

# Changes in Rural Marketing through Information and Communication Technology

Umang Goel, Ankit Bajpai, Swati Chauhan and Pranay Verma

**Abstract**—It is worthwhile to note that more than 70% of Indian citizens are located in rural areas. The net result is either absence of achievement in efficient marketing or limited achievements in marketing. Since major population of any country determines the success or failure of any brand of commodity or service, the importance of ‘rural marketing’ should not be underestimated. While growth in Education and infrastructure sectors have been impacting rural India over the years, the impact that Technology is going to have on Rural Marketing initiatives in the next few years is going to be tremendous. Technology is going to make a huge difference to the way we look at Rural India. The process has started and in the next few years there will be more progress in this area. How can information technology (IT) contribute to rural development? What are the channels through which impacts can be realized, and what are the practical means for realizing potential benefits? This paper examines several ongoing projects that aim to provide IT-based services to rural populations in India.

**Index Terms**—India, information technology, Internet, rural development

## I. INTRODUCTION

THE necessity of harnessing science and technology for transforming rural India has long been recognized. In fact, Gandhi had clearly shown an appreciation of this necessity. As early as 1935, at the All India Village Industries Association, Gandhi initiated a movement called ‘*Science for People*’, with an advisory board of national personalities including scientists like J. C. Bose, P. C. Ray and C. V. Raman. It is tempting, Technology is going to make a huge difference to the way we look at Rural India. The process has started and in the next few years there will be more progress in this area. There is now a general agreement that the average rural Indian whose life has been touched by technology has changed for the better. The web based technologies and technology of Internet usage for innovative interventions have been quite a boon to people. There are many corporates like ITC, HLL, other NGOs and almost every state government who are experimenting with ICT in rural. It is increasingly becoming clear that for Rural ICT to be successful what is required is the public / private partnership. The Common Service Centre (CSC) Project of the Ministry of Information and Technology, under which the

government is planning to set up 1,00,000 internet kiosks in as many villages to service the 6,00,000+ villages of the country is in the right direction.[5]

While the government will provide the infrastructure, the leading players in the ICT area like Microsoft, NLogue and many others are expected to provide appropriate technology to help the ICT initiative to succeed. The CSC project is not only going to help in good governance but also help empower rural folks by providing them with equal opportunity for human development which in turn should boost income and employment generation in rural India. As more and more villages get connected, an entire economy that has been difficult to tap and grow will have huge opportunities. If agricultural problems and cures can be disseminated across the country through an email, if health and rainwater harvesting training can be disseminated by video lectures, the physical need for skilled people to travel to every village, every time would be done away with. Technology will greatly help in bridging the rural urban divide. Villagers could directly find buyers and sellers across the country or globe. This is already happening.[6]

It may seem paradoxical that modern information technology (IT), associated in our minds with developed country markets and capital-intensive methods of production, has any relevance for a country where many millions still lack basic needs. Nevertheless, there are many efforts underway in India and other developing countries to demonstrate the concrete benefits of IT for rural populations, and to do so in a manner that makes economic sense.

Indian agricultural industry has been growing at a tremendous pace in the last few decades. The rural areas are consuming a large number of industrial and urban manufactured products. The rural agricultural production and consumption process plays a predominant role in developing the Indian economy. This has designed a new way for understanding a new process called Rural Marketing. The concept of rural marketing has to be distinguished from Agricultural marketing. Marketing is the process of identifying and satisfying customers needs and providing them with adequate after sales service. Rural marketing is different from agricultural marketing, which signifies marketing of rural products to the urban consumer or institutional markets. Rural marketing basically deals with delivering processed inputs or services to rural producers, the demand for which is basically a derived outcome.[7]

There is a need to identify which kinds of ICT access deliver the best value for money, and how the limited resources that can be spent on it can be made to best suit the particular needs of rural India. A number of ‘models’ have so far been tried. Few of them are given below.

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## II. RURAL I.T. MODELS

### A. Rural Telecentres

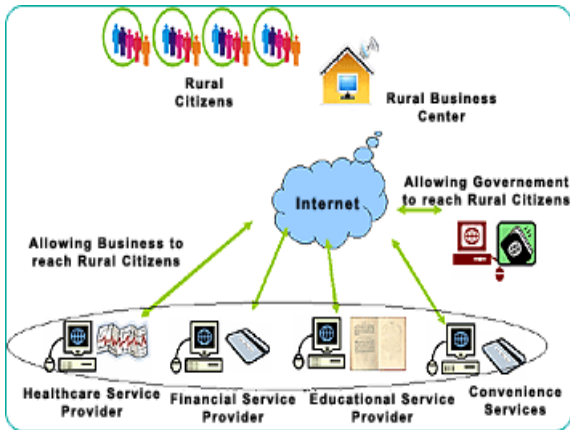


Fig. 1. Model for Rural Telecentres

#### Source: Comet technology

According to the National Council for Applied Economic Research (NCAER), the official collector of data on rural India, India's rural populace is worth US\$100 billion in consumer spending, making them a vital link in India's vibrant GDP story. Rise of a new socio-economic category called the rural rich and hence narrowing gap between the urban and rural per capita incomes. Inclusive growth is slowly happening! The entry of major companies like Reliance, Tata, Bharti, Birla's, Wal-Mart, Woolworths and Carrefour etc. into food retail could work wonders for farmers because of the companies' rural sourcing strategies. Increasing awareness about the importance of education has led farmers to send their wards for better education in urban areas. This in turn lead to landing up in good employment opportunities facilitating the welfare of families back home in rural areas through income flow-back. Rural market for FMCG goods is growing at a faster rate than Urban market, says FMCG officials. According to T.V. Ramachandran, Director-General of the Cellular Operators Association of India, a private industry body, the construction of new cell towers is widespread in rural areas, and India's coverage area has increased three times in the past year. He said young Indians (most are under age 35) and rural people are driving cell phone growth.[3]

This model is a public-private partnership model. Both G2C and B2C services will be offered through the RBCs. Prices for G2C services are mandated by the state government. For example, the fee citizens can pay for a copy of their land records Certificate is Rs.10-15 (approx. US\$.33). Prices for B2C services will be established based on consultations between service provider and private service offerers.

Services delivered through the RBCs, can comprise more than 100's of government processes, include copies of land records, approval of old age pension for senior citizens, issue of caste certificates, issue of income certificates, etc.[15,16]

Any educational service offerers can also use the centers to deliver computer-aided education. Similarly, the agricultural offerers can use the centers to deliver information related to agriculture, prices for agricultural commodities, and availability of agricultural inputs.

This model can invites companies involved in Education, Healthcare, Financial services, Convenience services, etc. [1,12]

- Education – distance learning, video conferencing etc.
- Healthcare - telemedicine
- Financial services – providing for assets/liabilities
- Convenience services – mobile top-ups, bill payments, etc

### B. Rural BPO

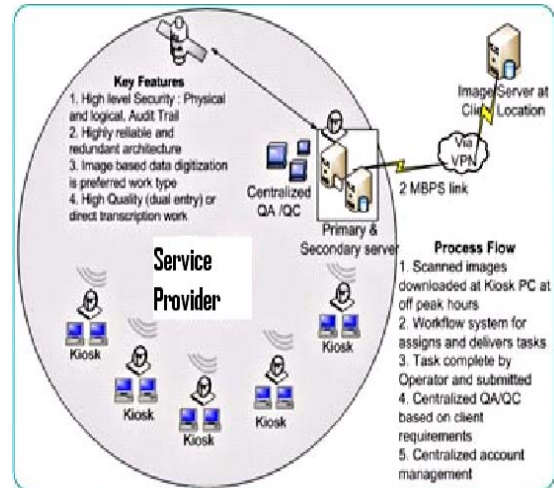


Fig. 2. Model for Rural BPO

#### Source: N lounge technology

A Nasscom study says, the BPO industry in India has is expected to face a shortfall of 262,000 professionals by the year 2012. With some IT training, there is a significant opportunity for the large number of high-school graduates and undergraduate degree-holders in rural areas to fill a part of this gap in the future.

According to Mission 2007' goal of GoI, Around 100,000 villages in India are to be powered with connectivity and if this materializes, these villages will have the potential to act as BPO centres. Consider 10 percent of these villages employing 20 people at an average salary of \$65 per month. This would directly add \$1.56 billion to the rural economy per annum and create 200,000 jobs. The demand for several allied industries such as hardware servicing and software development would also grow.

The rural BPO teams can effectively narrow the gap of digital divide by leveraging the power of computing and connectivity to create wealth in rural areas. The teams can build capacity in villages thereby creating the right systems and networks for remote business operations and ensure the highest level of professionalism and quality standards.[13,14]

This model known as "RuralBPO" is the process of carrying out Back office support services using Tele Centers set up by any service provider in the Rural India.

The "RuralBPO" will be SBU focused towards providing services using ICT Tele centers. With the key objective of providing distributed method of providing services, RuralBPO will bridging the knowledge gap between rural and urban based knowledge workers.[1,11]

Parameters	Centralized BPO	Rural BPO
Investment	High	Low
Operation cost	High	Low
Method of Operation	Central location - Urban	Distributed Location - Rural
Quality from the beginning	Achieved Instantly	Achieved Gradually
Attrition	High	Low
Skilled Resource availability	High	Low
Management overhead	High	Low
Rate per hour	High	Low
Competitive Edge	Medium	High
Increasing rural employment	Low	High
Attracting funds & Subsidies	No	High
Technology Cost	Low	Very High
Training Cost	Medium	High - to compensate low skills
Type of Projects	Unlimited	Limited
Data Security issues	Low	Medium

**Key challenges of the Rural BPO are as follows:**

- Reliable bandwidth at rural location
- Managing multiple resources, project at distributed rural locations
- Achieving international standards for service and to scale up the operations of village-based outfits
- Implementing and maintaining distributed technology software platform

**Potential Rural BPO Services**

Following table shows potential Rural BPO services.

Services	Target Industry
Survey & Questionnaire Forms	Education Department, Research Firms etc
Enrollment Forms	Government organization, Research Firms, Medial etc
Product/Warranty Registrations	Major Indian corporate, MNC etc
Invoice Forms	Major Indian corporate, MNC from all sectors of the industries. The major qualification criteria for the lead will be CSR (Corporate Social Responsibility)
Product Order Forms	Major Indian corporate and MNCs
Health Care Studies	Education, Government, Health Departments etc
Insurance Claim Forms	Indian insurance companies

TABLE-2 POTENTIAL RURAL BPO SERVICES

**Value Proposition**

The RuralBPO is really an idea whose time has arrived. RuralBPO offers benefits to all stakeholders:

- 1) Rural Citizen - IT based employment for rural communities
- 2) Corporate Clients – Enable business expansion through cost effective BPO solution
- 3) Investors – Significant ROI, while creating employment opportunities

- 4) Society – Sustained growth of rural communities
- 5) Government – Employment creation, reduce population migration[4]

*C. Virtual multiplexes*

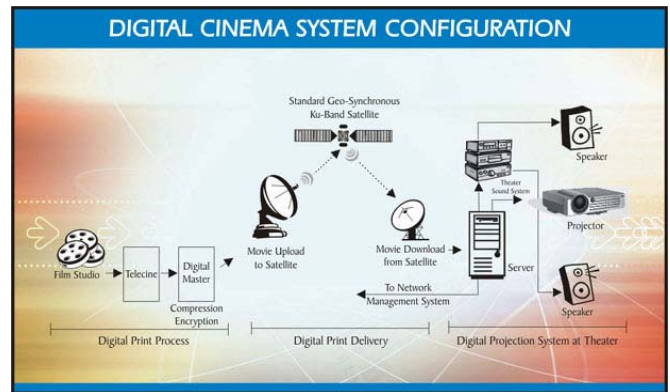


Fig. 3. Virtual multiplexes

**Source: UFO Movies**

This model has created an end to end Digital Cinema Solution which is set to revolutionize the distribution and exhibition system. Digital Cinema encompasses the production, delivery and projection of full-length motion pictures, trailers, advertisements and other audio / visual programs to theatres using digital technology. In Digital Cinema a film delivered to theatres through physical media such as hard disks or through other electronic transmission methods such as satellite. The reduced file sizes of the digital movies due to MPEG-4 technology allows reliable delivery of the digital movie in rural areas in the shortest time possible, thereby reducing the cost of delivery.[2]

III. CONCLUSION

Rural marketing in India has still a long way to go, rural marketers have to understand the fact that rural marketing in India has a tremendous potential in our country. Rural marketers should understand this fact and try to tap the huge untapped potential in our country. These models will raise a new socio-economic category called the rural rich and hence narrowing gap between the urban and rural per capita incomes.

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