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A BRIEF REVIEW ON THE RUSTIC CUSTOMER'S WHILE SELECTING MOBILE PHONE

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ABSTRACT

Marketers have begun to give attention to the Indian rural market in this age of globalization, not only to serve the requirements of urban consumers with value, but also to serve the needs of rural customers. The Indian mobile sector is the fastest expanding in the world, with more mobile phone connections being added every month. The liberalization of communications regulations and policies has contributed to this development. According to a Gartner study, India will be Asia Pacific's fastest growing telephone market after China. Many marketers see the Indian rural market as a tremendous opportunity because of its size and demand base. Around 840 million people live in rural India, accounting for around 70% of the population, 600,000 villages, and 56% of national revenue. The rural market in India accounts for about half of the country's gross domestic product. The buying patterns of rural consumers are improving somewhat as their discretionary income rises. The fact why India has a large mobile phone market is owing to the country's large rural population. Marketers must develop strategies to capture the expanding rural market by first recognizing the requirements of rural customers, which vary from those of urban consumers in terms of affordability and tastes, and then attempting to offer those goods and services in order to make a profit. Companies must do thorough assessments while marketing to rural India. There are about 700 million mobile phone subscribers in India, with 320 million of them living in rural areas (How smartphones are penetrating deeper in rural India, 25th May 2015, the rural Marketing Journal). In the past four years, the rural market's mobile phone penetration has risen from 22 percent to 38 percent. This

study is an effort to bridge the gap by focusing on the mobile phone as a possible market owing to its "critical" requirement in India's rural areas.

KEYWORDS: *Advertisements, Brand, Buying, consumers, Mobile.*

1. INTRODUCTION

The Indian mobile industry is growing fastest in the world and continues to add more mobile phone connections every month. This growth is noticed due to liberalization of telecommunication laws and policies. According to Gartner report, after China, India would be the fastest telephone market in Asia Pacific. Due to growing competition between the mobile phone manufacturers as well as competition between the service provider, the prices of mobile phones and the call rates has dropped respectively enabling many consumers to buy the products and use the services. Subscriber rates are growing further, every month. The consumers are also spending on buying mobile phones with better technology[1]. Mobile phone and technology development has a long history of innovation and advances that have arisen as a result of dynamic changes in customer demands and tastes. Among these advancements, mobile phones have had one of the highest rates of household adoption of any technology in contemporary history. Mobile phones have become an essential component of people's everyday lives and personal communication all around the world[2].

In today's highly competitive mobile phone industry, manufacturers are always battling to discover new competitive advantages and distinguishing features that will convince customers to choose their brand over a competitor's. Various research have been done to discover characteristics that distinguish businesses from their rivals in terms of influencing consumers' purchasing decisions. Consumers of mobile phones all around the globe are heavily affected by the many variables that influence mobile phone purchasing decisions[3]. These variables may be linked to the consumer's traits as well as the functionality of mobile phones. As a result, mobile phone firms have developed a wide range of phones with various brands and functions. Various research studies have been performed to discover variables that influence customers' mobile phone choices. A variety of things were identified as a determining factor affecting purchasing decisions in these investigations[4].

It was predicted that mobile phone subscriber base would grow from over 500 million in 2013 to over 800 million in 2019 (Number of mobile phone users in India from 2013 to 2019,. In India, 13 million new connections were added in the third quarter of 2015, followed by China which added 7 million, US 6 million, Myanmar 5 million and Nigeria added 4 million subscribers, according to Ericsson Mobility Report for 2015. (Business Standard, 18th November 2015). Globally, the subscriptions of smart phones are expected to increase from 3.4 billion in 2015 to 6.4 billion by 2021. India is pegged at 77 percent penetration of mobile phones against global average of 99 per cent[5]. Rural India comprises around 840 million people; around 70% of population, with over 600,000 villages and 56 per cent of national income. The Indian rural market with its vast size and demand base offers greater opportunities to many marketers. It accounts for around 55 per cent of the manufacturing GDP; rural areas were host very closer to 75 per cent of new factories built in the last decade, while the rural factories account for 70 per cent of all new manufacturing jobs[6].

At present due to the change, today's rural consumer is value driven. A product is worth purchasing if it enhances his life in a meaningful way. Rising literacy and exposure to the same commercials as urban consumers has created a demand for typically urban products and services. Villagers are willing to adopt new products or services if they are clear about the benefits that accrue. Better road infrastructure has led to increased mobility; with people travelling, not just for visiting family or pilgrimages, but more often further afield in search of entertainment in the form of cinema. Figure 1 shows the conceptual framework of the study.

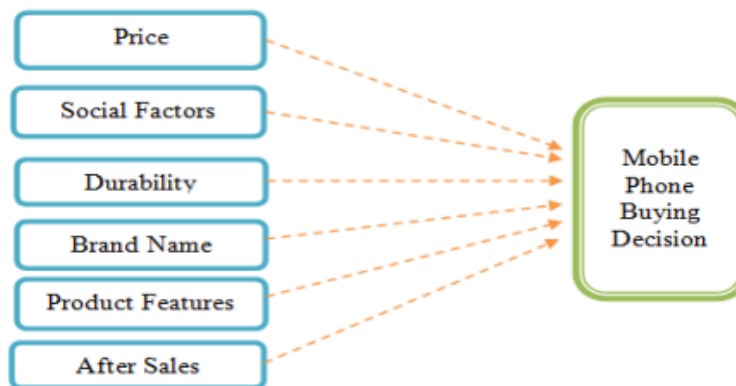


Figure 1: Conceptual Framework of the Study[7]

During the period 2009–2012, rural consumption per person increased by 19 percent annually, according to National Sample Survey Organization (NSSO). (Indian Rural Market, November 2013). In incremental terms, spending in rural India during this period, increased by US\$ 69 billion, significantly higher than US\$ 55 billion by urban populations. According to TRAI report of Jan 2016, India is currently the fastest growing subscriber rate, with total subscriber base of 1017.97 million. In 2015, India added over 67 million subscribers while in China; the total subscriber growth was closer to 30 million in 2015.

The graph below shows the respondents' current phone use as well as which brand they would want to switch to in the future. As a result, Nokia mobile phones are used by 67 percent of respondents, with Techno (11.8 percent), Other Chinese brands (9.2%), and Samsung following closely behind (5.3 percent)

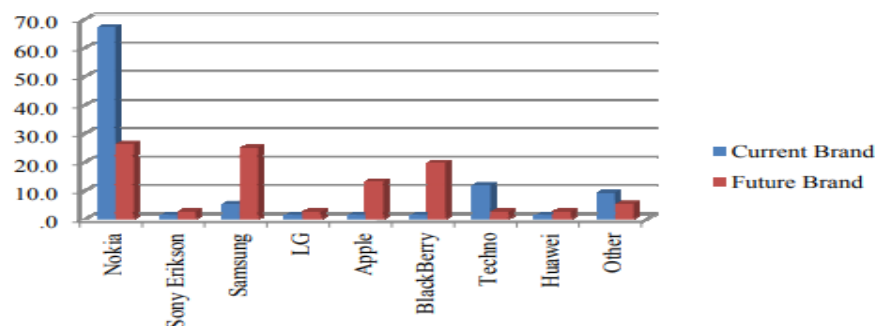


Figure 2: The Respondents' Current Phone Use As Well As Which Brand They Would Want To Switch to in the Future.

Urban Indian subscribers were 582.95 million, and mobile subscription of rural India was of 435.02 million. **Urban mobile subscriber share stands at 57.27% to that of rural subscriber with 42.73%.** Thus, Indian rural market is more of an opportunity to the marketers and hence the need to understand their purchase behavior.

1.1 Applicability in India as whole:

There are over 6, 27,000 villages in India. The rural region is home to about 3/4 of the overall population. The rural population's development is crucial to the nation's development. In terms of price sensitivity, brand knowledge, and purchasing decision making, the villages are comparable to some degree, if not all to the same extent. As a result, a (customized) sales strategy developed for these areas may be used to a few additional villages that are comparable in composition in most respects.

1.2 List of variables under study:

Independent variable: Age, Income, Gender, Key Opinion Leader, Brand preference, and advertising.

Dependent Variable: Rural Consumer Behavior

2. REVIEW OF LITERATURE

In India, research has been conducted to understand urban and rural consumers on factors like function, quality, style, price and brand in different states of India, but not in Karnataka. The discussions on research conducted at national and international context and the gaps which inspired for this research are as follows:

Md. Abbas Ali, Venkat Ram Raj Thumiki and Naseer Khan, (2012), in their study on Factors Influencing Purchase of FMCG by Rural Consumers in South India, commented that as the trust in retailers is more by rural consumers, retailers focused strategy should be considered as a strategy for the marketers in addition to low-price strategy without compromising on quality[8]. Since the study was focused on FMCG products, this could serve as a background for other researchers to focus on different products like automobiles, electronic goods, etc.

Aniruddha Akarte, and Dr. Amishi Arora, (2012), Indian telecom market in transitive economy: A comparative study on buying behavior of rural and urban buyers on mobile phones was conducted in Amaravati district in Vidarbha region, focused at understanding buyer behavior of both urban and rural consumers with respect to features like, current trends, quality, function, price, style and brands. This research ignored the role of KOL and educated youth's influence on the buying behavior[9]. Dr. Kavaldeep Dixit and Priyanka Sharma, (2012), in their research on Innovative marketing strategies experimented by MNCs for exploring vast Indian rural Potential, focused on understanding how Procter & Gamble and Unilever have tapped semi-urban and rural areas of India to expand business. This was a secondary research aimed to understand marketing mix better on the basis of 4A's of rural marketing. This study gives good information on SWOT and Marketing Mix to be used to tap rural markets to enhance business opportunities. Since India is expected to be 5th largest consumer economy of the world by 2010, has to be tapped. This research is a general research based on secondary research gives a general view of marketing mix, but is not specific on a particular product[10]. The study considered just one village. Thus,

may not be possible to generalize about rural consumers of Karnataka. Accuracy of information on income may not be reliable. There might be bias of respondents, since the awareness on brands, among all the respondents may not be the same. Changes happen dynamically, few products/brands may get outdated very soon. The brands that are available now, may not be available later or new brands may enter the market, and thus the current data on availability of existing brands in future may be a challenge.

3. DISCUSSION

The Indian mobile sector is the fastest expanding in the world, with more mobile phone connections being added every month. The liberalization of communications regulations and policies has contributed to this development. According to a Gartner study, India will be Asia Pacific's fastest growing telephone market after China. Prices of mobile phones and call rates have decreased as a result of increased competition between mobile phone makers and service providers, allowing many more customers to purchase the devices and utilize the services. Every month, the number of subscribers increases. Consumers are also spending money on more technologically advanced mobile phones.

The number of mobile phone users in India was expected to increase from over 500 million in 2013 to over 800 million in 2019 (Number of mobile phone users in India from 2013 to 2019). According to the Ericsson Mobility Report for 2015, India gained 13 million new connections in the third quarter of 2015, followed by China with 7 million, the United States with 6 million, Myanmar with 5 million, and Nigeria with 4 million. (Source: Business Standard, November 18, 2015). Smart phone subscriptions are projected to rise from 3.4 billion in 2015 to 6.4 billion by 2021 globally. India has a 77 percent mobile phone penetration rate, compared to a worldwide average of 99 percent.

Around 840 million people live in rural India, accounting for around 70% of the population, 600,000 villages, and 56% of national revenue. The enormous size and demand base of the Indian rural market provide more possibilities for various marketers. It accounts for approximately 55% of manufacturing GDP, with rural regions hosting close to 75% of new factories constructed in the past decade, and rural factories accounting for 70% of all new manufacturing employment.

4. CONCLUSION

Karnataka having a population over 6.6 crores is a huge market for almost all products. Thus, essential product being a mobile phone is not to be neglected. By understanding respondents of few more villages in every district, it becomes easier for marketers to know the similarities and differences of rural consumers towards mobile phone. According to Ericsson Mobility Report, November 2015, India is expected to have 180 million smartphones by 2019, contributing to 13.5 percent of global smartphone market on the basis of rising affordability and better availability of data services. According to Microsoft report, India will emerge as a leading player in the virtual world by having 700 M internet users of the 4.7 billion global users by 2025. Due to government favorable policies 4G hitting the market, Indian telecommunication sector is expected to witness fastest growth in the next few years. Due to the fact that 70 percent of India lives in villages, this study would help marketer to devise marketing strategy focused on rural

consumers need to enhance mobile sales. Changes happen dynamically. This is true in the case of rural consumers too. This study helps in understanding the 'change' in awareness due to growing literacy rates, television penetration in villages, thus creating TV as a source of awareness, to promote products and increase sales. Books say that KOL play a vital role in purchase decision-making, while the increased TV penetration is found to have more impact on rural consumers. This study will help marketers understand rural consumers better and thus develop marketing programmes focused at increasing sales of mobile phones. Since is almost 70% rural, everyone in the academics, especially in the area of management, should know; rural, rural consumers and rural market. This research study will be of use for academicians and students in order to understand rural marketing in the context of Karnataka and the factors influencing the rural consumer buyer behavior towards mobile phones better. India being agrarian is thus very crucial for academicians to know the backbone of India, 'Rural India'.

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