

# RURAL YOUTH



## Not just consumers; Influencers, Entrepreneurs

BY JAGADEESH KRISHNAMURTHY

Wall paintings and street theatre were the staple for brands looking to engage consumers in rural India. As we all know, that has changed. A lot of factors have contributed to this change. The modes of engagement in many 'rural' markets today are not very different from those employed in urban India. The paradigm of 'rural' is changing. At the centre of this change is a segment that is changing India itself - the youth. This segment, which is the earliest adopter of technology, and which aspires for more, is defining what rural marketers must do.

Many 'rural' areas cannot be classified as 'hinterlands' anymore, thanks to connectivity and infrastructure development. Youth in the rural India are in sync with most brands and technologies reaching urban markets. In many cases, the challenge is not in establishing brands in rural markets, but of ensuring products' timely physical reach. More brands are eyeing the rural markets today, and with good reason.

As pointed out by several research papers on the subject, purchase decisions in rural India are made collectively. The process involves the influencer, decision maker, buyer and payer, and each one could be a different individual. Marketers will have to address all constituents. It is acknowledged that 'Rural youth brings brand knowledge to the household', thereby becoming the key influencer in of the purchase process.

### Number crunching: Socio-economic factors

According to the National Council for Applied Economic Research (NCAER), the Indian rural consumer lives in over 6,00,000 villages, accounting for over 70 percent of the population. Some researchers strongly contest this population share. Given that the data is from 2002, one is forced to admit the counter arguments.

For several product categories, rural markets account for over 60

percent of the national demand. While the rural consumer is perceived as less affluent than his urban cousin, things have been changing in the last 10 years.

Adding to the importance of the youth is the sheer size of the segment, across urban and rural markets - 50 percent of the population is estimated to be between 25 and 40 years of age. This is also considered to be the earning youth, who want live life according to their choices, and are aspiration-led.

With the significance of youth established, let us look at rural youth. According to a study commissioned by RMAI (Rural Marketing Association of India) in early 2009, the economic slowdown made no impact on the rural economy. The study, conducted in R1 and R2 markets (top two social classes of rural households), targeted the 'middle class' in the rural markets - a segment which sets the trend in these markets. The study revealed that rural incomes are on the rise, driven largely by continuous growth in agriculture for four consecutive years, and other factors including infrastructure development.



RV Rajan,  
President, RMAI

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## Technology penetration

A study by internet research firm JuxtConsult in 2008 revealed that one out of every seven regular internet users was from rural areas. Part of the growth was attributed to the increase in number of websites in regional languages. The study also revealed that rural net users were younger than their urban counterparts. 61 per cent of the total internet users in rural India were under 25 years of age, against around 50 per cent in urban India. However, in absolute numbers, only 5 of the 35 million regular internet users in India are based in rural areas. Internet access in rural India is still largely through cyber cafes. However small the base, net penetration has played a role in increasing brand literacy, adding to the removal of rural media darkness by satellite television.

Another aspect that has contributed to connectivity of rural India is mobile telephony. Around 10 million mobile subscribers are being added each month in the country since 2008. According to TRAI, 11 million were added in May 2009. With penetration approaching saturation in urban India, rural's share of the new subscribers is bound to grow.



**Priya Monga**  
Business Head, RC&M

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## Ground reality

With a more 'connected' rural youth today, are rural marketers looking to penetrate rural markets by directing their communication to the youth? While they acknowledge that rural youth are key influencers, most marketers do not advocate communication specifically towards them. They prefer to address the 'mass base of consumers' with a communication plan that also appeals to the youth.

'Entrepreneurship' and 'self-empowerment' models by brands have come to stay in rural India. These allow brands to engage the local youth and enable them to experience the brand, while promoting the brands for their own benefits. As a result, the brand gets a local face and a distribution partner. Brand custodians underline that such 'partners' speak the local language and understand the local mindset better than highly paid marketing or sales executives from urban areas.

RV Rajan, President, RMAI, defines rural youth as the rural population aged 18 to 35 years. He said, "Just as in the rest of the country, this segment forms over 50 percent of the rural population making it a potent force for the marketers to target."

Describing the changes amongst rural youth, Rajan elaborated, "Unlike in the past, the rural youth today are an ambitious lot. Even among families which have traditionally taken up agriculture for a living, we find youth today who are 'breaking off' to venture into the towns and cities to pursue education and dream careers. The large universe of 'city bred' educated and ambitious youth in rural India bring back to their villages aspirations of a better standard of life akin to their urban counterparts, leading to an emerging generation which has shed its traditional dhotis for modern denims, branded watches and cosmetics. Moreover, the 'save now, spend tomorrow' culture of the earlier generation is giving way to the 'earn now and spend now' culture among the rural youth."

Rajan is quick to add that corporate India has not taken advantage of this shift. He elaborated, "Given the rapid changes in rural India and the resilience of the rural economy proved by the current economic



**Ajay Sundaram**  
Terra

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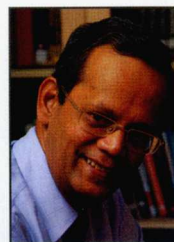
slowdown, savvy marketers have realized the great potential offered by rural India and are waking up to these changes. But the sad reality remains that this realization has not resulted in any dramatic changes in terms of real investments in tapping the huge potential being offered by the rural population. Most companies caught up with the pressure of quarterly results, see investments in rural India as a 'drain' on their resources - as any investment in new product development, distribution and marketing aimed at the rural youth will not produce short term results!"

Pradeep Kashyap, CEO, MART, noted that the R1 and R2 purchase behavior was more or less similar to SEC A and B of urban markets. "Within rural, we also have 'Developed Rural' (states like Punjab, Haryana, Gujarat) where esteem, status appeal are considered vital. The other part is Developing Rural (states like UP, Bihar) where functional benefits play a major role in brand choice," explained Kashyap.

Commenting on the changing lifestyle patterns among rural youth, Priya Monga, Business Head, RC&M, said, "With quick-changing trends in the lifestyle of rural youth, who are also looking for an upgrade on social and economic fronts, marketers are also adapting fast to the changing market dynamics. Brands are increasingly focusing their campaigns through youth-centric messages and throwing challenges for youth involvement. So the product communication is delivered at ground level in a challenging and youthful manner in an 'edutainment' path."

Rural marketing per se calls for customization. Underlining the need for such campaigns, R Seshadri, MD, Anugrah Madison, said, "Any communication aimed at a rural TG (youth or otherwise) calls for customized campaigns which understand the mindset and ground realities for the specific product category. And this could vary from region to region, state to state. I believe that currently marketers are not investing enough in research to understand their rural TG before developing a rural-specific communication package."

Terra's Ajay Sundaram observed that the role of rural youth as influencers is being appreciated now. He said, "Typically, most of the product categories that are bound to go out and communicate to rural audiences, actually treat youth as a key catalyst and consider them



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**Sandeep Bansal**  
Country Head, Xpanse Asia

‘change-bringers’ to society. The rural youth has been exposed to different forms of communication. They are also aspiring to do more things in life, and are amenable to the changes that we want to bring in. It is not that it is being done now - youth have always been given importance. But, in terms of

percentage and weightage, it is more now.”

Sandeep Bansal, Country Head, Xpanse Asia, added, “I even find FMCG companies and the education industry very successfully tapping into the potential of young India, and not just tweaking but creating communication specifically for them. We do see some amount of communication towards the rural youth in towns on mass media, but many initiatives particularly focusing on rural youth go under the radar (not riding on traditional media).”

Despite being key influencers for several product categories, youth are not the decision makers for some. Pradeep Lokhande, from Rural Relations, explained, “They are the influencers and opinion leaders not just for youth-related products like fairness creams and mobile telephones, but also for almost all the other products. However, for products like tractors and others, they are only the influencers as the final decision is taken by the head of the family.”