

Issues related to Segmentation in Rural Markets.

Segmentation is the process of dividing a heterogeneous market, into several sub-markets or segments, each of which tends to be homogeneous in all significant aspects. The division is based on the premise, that different people have different preferences. Market segmentation is the subdividing of a market into homogeneous subsets of customers, where conceivably any subset may be selected as a market target, to be reached through a distinct marketing mix. The power of this concept is that in an age of intense competition for the mass market, marketers venturing into rural markets may prosper through creatively serving specific market segments, whose needs are imperfectly satisfied by the mass – market offerings.

Approaches to Rural Segmentation

First level segmentation could be done on the basis of occupation, **i.e. farm and nonfarm** activities. The compilation of an index could then be attempted with farmers categorized into five prosperity levels, ranging from *very poor to very prosperous*.

Geographic Segmentation in Rural Areas

Regions: East, West, North and South.

Village size: <500, 501-1000, 1001-2000, 2001-5000, >5000. Rural lifestyle changes with village size due to variation in the level of infrastructural and economic development.

Density: Low, moderate, high (Villages with high population density have better infrastructural facilities and higher purchasing power).

Climate: Summer, Rainy, winter (Talcum Powder is used more in hot and humid regions).

Culture: (culture affects language, dress, food habit and location).

Demographic Segmentation in Rural Areas

Age and life cycle: Children, teenagers, young adults, elders, seniors (Confectionary and toys are more desirable in childhood, whereas young adults seek motorcycles, soft drinks, trendy clothes and music systems).

Family structure: Nuclear, joint (Family pack or economy refill packs work very well with joint families; Joint family translates to greater consumption of products).

Gender: Male, Female etc.

Income: Due to irregular income patterns and multiple sources of income, assessment of rural income is difficult.

Landownership: Land owners, rich farmers, small or marginal farmers, agricultural labourers. **Segmentation on the basis of:** size of landholding, area of land under cultivation, irrigation method, crop mix and rate of money realization.

Education & House type: Qualification & house types

Occupation: Cultivators, shopkeepers, artisans.

Religion & Caste: Settlement of villages on the basis of religion and caste. Eg. Rajput village.

Psychographic Segmentation in Rural Areas

Social class: Social class is determined by a combination of factors like education, occupation, income, wealth and others. Classified rural consumers into five classes:

Affluent, The Well off, The Climbers, The Aspirants and the Destitute (poor) on the basis of three variables: Education of the chief wage earner, Ownership of durables, and Type of house.

Lifestyle: Overall manner in which a person lives and spends time and money.

Personality

Behaviour Segmentation in Rural Areas

Occasions: *Festival, mela, jatra, weekly haat.* In rural areas, most durables are purchased during or after the harvest season because this is when farmers have cash in hand after selling their agricultural produce. Melas offer products at attractive prices and weekly HAAT days are the time to purchase daily-use products, vegetables and spices.

Benefits sought: Quality, convenience, value for money, service. *Rural consumers are more concerned with the utility of the product than its appearance and sophistication.*

User status: Rural consumers fall into the category of first-time users for most product categories. Therefore, the focus on product trials and demonstrations is very crucial in rural market. Tag line for Ghari Detergent---‘Pehle Istemal karein, phir vishwas karein’ is to induce customers to try out the product.

Usage rate: Usage for most FMCG products is relatively low among rural consumers due to poor affordability. Marketers have launched sachet packs for rural consumers and family packs for joint families.

Loyalty status: Rural buyers take a long time to decide on a particular brand, but once they are convinced, they are more brand loyal than their urban counterparts.

Place of purchase: Village Shops (Tea, kerosene), Haats (Food grain, pulses, vegetables), Nearest Town (Fertilisers, seeds), Melas (Clothes, cheap jewelry).