: understanding and Tapping the rural market potential”.There has been a radical change in attitudes of service marketers towards the vibrant and burgeoning rural markets is called for, so they can successfully impress on 230 million rural consumers spread over approximately six hundred thousand villages in rural India.

It has been seen that high income elasticity of demand for services has contributed to the high growth of this sector (Bhattacharya and Mitra, 1990; Gordan and Gupta, 2003). Technological progress and availability of high skilled manpower has led to growth of services in Information Technology (IT) and enabled service (ITes) (Chanda, 2002). Developed countries outsource its services to developing countries like India leading to rise in demand for services from the developing market (Bhagawati 1984, Gordan and Gupta 2003 and Hansda 2001). High government expenditure on certain services has also led to high growth of services (Ansari 1995).Organisations and leaders in organization believe that “capabilities of rural India “are limited and they can normally be expected to perform simple and manually oriented tasks.

It has been seen that at the first step towards broad based access promotion in India was initiated in the eighties when public call Offices (PCOs) were given private franchises for both domestic and long distances services. At that time total number of PCOs grew almost

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from 0.2 million in 1993 to 0.9 million in 2001 and in the Eight Plan(1992-97) targeted at provision of Panchayat phones in 360,000 villages. Then broad based telecommunication development strategy began with the National Telecom Policy of 1994 and was reinforced as one of the objectives of the New Telecom Policy (NTP-99). NTP-99 targeted complete rural coverage by the end of 2002 providing Village Public Telephones in all the 0.6 million villages by providing ‘availability, accessibility and affordability’ and for this by the end of January 2001, 0.4 million villages had been covered. This suggest of potential scope of expansion of telecommunication in the rural sector. It has been seen that Private sector presence is prolific in Public Call Offices (PCOs) and Internet Kiosks in the cities and towns but there are certain pilot projects in the rural sector working to evolve cost effective wireless technological solutions in partnership with local service providers.

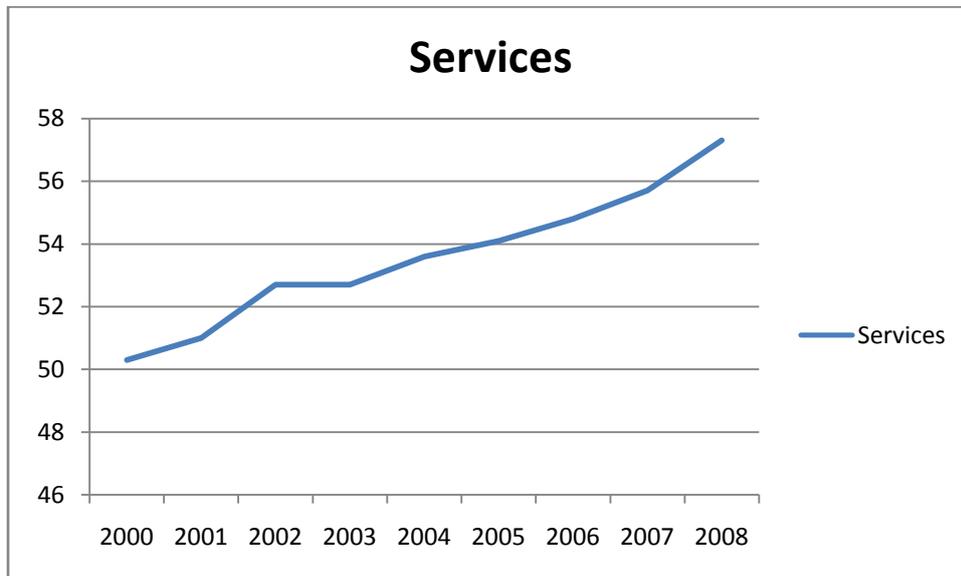
Research Methodology

The present study is descriptive in nature and the data is secondary in nature and has been collected from various websites, different published literature, journals, and magazines and also form different search engines on internet. The basic framework of the study is consisted of unobservable theoretical constructs, which would not be measured directly. The scope of this paper is broader, reflects and develops the issue of the service related policy.

Findings & Analysis

According to the Planning Commission (2008) “Report of the High Level Group on Services Sector” the rural services sector has been the key driver of the fast growth of the Indian economy. Since 2001 while the Indian economy grew at a rapidly increasing rate. Since 2005 service sector growth has been closer to 11 percent per annum. The service sector is now seen as the new engine of growth replacing manufacturing (Dasgupta and Singh, 2005) and rural India is not exception of that. It is also contrasted with China where the Industry, with emphasis on mass production, led the rapid growth of the recent decades (Shantong LI, et al, 2003).

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Source : National Accounts Statistics various years.

The share of services has gradually grown to nearly 60 percent of the economy's incomes. It is the services sector that had more than 50 percent share of GDP employment only a quarter of the workforce in India. The services sector has been dynamic and productive for the country and has helped the sustained high growth rates in the last decade.

Rural service industry is considered to be the core strength of Indian industry. The customers of rural India have strengthened the telecom industry and enable it to deliver multiple services in communication starved rural areas. The price of mobile sets and expenses in communication both have come down drastically along with the recurring expenses over the time due to huge growth in this sector, so there is a huge demand for such services in rural areas also. However, dispersed and low density rural markets make it less profitable for private operators to enter such areas and compete with cheaper fixed line telecom rates in rural areas. The taxes and duties on telecom services are very high and need further reduction, particularly to universalize this service, which is now possible, and especially in rural areas. A 10% increase in mobile and broad band penetration increase the per capita GDP by 0.81% and 1.38% respectively in the developing countries (Report World

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Bank from CII-2014 Journals). The demand for mobile telephone is increasing very fast today even in rural areas. As the income of the rural population is rising, there would be a corresponding increase in the disposable income level. Some part of it would expect to go towards better and more food, but a larger part of earning would go to non food expenditure. This would create an opportunity for different economic activities based on a demand for local services as well, generating further employment activities in rural areas.

Conclusion and Recommendations

It is inevitable that globalization has the norm in the service industry. This is evidenced by growing number of business that a service firm operation. The changes in the world economy and business practices have driven the focus on service.

Today, a staggering 12 percent of the world's population resides in India's rural markets have become a powerful economic engine both in consumer goods and service industry. India's rural service market present opportunities to different companies to become high performance business cannot afford to ignore. There are three aspects which are to be considered to provide services to rural people by reaching the rural customers acquiring them and retaining services to the acquired customers.

The concept of " Digital India Initiations must have to spread quickly and effectively by providing services to rural areas through e-commerce players like Filipkart, Snapdeal, Infibeam, Paytm etc. Consumers in the rural regions are also expected to embrace online purchases overtime and then provision of service people will rise.

The consideration of telecommunication in rural areas it is seen that if high concentration is given in BPO sector then certainly more service and employment provision will increase. It has been seen that BPO business has four main inputs: communication systems, hardware, infrastructure and people. The costs of communications and hardware is not in the direct control of the industry, but BPO operators can directly control costs related to infrastructure and people. Simply put, the rural BPO shifts the location of outsourced work from urban to semi urban rural areas where transportation, accommodation, and other essential facilities are good.

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Growth of mobile and internet in rural areas will help in Tele-education, Tele-health, skill development, expansion of various services such as banking, insurance etc., creation of new jobs and also in running various e-governance programmes. It will in turn help in curbing poverty, reducing migration, population control and also in improving quality of life. It is expected that India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025. It is also expected that with the government's favourable regulation policies and 4G services hitting the market, rapid growth is expected in the Indian Telecommunication sector in the next few years. Along with the development of the telecom sector there are other areas which will automatically grow up in rural areas like security and surveillance, remote monitoring of ATM machines, home automation, traffic management, traffic management. Retail, logistic and grid energy, could eventually facilitate optimization of resources.

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