

Executives social representation of rurality and product adaptation

A case of rural markets in India

Guda Sridhar

Indian Institute of Management, Kozhikode, India, and

Debiprasad Mishra

Institute of Rural Management, Anand, India

Rurality
and product
adaptation

285

Received November 2010
Revised November 2010
Accepted December 2010

Abstract

Purpose – The purpose of this paper is to demonstrate the rationale and method for studying product adaptation in rural markets.

Design/methodology/approach – The paper takes the form of an exploratory design that includes; review of literature, pilot study, and survey method.

Findings – Findings of the study are contrary to the general understanding that rural is perceived very differently and hence operationalised differently by different organisation. However, results indicate that contingency theory holds true in case of product adaptation in rural markets also. With the increase in executives' representation of rurality, product adaptation degree also increased.

Originality/value – This is probably the first academic study on product adaptation in rural markets to the best of our knowledge. The study attempted to contextualise product adaptation construct from international marketing to rural marketing domain.

Keywords India, Rural, Marketing

Paper type Research paper

Considered as deadweight on the Indian economy till recently, trends indicate that rural markets in India are growing faster than urban (Vaishali, 2007; Banerjee and Sangameshwaran, 2009). Such growth has led to the debate whether both rural and urban markets are becoming homogeneous (Vijayraghavan and Philip, 2005). However, these speculations are not grounded in reality (Sheriff and Pany, 2005) as rural is still very different from urban with respect to literacy (Bijapurkar, 2003; Bhandari, 2009), physical and marketing infrastructure (Sarwade, 2002; Velayudhan, 2007), socio-cultural conditions (Rao, 2000; Jha, 2003; Thorat, 2007; Erda, 2009) and infact even on several economic indicators (Pradhan *et al.*, 2000; Bose, 2003). Organisations across varied industry verticals are currently buckling up to address these differences by adapting their products (*The Economic Times*, 2009).

Product adaptation has been widely studied in International marketing domain for the past six decades. There is no academic study that addressed the issue in the rural marketing context and hence this paper fills the void. Further, contribution of this paper is in its unique treatment to the product adaptation construct in an "intra"national

The authors thank Gujarat Cooperative Milk Marketing Federation (GCMMF), Institute of Rural Management, Anand for their generous funding and support. They also thank Professor L.K. Vaswani, Professor Arvind Gupta, Professor Saswata Biswas, and Professor Nivedita Kothiyal for their support and comments at several stages of the work.

marketing context, more specifically urban to rural marketing context. Unlike in international marketing; where product adaptation can be identified and measured as and when a product moves from one agreed geographical location (like country, region and so on) to another; it is complex in the case of rural marketing. This is because rural has been defined and operationalised in multitude ways (Jha, 1988; Kashyap and Raut, 2006; Velayudhan, 2007) and has no agreed geographical boundaries thus making it difficult to aggregate the adaptation type and extent of adaptation.

Product adaptation – a review

In international marketing

Product adaptation involves modifying the product elements to meet the market conditions and consumer preferences (Kotler and Kevin, 2007). Research on product adaptation, albeit as a part of marketing mix/programme, in international marketing domain is nearly six decades old. Buzzell (1968) identified that the differences in the consumer needs, competitive conditions, and institutional systems between two countries may force organisations to adapt the products. Further, standardisation leads to cost savings, consistency in dealing with customers, smooth internal planning, and control. Keegan (1969) also considered that adaptation or standardisation of product depend on the needs and conditions of the use of the product. Both Buzzell and Keegan expressed that organisations need to adapt based on estimated overall costs and revenues. On the other hand, Levitt (1983) strongly favoured standardisation and viewed the emergence of global markets as a case for standardised consumer products. He urged companies to operate as if the world is one large market and ignore superficial regional and national differences. Levitt was criticised by Boddewyn *et al.* (1986) for using singular anecdotal evidences stretched to stand as a whole. They further added the need to understand whether the companies can and will adapt or standardise. In their analysis in European countries, they observed an increase in product standardisation but decline in branding standardisation. Similarly, Wind (1986) also found that excessive standardisation may not bring in the economies of scale. Through the years since the introduction of the concept in 1960s till late 1980s; debate was mostly on the concept of standardisation and adaptation and its applicability in different business contexts.

In the late 1980s and through 1990s several scholars observed that decision to either adapt or standardise a product is not absolutely dichotomous but should be viewed as degree of adaptation. The degree of adaptation is contingent upon a variety of internal and external environmental factors of organisations (Douglas and Wind, 1987; Simmonds, 1985; Jain, 1989; Zou and Cavusgil, 1996). Contingency perspective has gained a wider acceptance as a theoretical perspective to study adaptation and lessened the acrimonious debate on the advantages and disadvantages of standardisation and adaptation. The focus of the scholars shifted to understand the influencing factors and outcomes of standardisation and adaptation. However, there is little agreement among the contingency theorists on the factors influencing standardisation or adaptation (Chandrasekaran, 2000).

Ryans *et al.* (2003) and Theodosiou and Leonidou (2003) noted that though the rigour of the research employed in studies has increased significantly over the period, the primary underlying elements of research in this area have remained relatively constant. They noted that empirical research has been either replicative, or encumbered in small theoretical advances, thus generating stagnation in thought and action on the subject.

Though there are attempts to measure adaptation (Lages *et al.*, 2008), the subject overall is yet far from ambiguity.

In rural marketing

In the rural marketing literature, reference to product adaptation is mostly descriptive, anecdotal or in the form of experience sharing. Some of the examples of product adaptation in rural markets are shown in Appendix 2. While concluding or proposing recommendations; authors of a few empirical and analytical papers emphasised the relevance of product adaptation in the rural markets (Dawar and Chattopadhyay, 2003; Sarwade, 2002; Sharma and Gupta, 2002; Shinde, 2007). However, much of the understanding of product adaptation in the rural markets for this study has come from newspaper reports, newspaper articles, and magazine articles (like Prem and Sweetey, 1985; Das and Sen, 1991; Bijapurkar and Murthy, 1999; Jain, 2000; Das and Ghosh, 2000; Krishnamurthy, 2000; Ganguly, 2001; Dohbal, 2002; Kashyap, 2003; Bijapurkar, 2003).

Similar to the debate on standardisation versus adaptation in international marketing literature (Buzzell, 1968; Jain, 1989; Terpstra and Sarathy, 2001), rural marketing scholars are also divided. While Baig (1980) advocated standardisation of product for rural and urban markets, a host of several academicians and practitioners advocated adaptation of product (Das and Sen, 1991; Rao, 2000; Jha, 2003; Velayudhan, 2007). However, decision to either adapt or standardise a product is not absolutely dichotomous; and adequate degree of adaptation is contingent upon a variety of internal and external factors (Douglas and Wind, 1987; Jain, 1989; Zou and Cavusgil, 1996; Cateora and Graham, 1999; Theodosiou and Leonidou, 2003). Survey of popular and academic literature in rural marketing domain suggests that products when marketed in rural areas are modified according to the local conditions and consumer preferences (Das and Sen, 1991; Aneja, 1993; Thomas, 1999; Rao, 2000; Patel, 2001; *The Financial Express*, 2000; Ganguly, 2001; Ranjan, 2001; Sarwade, 2002; Jha, 2003).

For example, Rao (2000) and Jha (2003) found that rural consumers prefer purchasing small packs; as their economic conditions do not permit to purchase in bulk. Velayudhan (2007) indicates the role of product adaptation in tackling competition and market differences. Thorat (2007) recommended banks to design products based on rural culture, customs, language, literacy, and other social indicators. Erda (2009) found that the rural and urban consumers differ on quality consciousness, function consciousness, and brand consciousness and hence products should be appropriately modified to suit the rural consumers. Bishnoi and Bharati (2008) urge that marketers must first understand consumers' requirement related to the utilitarian aspect of products and then design the product accordingly. Narula *et al.* (2009) urged marketers to design simple insurance schemes and customise products to the crops and inputs of farmers.

Product adaptation via executives social representaton of rurality

Product adaptation or standardisation is theoretically grounded in the concept of intermarket segmentation. Intermarket segments are defined as the presence of well-defined and similar clusters of customers across geographical boundaries and are identified on similar criteria (Simmonds, 1985; Kale and Sudharshan, 1987; Jain, 1989; Samiee and Roth, 1992; Szymanski *et al.*, 1993; Shoham, 1995). Organisations launch standardised products, if they are able to locate intermarket segments, lest would most likely resort to product adaptation.

In the context of international marketing, whatever might be the market segment variable; organisations cross a well-defined geographical boundary and thus making it easy to identify the adaptation of products. On the other hand, rural marketing includes all the dimensions of the transactions that form part of rural-rural, rural-urban, and urban-rural (Jha, 1988; Gopaldaswamy, 2005; Jha, 2003), but the definition is constrained by its choice of variables and ignoring physical space influences (Halfacree, 1993, 1995). Broadly, rural has no well defined and agreed upon geographical boundaries and is defined and operationalised differently by different organisations (Kashyap and Raut, 2006). This creates a serious challenge to aggregate product adaptations within and across product categories. In other words, identification of product adaptation is different in the rural marketing context from that of international marketing context. A way out for this challenge is to identify the commonalities among executives social representation of rurality in rural markets (SRRM) and later understand adaptations within and across the commonalities. Rationale is provided below.

Rural is considered as a way of life that rests on people's usage of social representations to create a specific kind of world (Halfacree, 1993, 1995; Pandey, 1996). Rural and its synonymous words and concepts are understood and used by people in everyday speech. More importantly, they are shared in the respective social groups of people (Moscovici, 1993). Executives of business organisations who market their products and services in the rural markets form a social group and have their own representations of rurality. As individuals they would have continuously build their representations on "rural" over the years and share with other executives either by social interactions or discourses (Similar to what Moscovici, 1993; Potter and Wetherell, 1987; Wagner, 1993 arguing how individuals of a social group share their representations). These representations enable them to comprehend and interpret the required for taking action (Jackson and Dutton, 1988; Argyris and Schon, 1998). If such range of representations are clustered and identified; product adaptation can be examined within and across these clusters. We can assume that different clusters of representations would also lead to different actions (in this case product adaptations).

Alternatively, we could have found out the extent of rurality as represented by the executives and looked at two ends of the rural-urban spectrum to analyse product adaptation. However, in doing so we would have lost the actual representations of the executives which would have been in between these two extremes of the spectrum.

Design

The present study has the scope defined in the following points:

- (1) Only urban to rural market transactions are considered. Study did not consider rural to urban, rural to rural transactions.
- (2) Only products that are marketed in both rural and urban markets are considered, i.e. those products which are marketed exclusively for rural markets are not considered.
- (3) Only four product categories are chosen for the study; namely pharmaceuticals, financial products (banking and insurance), television, and hair care. Number of product categories chosen for the study is few because of the cost and time implications.

-
- (4) Organisations marketing their products in rural markets of the state of Andhra Pradesh (AP) are studied. Choice of AP is made for optimizing cost and time. A brief overview of the rural market condition in AP is shown in Appendix 1.

Literature review was carried out initially as a part of the exploratory design. Later in the second stage, a pilot survey was conducted that included interviewing ten senior level marketing executives and 15 middle and lower level executives for about 15 minutes. Executives were drawn from several industries that included soaps, telecom, dairy, banking, and hair care product categories. Interviews were unstructured and completely open ended. Interviews focused on how executives represent rural markets, what are the various dimensions of rurality in their operating rural markets and the nature of product adaptations in rural markets. A content analysis was done on the interview transcripts. Content analysis revealed that broadly, executives represented rural as; growing potential (25), increasing disposable income levels (22), economy driven by agriculture (20), low quality of infrastructure (15), more traditional and social status driven (13). Figures in brackets indicate the number of executives who expressed their representation of rural markets for the respective item. These dimensions of rural market are similar to what literature on rurality has broadly suggested. In literature, there is consensus that rural has three broad dimensions, namely, ecological, occupational, socio-cultural (Redfield, 1981; Bealer *et al.*, 1965; Miller and Luloff, 1981; Jacob and Luloff, 1995; Friedland, 2002). However, we have not delved into defining what is rural, though we raised the issue through this paper. Defining so would be beyond the scope and purpose of the paper. All we attempted in this paper is to identify the representations that guide marketers to take decisions in rural markets. The representations included a composite set of items on social, cultural, infrastructural, and demographic dimensions as items.

Based on the content analysis and review of literature; 33 items were developed initially. Six academic and research scholars were involved in the item reduction process. Nine items were removed in the first round and 11 items were removed in second round of item reduction, thus resulting into 13-item scale to measure SRRM. Each of the items is measured on a five-point Likert like scales ranging from strongly agree (5) to strongly disagree (1). An item to measure overall SRRM is asked on a similar scale.

In the international marketing literature, product adaptation is identified by different product elements like design and features (Ward, 1973; Sorenson and Wiechmann, 1975; Hill and Still, 1984; Baalbaki and Malhotra, 1995; Leonidou, 1996; Chandrasekaran, 2000; Lages *et al.*, 2008), packaging and labelling (Ward, 1973; Sorenson and Wiechmann, 1975; Hill and Still, 1984; Leonidou, 1996; Chandrasekaran, 2000; Lages *et al.*, 2008) and brand name (Leonidou, 1996; Alashban *et al.*, 2002; Lages *et al.*, 2008). From literature review and the outcomes of pilot study; four elements of product were identified to measure product adaptation in rural markets, namely, size/amount, features and constituents, brand name, packaging, and labelling. These four elements were converted into four items measured on a five-point rating scale ranging from very substantial (4) to none (0). An item measuring overall adaptation of the product in rural markets was included and measured on a similar five-point scale.

In the third stage; survey method was employed. Four product categories were identified on the basis of their adaptability and representation from various product types. Multi-product categories were chosen because focusing on a single product category would have severely limited the sample size and also the generalisability

of the study. Product categories identified for the study include; pharmaceuticals (does not include over the counter), banking (bank accounts and loans), insurance (general and life), hair care (oil and shampoo), and television sets. The product categories are chosen from services and physical products so as to represent variety. Also the product categories are selected to reflect the variation in the product adaptation; like services may be more adapted than products. Within products durables and non-durables would be more likely to be adapted than the pharmaceuticals.

Organisations were chosen on the basis of two criteria. First, organisations should have marketed their product in rural markets atleast for the past two years. Two years is considered because; the time period would have possibility given the organisation to understand the rural markets. Second, organisations should have direct rural market presence. This implies that the organisations would have had their direct rural distribution or rural retail presence.

Local offices in AP of each of the organisations listed in the BSNL Telephone Directory and Yellow pages, Hyderabad Edition under the product categories are randomly contacted over phone to verify for the above two criteria. In total, 63 out of 75 organisations contacted were considered for the study from which 204 executives participated in the survey. About 40 percent of the companies are MNCs settled in India for more than two years. Details of sample are given in Table I.

From every organisation at least one respondent was chosen from each category of executives, namely Types A and B. Type A respondents include senior level executives like general managers, marketing heads, regional managers, and product managers. These executives can exert direct influence on the decision to introduce modifications in the product. Type B respondents include the senior and middle level executives who indirectly influence the decisions to introduce modifications in the product. Area sales managers, senior officers' in-charge for rural markets, and rural marketing executives are some of the Type B executives. Such categorization ensured that the executives who take decisions and influence the decisions significantly are considered

| Characteristics | Pharma | | Bank/Insur | | Hair care | | Television | | Total | |
|---|----------|-------|------------|-------|-----------|------|------------|-------|----------|--------|
| | <i>n</i> | % | <i>n</i> | % | <i>n</i> | % | <i>n</i> | % | <i>n</i> | % |
| <i>Designation</i> | | | | | | | | | | |
| Type A | 25 | 41.67 | 34 | 45.95 | 15 | 37.5 | 11 | 36.67 | 85 | 41.67 |
| Type B | 35 | 58.33 | 40 | 54.05 | 25 | 62.5 | 19 | 63.33 | 119 | 58.33 |
| <i>Average sales per annum (in Rs. Crs)</i> | | | | | | | | | | |
| > 25 | 2 | 3.33 | 0 | 0 | 6 | 15 | 0 | 0 | 8 | 3.92 |
| 25-100 | 14 | 23.33 | 6 | 8.11 | 6 | 15 | 0 | 0 | 26 | 12.75 |
| 101-500 | 25 | 41.67 | 10 | 13.51 | 10 | 25 | 6 | 20 | 51 | 25.00 |
| 501 and above | 19 | 31.67 | 58 | 78.38 | 18 | 45 | 24 | 80 | 119 | 58.33 |
| <i>No. of employees</i> | | | | | | | | | | |
| > 100 | 8 | 13.33 | 3 | 4.05 | 8 | 20 | 0 | 0 | 19 | 9.31 |
| 100-250 | 23 | 38.33 | 12 | 16.22 | 18 | 45 | 6 | 20 | 59 | 28.92 |
| Above 250 | 29 | 48.33 | 59 | 79.73 | 14 | 35 | 24 | 80 | 126 | 61.76 |
| <i>Years of rural operations</i> | | | | | | | | | | |
| 2-5 | 14 | 23.33 | 8 | 10.81 | 5 | 12.5 | 6 | 20 | 33 | 16.18 |
| 5-10 | 29 | 48.33 | 13 | 17.57 | 9 | 22.5 | 18 | 60 | 69 | 33.82 |
| 10 and above | 17 | 28.33 | 53 | 71.62 | 26 | 65 | 6 | 20 | 102 | 50.00 |
| Total | 60 | 100 | 74 | 100 | 40 | 100 | 30 | 100 | 204 | 100.00 |

Table I.
Sample details

in the sample respondent set. However, in this paper, we did not compare the results within companies to find if responses of different levels of executives are similar or not. Also, aggregation of the responses from the executives of a single organisation is not done to represent as an organisational response. This is because of a very miniscule representation of executives of an organisation cannot be considered as organisational response. Hence, the data has also been analysed at the unit level of executive.

Results

Social representation of rurality in rural markets

Alpha value of 0.736 given in Table II for the 13-item scale used to measure social representation of rurality of rural markets indicates high levels of internal consistency in the items. The value of 0.877 indicates a higher level of predictive validity of the scale. Mean values of the 13-item scale measuring social representation of rurality of rural markets ranged from 3.03 to 4.22, indicating that the social representation of rurality is moderate to high. Mean value of overall social representation for rural markets is 2.49 indicating moderate level of response from the executives. Among the respondents drawn from four different product categories, executives from banking and insurance and hair care product categories represented higher rurality when compared to television and pharmaceutical categories.

Cluster analysis. Cluster analysis is a generic label applied to a set of techniques in order to identify similar entities from characteristics possessed by the entities and is a non dependence technique (Aldenderfer and Blashfield, 1984; Green *et al.*, 1967; Hair *et al.*, 1998; Punj and Steward, 1983). Idea is to generate manageable categories of executives' SRRM they operate and later understand product adaptation within and across the categories. The study followed two stage clustering process as advocated by Punj and Steward (1983) and Hair *et al.* (1998). Initially, hierarchical clustering using Ward's method was adopted; followed by *K* means clustering method. Cluster solutions were intended to be used to examine product adaptation in rural markets. Details of the cluster solutions are given in the Table III.

Results presented in Table III indicate that there is good consistency of solutions. A variable having theoretical relationship with the 13-item scale but not included in the cluster solution earlier is used to assess predictive validity. ANOVA results indicate that the predictive validity is significant for all the solutions. Thus, cluster solutions are considered stable and hence can be concluded that the perceptions of executives on rural markets differ between/among the cluster solutions. Though both the cluster solutions, namely two cluster and three cluster; seem to be stable and different, three-cluster solution is used henceforth for further analysis as it is moderately improved version of two-cluster solution. The profiling of three-cluster solution is in Table IV.

Product adaptation

Element wise. Cronbach's alpha value of 0.890 (Table II) for the four-item scale measuring product adaptation indicates higher internal consistency of the scale. Predictive validity as indicated by correlation coefficient is also high at 0.824. Mean values of the four items range from 1.63 to 2.07 indicates a low to moderate level of adaptation. Product size/amount (2.07) is widely adapted when compared to all the other three elements of the product; brand name (1.84), packaging/labelling (1.78), and components and features (1.63).

Table II.
Descriptive statistics –
social representation
of rural markets

| S.no. | Items | Aggregate | Pharmaceutical | Bank/insurance | Hair care | Television | | | |
|---|---|-----------|----------------|----------------|-----------|------------|------|-------|------|
| | | Mean | Mean | Mean | Mean | Mean | | | |
| | | SD | SD | SD | SD | SD | | | |
| | | F^a | | | | | | | |
| <i>SRRM: Cronbach's α is 0.736, predictive validity {corr. a, b} at aggregate level is 0.877 at 0.01 sig. level</i> | | | | | | | | | |
| 1 | Population density is low | 4.22 | 0.63 | 3.98 | 4.32 | 0.69 | 0.81 | 4.43 | 0.50 |
| 2 | Occupational structures are homogeneous | 3.64 | 0.80 | 3.40 | 3.76 | 0.82 | 0.79 | 3.50 | 0.68 |
| 3 | Pace of life is slow | 3.63 | 1.31 | 47.04** | 3.50 | 1.26 | 1.44 | 3.27 | 1.29 |
| 4 | People's risk taking ability is low | 3.03 | 1.04 | 13.45** | 2.95 | 1.02 | 1.05 | 2.67 | 0.99 |
| 5 | Female independence in rural is low | 3.63 | 0.94 | 18.86** | 3.30 | 0.79 | 0.82 | 3.57 | 0.97 |
| 6 | Economic condition is poor | 3.75 | 0.99 | 15.03** | 3.60 | 0.69 | 0.91 | 3.43 | 1.07 |
| 7 | Infrastructure is poor | 3.67 | 0.98 | 9.6** | 3.72 | 0.92 | 0.95 | 3.57 | 1.01 |
| 8 | Life style is traditional | 3.72 | 0.79 | 1.47** | 3.70 | 0.60 | 0.87 | 3.60 | 0.77 |
| 9 | Languages spoken are few | 3.78 | 0.81 | 0.98** | 3.80 | 0.76 | 0.76 | 3.83 | 0.59 |
| 10 | Consumers are price insensitive | 3.69 | 0.81 | 1.9** | 3.57 | 0.75 | 0.70 | 3.73 | 0.79 |
| 11 | Values are traditional | 3.72 | 0.72 | 4.13** | 3.62 | 0.73 | 0.61 | 3.83 | 0.65 |
| 12 | Competition in rural is low | 3.51 | 0.65 | 0.4 | 3.52 | 0.69 | 0.59 | 3.53 | 0.57 |
| 13 | Rural people are helping natured | 3.28 | 0.74 | 1.06 | 3.17 | 0.79 | 0.59 | 2.90 | 0.71 |
| a | Total | 47.28 | 5.6 | 7.94** | 45.82 | 5.08 | 5.60 | 45.87 | 4.97 |
| b | Overall | 2.49 | 1.17 | 4.96** | 2.30 | 1.10 | 1.33 | 2.27 | 1.02 |
| <i>Product adaptation: Cronbach's α is 0.890, predictive validity {corr. c, d} at aggregate level is 0.824 at 0.01 sig. level</i> | | | | | | | | | |
| 1 | Size/amount | 2.07 | 1.65 | 1,521.12** | 0 | 0.29 | 2.4 | 1.23 | 0.50 |
| 2 | Components/features | 1.63 | 1.74 | 324.46** | 0 | 0.39 | 0.92 | 2.57 | 1.17 |
| 3 | Brand name | 1.84 | 1.69 | 887.08** | 0 | 0.38 | 0.78 | 2.03 | 0.89 |
| 4 | Packaging/labeling | 1.78 | 1.14 | 86.43** | 0.55 | 0.98 | 0.48 | 1.6 | 0.81 |
| c | Total of PA | 7.31 | 5.46 | 934.25** | 0.55 | 1.62 | 5.93 | 7.43 | 2.42 |
| d | Overall PA | 1.88 | 1.16 | 176.51 | 0.53 | 0.75 | 2.33 | 1.5 | 0.57 |

Notes: Significant at: **0.01 level; ^afactor variable is product category

| Method | <i>n</i> | X1 | X2 | X3 | X4 | X5 | X3 | X7 | X8 | X9 | X10 | X11 | X12 | X13 |
|---------------------------------|----------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|-------|---------|
| <i>Hierarchical ward method</i> | | | | | | | | | | | | | | |
| Two | 96 | 3.93 | 3.39 | 2.50 | 2.47 | 3.09 | 3.17 | 3.22 | 3.47 | 3.68 | 3.49 | 3.52 | 3.60 | 3.25 |
| | 108 | 4.49 | 3.86 | 4.63 | 3.54 | 4.11 | 4.27 | 4.07 | 3.94 | 3.88 | 3.86 | 3.90 | 3.43 | 3.31 |
| <i>F</i> (SRRM) | 29.03** | 49.81** | 19.75** | 404.23** | 71.99** | 83.79** | 94.04** | 48.20** | 20.45** | 3.18 | 11.17** | 14.94** | 3.91 | 0.29 |
| Three | 67 | 3.87 | 3.64 | 2.03 | 2.54 | 3.37 | 3.37 | 3.39 | 3.78 | 4.01 | 3.76 | 3.76 | 3.66 | 3.60 |
| | 29 | 4.07 | 2.79 | 3.59 | 2.31 | 2.45 | 2.69 | 2.83 | 2.76 | 2.90 | 2.86 | 2.97 | 3.48 | 2.45 |
| <i>F</i> (SRRM) | 18.89** | 26.40** | 25.43** | 424.61** | 36.69** | 64.16** | 58.1** | 29.28** | 35.22** | 25.71** | 21.25** | 23.7** | 3.43 | 3.31 |
| <i>K means with seeds</i> | | | | | | | | | | | | | | |
| Two | 109 | 4.52 | 3.88 | 4.60 | 3.56 | 4.09 | 4.26 | 4.07 | 3.95 | 3.92 | 3.89 | 3.93 | 3.41 | 3.30 |
| | 96 | 3.88 | 3.36 | 2.52 | 2.43 | 3.11 | 3.17 | 3.21 | 3.45 | 3.63 | 3.45 | 3.48 | 3.62 | 3.25 |
| <i>F</i> (SRRM) | 29.89** | 68.67** | 24.31** | 352.35** | 83.55** | 76.74** | 90.58** | 49.19** | 22.96** | 6.43* | 15.78** | 21.09** | 5.37* | 0.23 |
| Three | 108 | 4.53 | 3.88 | 4.61 | 3.56 | 4.09 | 4.26 | 4.07 | 3.95 | 3.93 | 3.89 | 3.93 | 3.42 | 3.30 |
| | 30 | 4.07 | 2.77 | 3.63 | 2.17 | 2.33 | 2.70 | 2.83 | 2.87 | 3.00 | 2.97 | 2.97 | 3.47 | 2.40 |
| <i>F</i> (SRRM) | 18.19** | 38.02** | 29.21** | 398.53** | 44.54** | 72.59** | 55.93** | 29.39** | 28.65** | 19.28** | 17.61** | 26.02** | 3.68 | 3.65 |
| <i>K means without seeds</i> | | | | | | | | | | | | | | |
| Two | 109 | 4.52 | 3.88 | 4.60 | 3.56 | 4.09 | 4.26 | 4.07 | 3.95 | 3.92 | 3.89 | 3.93 | 3.41 | 3.30 |
| | 95 | 3.88 | 3.36 | 2.52 | 2.43 | 3.11 | 3.17 | 3.21 | 3.45 | 3.63 | 3.45 | 3.48 | 3.62 | 3.25 |
| <i>F</i> (SRRM) | 29.89** | 68.67** | 24.31** | 352.35** | 83.55** | 76.74** | 90.58** | 49.19** | 22.96** | 6.43* | 15.78** | 21.09** | 5.37* | 0.23 |
| Three | 108 | 4.53 | 3.88 | 4.61 | 3.56 | 4.09 | 4.26 | 4.07 | 3.95 | 3.93 | 3.89 | 3.93 | 3.42 | 3.30 |
| | 30 | 4.07 | 2.77 | 3.63 | 2.17 | 2.33 | 2.70 | 2.83 | 2.87 | 3.00 | 2.97 | 2.97 | 3.47 | 2.40 |
| <i>F</i> (SRRM) | 18.19** | 38.02** | 29.21** | 398.53** | 44.54** | 72.59** | 55.93** | 29.39** | 28.65** | 19.28** | 17.61** | 26.02** | 3.61* | 41.33** |

Notes: Significance at: *0.05 and **0.01 levels, respectively; here, X1 through X13 indicate the 13 items used for the scale to measure SRRM; these are in the same serial order as in Table II

Table III.
Hierarchical and *K* means
clustering

| Criteria | Categories | Two | | | Three | | | F |
|-------------------------------|-----------------|-----|----|----------|-------|----|----|----------|
| | | 1 | 2 | F | 1 | 2 | 3 | |
| Product type | Pharmaceuticals | 5 | 55 | 204.76** | 5 | 19 | 36 | 103.02** |
| | Bank/insurance | 34 | 40 | | 33 | 11 | 30 | |
| | Hair care | 40 | 0 | | 40 | 0 | 0 | |
| | Television | 30 | 0 | | 30 | 0 | 0 | |
| Designation | Type A | 33 | 52 | 13.18** | 33 | 17 | 35 | 6.15** |
| | Type B | 76 | 43 | | 75 | 13 | 31 | |
| Average sales (in Rs. crores) | >25 | 6 | 2 | 6.99** | 6 | 1 | 1 | 5.25** |
| | 25-100 | 7 | 19 | | 7 | 7 | 12 | |
| | 101-500 | 20 | 31 | | 20 | 14 | 17 | |
| | 501 and above | 76 | 43 | | 75 | 8 | 36 | |
| No. of employees | >100 | 8 | 11 | 3.55 | 8 | 1 | 10 | 1.62 |
| | 100-250 | 27 | 32 | | 27 | 14 | 18 | |
| | Above 250 | 74 | 52 | | 73 | 15 | 38 | |
| Years of rural operations | 2-5 | 12 | 21 | 9.72** | 12 | 7 | 14 | 4.68* |
| | 5-10 | 32 | 37 | | 32 | 13 | 24 | |
| | 10 and above | 65 | 37 | | 64 | 10 | 28 | |

Table IV.
Cluster profiles on
additional items

Note: Significant at: *0.01 level

Except for packaging and labeling, banking, and insurance products have adapted their product relatively higher when compared to other three product categories. Pharmaceutical products have adapted their products only in case of packaging and labeling. Hair care and television companies have moderately adapted their product on all the four product elements. Differences in the means of all product elements across product categories are highly significant as indicated by *F*-test (Table IV).

Cluster wise. Mean values of adaptation of all the product elements including the total and overall items are higher on the first cluster (Table IV). The mean values of all the four product elements range within 1.74-2.39 in Cluster 1 which indicates moderate to high adaptation. In Cluster 2, the mean values of all the four product elements range within 1.16-1.43 indicating low to moderate adaptation. Finally in Cluster 3 the mean values range within 1.51-1.81 indicating moderate level of adaptation. Difference in the mean values across clusters is significant only in case of two product elements, namely size/amount and packaging/labeling. Scheffe's range of multiple comparison indicates that in case of size/amount only the Clusters 1 and 2 differ in mean values. In case of packaging/labeling; Cluster 1 is different from Clusters 2 and 3. Clusters 1 and 2 differ significantly in the total product adaptation in rural markets. This clearly indicates that the extent of product adaptation and the type of adaptation is different for each cluster. Implied is that product adaptation varies with the extent of executives SRRM.

Within cluster wise results presented in Table V indicate that in Cluster 1 mean values are higher for banking and insurance product types than other products except in case of packaging and labeling where hair care products show higher mean levels. In case of size/amount the mean values of hair care products is next to banking and insurance. However, television widely adapted the components and features and brand name when compared to other two products, namely, pharmaceuticals and hair care. Pharma companies have adapted only packaging and labeling. In Cluster 2 and Cluster 3 only pharmaceutical and banking and insurance product categories are represented.

Between these two; banking and insurance had higher mean values for all product elements. As found earlier, pharma companies have adapted only packaging and labeling.

Discussion and limitations

Very few studies are conducted to understand how rural markets are understood by the marketers such as the one proposed here. This study provides evidence that the different organisations and executives represent rural markets different. However, there is a substantial overlap of these representations. Three-cluster solutions that resulted from the data analysis is an indication of the extent of overlap of the representations. To a great extent this is contrary to the actual perception that exists which has been discussed in literature (Jha, 1988; Kashyap and Raut, 2006; Velayudhan, 2007). One reason for such deviation is that while operationalising marketing initiatives in rural markets, executive considers several other criteria like company resources, cost, physical infrastructure, and so on. Given that these criteria would differ from organisation to organisation, there is possibility of varied rural market definitions. To imply, definition of rural market of an organisation is not just influenced by the representation of executive but probably also several conditions. Thus, this study has contributed a probable alternative, albeit not a complete solution, for understanding rural markets and operationalising it. Future studies may further probe into this area.

Results of the study widely follow the contingency theory proposed by Jain (1989), thus extending the support to empirically test the contingency framework of product adaptation from international marketing to intranational marketing domain, especially in rural marketing. Among the four elements of the products, size/amount has greater degree of adaptation followed by brand name, packaging and labeling, and components and features. This finding is very moderately different to what literature in international marketing suggests like, constituents are third most frequent and features fourth most frequent (Leonidou, 1996), features and constituents are first most frequently adapted (Ward, 1973; Sorenson and Wiechmann, 1975; Hill and Still, 1984; Baalbaki and Malhotra, 1995). Brand name is fifth most frequently adapted (Leonidou, 1996). Packaging is the second most frequently adapted (Sorenson and Wiechmann, 1975; Hill and Still, 1984; Leonidou, 1996). Labeling is most frequently adapted (Leonidou, 1996).

The study provides evidence that the degree of product adaptation differs in the way rural is operationalised by the organisations. As presented in Table VI; three clusters indicate that there are three different representations of rurality among executives.

| Item | Mean values | | | F ^a | Scheffe MC |
|---------------------|---------------|---------------|---------------|----------------|--------------|
| | Cluster 1 (a) | Cluster 2 (b) | Cluster 3 (c) | | |
| Size/amount | 2.39 | 1.43 | 1.81 | 5.33** | (a,b) |
| Components/features | 1.74 | 1.16 | 1.65 | 1.29 | - |
| Brand name | 2.02 | 1.36 | 1.74 | 1.97 | - |
| Packaging/labeling | 2.11 | 1.16 | 1.51 | 11.85** | (a,b), (a,c) |
| Total of PA | 8.27 | 5.13 | 6.72 | 4.61* | (a,b) |
| Overall PA | 2.20 | 1.30 | 1.62 | 10.58** | (a,b), (a,c) |

Notes: Scheffe' multiple comparisons is significance at: *0.05 and **0.01 levels, respectively; ^afactor variable is the cluster membership

Table V.
Product adaptation in
rural markets – across
cluster wise

| Product element | Product category | N | Cluster 1 | | Cluster 2 | | Cluster 3 | | | |
|---------------------|------------------|----|-----------|------|-----------|-------|-----------|----|-------|------|
| | | | Mean | SD | N | Mean | SD | N | Mean | SD |
| Size/amount | Pharma | 5 | 0 | 0 | 19 | 0 | 0 | 36 | 0 | 0 |
| | Bank/insurance | 33 | 3.82 | 0.39 | 11 | 3.91 | 0.30 | 30 | 4 | 0 |
| | Hair care | 40 | 2.4 | 0.50 | 0 | 0 | 0 | 0 | 0 | 0 |
| Components/features | Television | 30 | 1.23 | 0.50 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Pharma | 5 | 0 | 0 | 19 | 0 | 0 | 36 | 0 | 0 |
| | Bank/insurance | 33 | 3.24 | 0.94 | 11 | 3.18 | 0.98 | 30 | 3.63 | 0.85 |
| | Hair care | 40 | 0.1 | 0.30 | 0 | 0 | 0 | 0 | 0 | 0 |
| Brand name | Television | 30 | 2.57 | 1.17 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Pharma | 5 | 0 | 0 | 19 | 0 | 0 | 36 | 0 | 0 |
| | Bank/insurance | 33 | 3.85 | 0.36 | 11 | 3.73 | 0.47 | 30 | 3.83 | 0.38 |
| Packaging/labeling | Hair care | 40 | 0.78 | 0.42 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Television | 30 | 2.03 | 0.89 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Pharma | 5 | 0.2 | 0.45 | 19 | 0.68 | 0.58 | 36 | 0.53 | 0.51 |
| | Bank/insurance | 33 | 2.21 | 0.60 | 11 | 2 | 1.10 | 30 | 2.7 | 1.18 |
| Total | Hair care | 40 | 2.65 | 0.48 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Television | 30 | 1.6 | 0.81 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Pharma | 5 | 0.2 | 0.45 | 19 | 0.68 | 0.58 | 36 | 0.53 | 0.51 |
| | Bank/insurance | 33 | 13.12 | 1.05 | 11 | 12.82 | 1.66 | 30 | 14.17 | 1.91 |
| Overall PA | Hair care | 40 | 5.93 | 0.80 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Television | 30 | 7.43 | 2.42 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Pharma | 5 | 0.2 | 0.45 | 19 | 0.63 | 0.50 | 36 | 0.53 | 0.51 |
| | Bank/insurance | 33 | 3 | 0.71 | 11 | 2.45 | 0.52 | 30 | 2.93 | 0.83 |
| | Hair care | 40 | 2.33 | 0.47 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Television | 30 | 1.5 | 0.57 | 0 | 0 | 0 | 0 | 0 | 0 |

Table VI.
Product adaptation in
rural markets – within
cluster wise

Clearly, the significance values of ANOVA indicate that the mean values of adaptation of product and specifically mean values of size/amount and packaging/labeling differ significantly among the three clusters. Thus, product adaptation differs with the differing representation of rurality among the executives. However, this kind of contextualisation is the unique contribution of this study and is different from the studies in the international marketing domain. However, the mode of explaining the construct “product adaptation” very much falls in the contingency paradigm (Jain, 1989; Theodosiou and Leonidou, 2003); where organisations tend to arrive at a product market fit depending upon their understanding of the markets. The results indicate that researchers need to consider the managerial market understanding component rather than only managerial market action component.

The results also support the view that greater adaptation of products is observed for services than for consumer products and pharmaceuticals (Boddewyn *et al.*, 1986; Jain, 1989; Samiee and Roth, 1992; Cavusgil *et al.*, 1993; Theodosiou and Leonidou, 2003). This supports the fact that those products that tend to be more specialized and cater more closely to the tastes, habits, and preferences of customers, require a higher degree of adaptation in markets to be served (Jain, 1989).

However, the issues addressed in this work reveal a broad agenda ahead for research. Given the absence of any empirical work, attempts should be made to further test, refine and extend the work. Two complementary procedures can be followed in doing so:

- (1) case studies to guide and refine theory development; and
- (2) survey research.

Between these two, case study designs would be in greater necessity to better understand the construct and prepare for other large-scale surveys (Eisenhardt, 1989). Also, further studies should probe into the direction of causality of the representation and product adaptation.

This study is subject to several limitations. Moderate sample size of 204 respondents limits the generalization at the first level. All the responses for the study are executive's subjective evaluations about rural with respect to AP at large. As a result it cannot speak directly at the findings or decisions at firm level. Hence, there is a possibility of responses being different with respect to the reality that exists out of AP state. We believe the future studies to carry out the studies at the firm level.

Further, the study in the process of removing the single informant bias took at least two responses from two different types of executives from each organisation. Senior managers (Type A) knowledge about a rural marketing strategy may reflect a positive bias on any survey while middle managers (Type B) as informants would help clarify whether the results reported are sensitive to key informant's level of seniority. Tests revealed that mean values do not vary significantly between these two types of respondents. However, in the study we could not get more than 41 percent of senior managers among the respondents. Further studies may consider a greater proportion of senior managers to increase the validity of the results.

The study has not delved into issues of psychometry such as validity measures (except for predictive validity), or accuracy of ratings. Finally, the study is conducted in the positivist paradigm and hence might have lost certain key insights which post positivist theorists emphasise through the use of multiple methods to explore and understand reality.

References

- Alashban, A.A., Hayes, L.A., Zinkhan, G.M. and Balazs, A.L. (2002), "International brand – name standardisation/adaptation: antecedents and consequences", *Journal of International Marketing*, Vol. 10 No. 3, pp. 22-48.
- Aldenderfer, M.S. and Blashfield, R.K. (1984), "Cluster analysis", Sage University Paper Series on Quantitative Applications in the Social Science, Series No. 0744, Sage University, Davis, CA.
- Aneja, K.R. (1993), "Test marketing of new products in rural areas", *Economic and Political Weekly*, May 29, pp. M77-9.
- Argyris, C. and Schon, D.A. (1998), *Organisational Learning II: Theory, Method and Practice*, Addison-Wesley Longman, Reading, MA.
- Baalbaki, I.B. and Malhotra, N.K. (1995), "Standardisation versus customisation in international marketing: an investigation using bridging conjoint analysis", *Journal of the Academy of Marketing Science*, Vol. 23 No. 3, pp. 182-94.
- Baig, M.A. (1980), "Guidelines for urban and rural marketing", *Indian Journal of Marketing*, Vol. 10 No. 2, pp. 3-8.
- Banerjee, R. and Sangameshwaran, P. (2009), "Nokia looks to tap billion customers in rural India", *The Economic Times*, October 28.
- Bealer, R., Willits, F. and Kuvelsky, W. (1965), "The meaning of 'rurality' in American society", *Rural Sociology*, Vol. 60, pp. 255-66.

- Bhandari, L. (2009), *The Indicus Consumer Handbook*, Pearson Education, Harlow.
- Bijapurkar, R. (2003), "The new, improved Indian consumer", *Business World*, December 8, pp. 28-36.
- Bijapurkar, R. and Murthy, R. (1999), "Rural markets for consumer durables", *The Economic Times*, August 16.
- Bishnoi, V.K. and Bharati (2008), "Awareness and consumption pattern of rural consumers towards home and personal care products", in Velayudhan, S. and Sridhar, G. (Eds), *Marketing to Rural Consumers: Understanding and Tapping Rural Market Potential*, Indian Institute of Management, Kozhikode, April 3-5, pp. 93-106.
- Boddewyn, J.J., Soehl, R. and Picard, J. (1986), "Standardisation in international marketing, is Ted Levitt in fact right?", *Business Horizons*, Vol. 29 No. 6, pp. 69-75.
- Bose, A. (2003), "Consumer demographics: people's assets in census 2001", *Economic and Political Weekly*, September 27, pp. 4085-7.
- Buzzell, R.D. (1968), "Can we standardise multinational marketing?", *Harvard Business Review*, Vol. 46 No. 6, pp. 102-13.
- Cateora, P.R. and Graham, J.L. (1999), *International Marketing*, 10th ed., McGraw-Hill, Boston, MA.
- Cavusgil, S.T., Zou, S. and Naidu, G.M. (1993), "Product and promotional adaptation in export countries: an empirical investigation", *Journal of International Business Studies*, Vol. 24 No. 3, pp. 479-506.
- Chandrasekaran, A. (2000), "Promotion and product, program/process standardisation in a US – Indian context: an empirical investigation", PhD thesis, Department of Administrative Sciences, Kent State University Graduate School of Business, Kent, OH.
- Das, V.M. and Ghosh, S.R. (2000), "Perspectives in rural marketing", in Neelamegham, S. (Ed.), *Marketing in India*, 3rd ed., Vikas, New Delhi, pp. 162-7.
- Das, V.M. and Sen, S. (1991), "Missing the point", *Advertising and Marketing*, July 22.
- Dawar, N. and Chattopadhyay, A. (2003), "Rethinking marketing programmes for emerging markets", Working Paper No. 2000-03, Richard Ivey School of Business, University of Western Ontario, London.
- Dohbal, S. (2002), "The two faces of Indian consumerism", *Business Today*, Anniversary Issue, p. 182.
- Douglas, S.P. and Wind, Y. (1987), "The myth of globalization", *Columbia Journal of World Business*, Vol. 22 No. 4, pp. 19-29.
- (The) *Economic Times* (2009), "Rural India unleashing the hidden potential", *The Economic Times*, October 1.
- Eisenhardt, K.M. (1989), "Building theories from case study research", *Academy of Management Review*, Vol. 14 No. 4, pp. 532-50.
- Erda, C.V. (2009), "A comparative study on buying behavior of rural and urban consumer on mobile phone in Jamnagar district", in Velayudhan, S. and Sridhar, G. (Eds), *Marketing to Rural Consumers: Understanding and Tapping Rural Market Potential*, Excel Books, New Delhi, pp. 125-40.
- (The) *Financial Express* (2000), "The second green revolution", *The Financial Express*, March 31.
- Friedland, H.W. (2002), "Agriculture and rurality: beginning the 'final separation'?", *Rural Sociology*, Vol. 67 No. 1, pp. 350-71.
- Ganguly, D. (2001), "Rasna flows straight into rural heart to boost SDC", *The Economic Times*, April 16.
- Gopalaswamy, T.P. (2005), *Rural Marketing – Environment, Problems and Strategies*, 2nd ed., Vikas, New Delhi.

-
- Green, P.E., Frank, R.E. and Robinson, P.J. (1967), "Cluster analysis in test market selection", *Management Science*, Vol. 13 No. 8, pp. B-387-B-400.
- Hair, J.E. Jr, Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall, Upper Saddle River, NJ.
- Halfacree, K.H. (1993), "Locality and social representation: space, discourse and alternative definitions of the rural", *Journal of Rural Studies*, Vol. 9 No. 1, pp. 23-37.
- Halfacree, K.H. (1995), "Talking about rurality: social representations of the rural as expressed by residents of six English parishes", *Journal of Rural Studies*, Vol. 11 No. 1, pp. 1-20.
- Hill, J.S. and Still, R.R. (1984), "Adapting products to LDC tastes", *Harvard Business Review*, Vol. 62, March-April, pp. 92-101.
- Jackson, S.E. and Dutton, J.E. (1988), "Discerning threats and opportunities", *Administrative Science Quarterly*, Vol. 33, pp. 370-87.
- Jacob, S. and Luloff, A.H. (1995), "Exploring the meaning of rural through cognitive maps", *Rural Sociology*, Vol. 60 No. 2, pp. 260-73.
- Jain, S.C. (1989), "Standardization of international marketing strategy: some research hypotheses", *Journal of Marketing*, Vol. 53 No. 1, pp. 70-9.
- Jain, S.C. (2000), "Big brands use mini packs to grow volumes", *Business Standard*, October 3.
- Jha, M. (1988), "Rural marketing: some conceptual issues", *Economic and Political Weekly*, Vol. 23 No. 9, pp. M8-M16.
- Jha, M. (2003), "Understanding rural buyer behaviour", *IIM B Management Review*, Vol. 15 No. 3, pp. 89-92.
- Kale, S.H. and Sudharshan, D. (1987), "A strategic approach to international segmentation", *International Marketing Review*, Vol. 4, Summer, pp. 60-71.
- Kashyap, P. (2003), "Steeling the rural show", *Praxis, Business Line*, January, pp. 38-42.
- Kashyap, P. and Raut, S. (2006), *The Rural Marketing Book*, Biztantra, New Delhi.
- Keegan, W.J. (1969), "Multinational product planning: strategic alternatives", *Journal of Marketing*, Vol. 33 No. 1, pp. 58-62.
- Kotler, P. and Kevin, L.K. (2007), *Marketing Management*, 13th ed., Prentice-Hall, New Delhi.
- Krishnamurthy, N. (2000), "The build up", *A&M*, February 15.
- Lages, L.F., Abrantes, J.L. and Lages, C.R. (2008), "The STRATADAPT scale: a measure of marketing strategy adaptation to international business markets", *International Marketing Review*, Vol. 25 No. 5, pp. 584-600.
- Leonidou, L.C. (1996), "Product standardisation or adaptation: the Japanese approach", *Journal of Marketing Practice: Applied Marketing Science*, Vol. 2 No. 4, pp. 53-71.
- Levitt, T. (1983), "The globalisation of markets", *Harvard Business Review*, Vol. 61, May-June, pp. 92-102.
- Miller, K.M. and Luloff, A.H. (1981), "Who is rural: a typological approach to the examination of rurality", *Rural Sociology*, Vol. 46 No. 4, pp. 608-25.
- Moscovici, S. (1993), "Introductory address", *Papers on Social Representations*, Vol. 2 No. 3, pp. 160-70.
- Narula, S.A., Kataria, A. and Arora, P. (2009), "Customers awareness towards insurance products in rural areas of Indore District, Madhya Pradesh", in Velayudhan, S. and Sridhar, G. (Eds), *Marketing to Rural Consumers: Understanding and Tapping Rural Market Potential*, Indian Institute of Management, Kozhikode, April 6-8, pp. 53-67.

- Pandey, V.N. (1996), "Discourses on rural: a review", Working Paper No. 101, Institute of Rural Management, Anand (IRMA), Anand.
- Patel, A.R. (2001), "Rural insurance: need and potential", *Business Line*, June 23.
- Potter, J. and Wetherell, M. (1987), *Discourse and Social Psychology: Beyond Attitude and Behaviour*, Sage, London.
- Pradhan, K., Basanta, P., Roy, K., Saluja, M.R. and Venkatram, S. (2000), "Rural-urban disparities: income distribution, expenditure pattern and social sector", *Economic and Political Weekly*, July 8-15, pp. 2527-39.
- Prem, K. and Sweetey, R. (1985), "Rural marketing management perspectives", *Indian Management*, March, pp. 13-20.
- Punj, G. and Steward, D.W. (1983), "Cluster analysis in marketing research: review and suggestions for application", *Journal of Marketing Research*, Vol. 20, May, pp. 134-48.
- Ranjan, S.P. (2001), "The rural consumer: heir apparent", *The Advertising Brief*, February 8, pp. 22-3.
- Rao, S.L. (2000), "India's rapidly changing consumer markets", *Economic and Political Weekly*, September 30, pp. 3570-2.
- Redfield, R. (1981), "The folk society", *American Journal of Sociology*, Vol. 52, pp. 293-308 (Cross reference from Miller, K.M. and Luloff, A.H. (1981), "Who is rural: a typological approach to the examination of rurality", *Rural Sociology*, Vol. 46 No 4, pp. 608-25).
- Ryans, J.K. Jr, Griffith, D.A. and White, D.S. (2003), "Standardisation or adaptation of international marketing strategy: necessary conditions for the advancement of knowledge", *International Marketing Review*, Vol. 20 No. 6, pp. 588-603.
- Samiee, S. and Roth, K. (1992), "The influence of global marketing standardisation on performance", *Journal of Marketing*, Vol. 56 No. 2, pp. 1-17.
- Sarwade, W.K. (2002), "Emerging dimensions of buyers behaviour in rural areas", *Indian Journal of Marketing*, Vol. 32 Nos 1/2, pp. 13-21.
- Sharma, K. and Gupta, D.R. (2002), "Knowing the rural consumers", *Indian Journal of Marketing*, Vol. 32 No. 7, pp. 15-18.
- Sheriff, A. and Pany, A. (2005), "Don't romanticise the village: companies exaggerate rural economy achievements", *The Times of India*, May 25.
- Shinde, R. (2007), "Recent facets of consumer behaviour: a case of rural market", *Indian Journal of Marketing*, April, pp. 20-5.
- Shoham, A. (1995), "Global marketing standardization", *Journal of Global Marketing*, Vol. 9 Nos 1/2, pp. 91-119.
- Simmonds, K. (1985), "Global strategy: achieving the geocentric ideal", *International Marketing Review*, Vol. 2 No. 1, pp. 8-17.
- Sorenson, R.Z. and Wiechmann, U.E. (1975), "How multinationals view marketing standardisation?", *Harvard Business Review*, Vol. 53 No. 3, pp. 38-54.
- Szymanski, D.M., Bharadwaj, S.G. and Varadarajan, P.R. (1993), "Standardisation versus adaptation of international marketing strategy: an empirical investigation", *Journal of Marketing*, Vol. 57 No. 4, pp. 1-17.
- Terpstra, V. and Sarathy, R. (2001), *International Marketing*, Harcourt Asia, New York, NY.
- Theodosiou, M. and Leonidou, C.L. (2003), "Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research", *International Business Review*, Vol. 12, pp. 141-71.

-
- Thomas, C. (1999), "Rural exposure to be mandatory for insurance firms", *Business Standard*, October 25.
- Thorat, U. (2007), "Banking in hinterland", Key Note Address at the Conference Organized by Indian Banks Association and Rural Marketing Agencies Association of India, Mumbai, February 14.
- Vaishali, D. (2007), "The fast moving rural consumer", *Images Retail*, May, pp. 64-78.
- Velayudhan, S.K. (2007), *Rural Marketing – Targeting the Non-urban Consumer*, 2nd ed., Response Books, New Delhi.
- Vijayraghavan, K. and Philip, L. (2005), "White goods companies see rain gods smile on rural demand", *The Economic Times*, August 17.
- Wagner, W. (1993), "Can representations explain social behaviour? A discussion of social representations as rational systems", *Papers on Social Representations*, Vol. 2 No. 3, pp. 236-49.
- Ward, J.M. (1973), "Product and promotion adaptation by European firms in the US", *Journal of International Business Studies*, Vol. 4 No. 1, pp. 79-85.
- Wind, Y. (1986), "The myth of globalization", *Journal of Consumer Marketing*, Vol. 3, Spring, pp. 23-6.
- Zou, S. and Cavusgil, S.T. (1996), "Global strategy: a review and an integrated conceptual framework", *European Journal of Marketing*, Vol. 30 No. 1, pp. 52-69.

Further reading

- Anand, S. and Krishna, R. (2008), "Rural brand preference determinants in India", in Velayudhan, S. and Sridhar, G. (Eds), *Marketing to Rural Consumers: Understanding and Tapping Rural Market Potential*, Indian Institute of Management, Kozhikode, April 3-5, pp. 1-5.
- Bagozzi, R.P. and Yi, Y. (1988), "On the evaluation of structural equation models", *Journal of the Academy of Marketing Science*, Vol. 16 No. 1, pp. 74-94.
- Doshi, S.L. and Jain, P.C. (1999), *Rural Sociology*, Rawat, Jaipur.
- Falk, W. and Pinhey, T. (1978), "Making sense of the concept rural and doing rural sociology: an interpretive perspective", *Rural Sociology*, Vol. 43, pp. 547-58.
- Singh, P. (1992), "Marketing strategy to tap rural market", *Journal of Rural Development*, Vol. 11 No. 2, pp. 175-85.
- Smith, N. (1984), *Uneven Development*, Blackwell, Oxford.

Appendix 1. Rural vs urban in AP

Located in the south of India, AP state has a total geographical area accounting for 8.37 percent of the country's area. The state came into existence after the merger of Hyderabad and Andhra regions in 1954. It is ranked fourth largest state in the country in terms of area, and fifth most populous state. The state accounts for 7.2 percent of the total population in the country in the year 2001. As per the Ministry of Health, Government of India, projected sex ratio in the state for the year 2011 is 989. After a moderate performance during 1997-1998 to 2001-2002, the economy of the state accelerated in 2002-2003 to 2006-2007 to record an average impressive growth of 8.33 percent. Some pointers given below bring the startling differences between rural AP and urban AP:

- Only 28 percent of the total population in the state of AP lives in urban areas (Bhandari, 2009).
- The density of the population in rural AP is 305 and urban AP is 4,383 (census 2001).
- Income inequalities as expressed by Gini Ratios for the year 2004-2005 are 0.294 and 0.375 or rural and urban markets of AP (Bhandari, 2009).

- The per capita income of AP at current prices is estimated at Rs. 40,902 in 2008-2009 (quick estimates) as against Rs. 35,600 in 2007-2008 (provisional estimate) registering a growth of 14.89 percent.
- Per capita annual income, savings and expenditure in rural AP are Rs. 29,000, Rs. 9,000, and Rs. 20,000, respectively. The same indicators in the urban AP are Rs. 51,000, Rs. 19,000, and Rs. 31,000, respectively (Bhandari, 2009).
- Literacy in rural AP is 60 percent while in urban is 73 percent (Bhandari, 2009).
- Agriculture has been a major contributor to the revenue of the state. This contribution is solely from rural markets of AP. This makes the rural population and its income sources depend heavily on the monsoons and adequate irrigation facilities. Major crops grown are rice, cotton, jowar, and oilseeds. Service and manufacturing sector are the major sources of income for urban population.
- While all the urban areas are connected with mobile services, only 68 percent of the rural markets are connected by mobile services (reply to a Loksabha question in December 2009).
- True to pan India, vast majority of the rural people are tradition bound, fatalistic and believe in old customs, traditions, habits, taboos, and practices. The rural customer has a fairly simple thinking as compared to the urban counterpart (Velayudhan, 2007).
- Retail options in urban centers are the organised or unorganised mom and pop stores. However, in rural markets these serve limited purpose. A significant portion of sales happens through periodic markets (Velayudhan, 2007; Kashyap and Rout, 2006).

Appendix 2. Product adaptation in select product categories

Adaptations in rural markets of India can be both proactive and reactive. Some of these are listed below. Sources of the examples include evidence from field work and popular literature like newspaper and magazines.

Fast moving consumer goods

- *Soaps.* Soap makers Godrej used advanced technology to coat one side of the soap bar with plastic to prevent it from wearing out quickly. Later many companies followed similar coating.
- *Hair care.* Cavinkare was a pioneer in introducing shampoo sachets. Later, Hindustan Unilever, Proctor and Gamble, Marico, and ITC also introduced sachets of hair care products like hair oil, shampoos. Such format were found to be easily trialable. Also as the unit price of sachets is lower they can be easily affordable.
- *Jeans.* Colour plus, in order to tap the aspirational needs of rural markets launched a brand of jeans made of fine 2-ply twill; mirco buffed, and enzyme washed for softness and is not made of denim. Ruf and Tuf jeans of Arvind Mills had adapted the product to the rural tastes by launching low cost jeans and tailor made to the rural consumer sizes.
- *Cooking gas (LPG).* Bharat Petroleum has launched 5kg cylinders in rural areas keeping in mind the low income group. It has reduced its initial deposit rated by half (for 14.2kg deposit is Rs. 700 and for 5kg the deposit is Rs. 300). The cost of refill rate for the 5kg cylinder is about Rs. 90 as against Rs. 250 for 14.2kg cylinder.
- *Soft drinks.* Coca Cola created new price point of Rs. 5/- in order to reach out to rural consumers since a significant portion of the rural population is daily wage workers. This bridged the gap between soft drinks and other local options like tea, butter milk, and lemon water. Later Pepsi also followed the route.

-
- *Strong beer.* Delhi based Mount Shivalik Group has introduced the concept of super strong beer under Thunderbolt Super Strong beer. The rural consumer's preference for strong beer over mild beer is primarily because of the narrow price difference between the two.

Durables

- *Colour television.* Sampoorna of LG for the first time in India had an on-screen display in the regional language. Later several companies followed LG Texla priced as low as Rs. 5,000 making TV affordable with small changes in the television sets. Videocon, Samsung, Sansui, and LG launched region-specific brands with easy funding options.
- *Electrical goods.* Usha International Ltd, designed low cost fans – both ceiling and table – which can deliver the desired result even under severe voltage fluctuations. Such products would also carry a price tag which is at 30 percent discount to the regular fans sold by the company.
- *Pressure cooker.* Evidence shows that pressure cookers with two handles on both sides would do better in rural areas as the cooking is done on firewood and charcoal. Prestige cookers launched its products with such an adaptation to rural markets.
- *Automobiles (cars and motor bikes).* Hero Honda achieved success by manufacturing products suitable to the rural conditions with more mileage and sturdiness. In addition, it has also set up service stations near to the rural markets to take care of rural consumers.

Services

- *Insurance.* Mandatory rural business was a vital condition that paved the way for privatization of the domestic insurance sectors in India. Life Insurance Company of India has more than half of its business from rural markets thanks to its rural-specific products. ING Vysya Life Insurance Company unveiled “securing life” rural endowment plan, a ten-year policy which offers rural customer guaranteed returns. HDFC has come up with different products for the rural and semi-urban market to tap the potential of insurance. It launched simple products which are deposit linked insurance and those which do not require medical certification for the rural consumer and which do not require underwriting. Similarly, Aviva also launched insurance products with lower premiums and few hassles for rural consumers.
- *Banking.* Savings account limits of several banks are different for rural and urban markets. Similarly, the loans have differences in their payment schedules and interest rates.

Social marketing

- *Condom.* Rural market is price sensitive than urban markets and hence JK Ansell, concentrates rural markets with Sajan brand and in urban markets it gets aggressive with Kamasutra brand. Though both follow stringent quality standards, they differ in variety and flavours.

Corresponding author

Guda Sridhar can be contacted at: drgrsridhar@iimk.ac.in
