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# UNIT 10 INDIAN CONSUMER ENVIRONMENT

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## Objectives

The objectives of this unit are to provide you statistical information about India in terms of:

- demographic characteristics
- characteristics of income and consumption
- geographic characteristics
- socio-cultural characteristics

After studying this unit, you should be able to interpret various statistics and understand the Indian consumer environment.

## Structure

- 10.1 Introduction
- 10.2 Demographic Characteristics
- 10.3 Income and Consumption Characteristics
- 10.4 Characteristics of Organisational Consumers
- 10.5 Geographic Characteristics
- 10.6 Market Potential
- 10.7 Socio cultural Characteristics
- 10.8 Summary
- 10.9 Further Readings

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## 10.1 INTRODUCTION

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In this unit you will get an over-view of the Indian Consumer Market in terms of its size, demographic variables, distribution between urban and rural locations, diversity of religions, languages and other socio-cultural factors. When you combine these facts with the concepts introduced in units 8 and 9, you would be able to design a marketing plan based on hard facts and sound knowledge—a sure recipe for success. Also this unit provides you information on the type of media available for reaching different customer segments.

Let us start by first-examining some salient demographic characteristics of the Indian Consumer Market.

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## 10.2 DEMOGRAPHIC CHARACTERISTICS

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The starting point for understanding the nature and dynamics of any market is its size in terms of number of consumers. For a marketer, the sheer number of consumers in India spells magic. India is a country populated by more than 102.7 crore people (2001 census) and it is expected that by 2009 it will touch a figure of 122 crore of the population. Almost 72 per cent live in villages and only 28 per cent in towns. Table 1 presents some highlights of the demographic characteristics of the country's population.

As shown in Table the total population comprises the 51.7 per cent males and 48.3 per cent females. About 65.5 per cent of the people in the country are capable of reading and writing and only 39 per cent work to support the remaining majority. All these characteristics have



important implications for a marketer and provide him important clues on what products he can offer in the market and the type of marketing mix required for them. For instance, the clothes that men and women wear, with some exceptions, are dissimilar, and as a marketing manager selling sarees and/or pants you should know the total size of the market.

**Table I : Demographic Data-India**

		2001	1991	1981
Population .....	(Mn.)	1,027	846	683
Density .....	(per km <sup>2</sup> )	324#	273*	230
Persons per household .....	(No.)	n.a	5.52*	5.55*
Districts .....	(No.)	593	466	412
AUs & Towns .....	(No.)	1,392	3,768	3,378
Villages (inhabited) .....	('000s)	n.a	627	579
Rural population .....	(Mn.)	742	629	524
Urban population .....	(Mn.)	285	218	159
Urban as % of total .....	(%)	27.8	25.7	23.3
Male population .....	(Mn.)	531	439	353
Female population .....	(Mn.)	496	407	330
Females per 1,000 males .....	(No.)	933	927	934
Workers* .....	(Mn.)	403	306	242
..... Male .....	(Mn.)	275	219	179
..... Female .....	(Mn.)	127	87	63
Birth rate .....	(per 1,000)	25.8@	32.5	37.2
Death rate .....	(per 1,000)	8.5@	11.4	15.0
Expectation of life at birth .....	(years)	63.0	58.2	50.5
..... Male .....	(years)	62.3	57.7	50.9
..... Female .....	(years)	65.3	58.7	50.0
Literacy rate .....	(%)	65.4	52.2#	43.6t
..... Male .....	(%)	75.9	64.1#	56.4t
..... Femal .....	(%)	54.2	39.3#	29.8t

*Note:* Birth rate and death rate under 2001-1991 & 1981 relate to 1991-00 1981-90 and 1971-80 respectively; expectation of life at birth to 1991-92 and 1971-80. Workers are total of main and marginal.

\* Excluding Assam and J&K.

+ Excluding Assam.

# Excluding J&K

@ Relates to 2000

**Source:** Statistical Outline of India 2002-03. Tata Service Ltd.

Similarly, many personal care products, such as cosmetics used by women are absolutely different from those used by men. The consumption of many types of products and services such as books, magazines, library is dependent on whether the potential customer is literate or not. Thus if you are in the business of marketing books you know that about 65 per cent of the total population comprises your total potential market. Literacy also has implications for designing marketing strategy to market your products and services. The relatively high level of literacy warrants on the usage of newspapers and magazines as a medium of advertising. If you are marketing say washing soap, you would greatly depend on radio and TV advertising besides newspapers and magazines to reach the maximum number of your potential consumers since these are audio and visual media which even an illiterate person can comprehend.



A critical demographic characteristic of any population is its distribution between different age groups as shown in Table 2.

**Table 2: Age Distribution of Population (Projections)**

Age distribution of population (years)	1991	1996	2001	2006	2010	2013
	Mn.					
0-4 .....	110.9	119.5	108.5	113.5	119.7	120.8
5-14.....	196.3	233.2	239.1	221.2	215.5	220.0
15-19 .....	91.4	90.7	109.0	122.4	117.4	110.1
20-24 .....	81.2	82.1	90.2	108.5	120.8	120.9
25-34 .....	128.6	141.9	156.6	170.6	190.8	210.7
35-44 .....	93.9	104.8	121.6	139.0	151.0	158.6
45-54.....	68.6	73.3	85.7	100.2	113.1	123.3
55-59 .....	26.2	26.4	31.1	36.9	41.5	45.8
60 & above .....	50.8	62.3	70.6	81.8	92.5	101.4
<b>Total .....</b>	<b>846.3</b>	<b>934.2</b>	<b>1,012.4</b>	<b>1,094.1</b>	<b>1,162.3</b>	<b>1,211.6</b>

Source : Statistical Outline of India 200-2003, Tata Services Ltd.

More than 34 per cent of our country's population in 2001 comprised of children upto 14 years of age. On the one hand this represents the vast potential market for children products. On the other, it must be remembered that this age segment is not capable of making purchase decision independently. The consumer segment between 15-59 years age group comprises 66 per cent of the population has the capability to make purchase decision independently both in terms mental competence and purchasing power.

Table 3 provides an insight into the workforce of our country. The table reveals the difference in employment patterns between men & women. Besides knowing the age, sex and literacy levels of target market segment, the marketer must also know where they are located. Table 4 provides this information according to states & is arranged in a descending order according to size of the population.

**Table 3: Classification of Working Population**

	2001	1991	1981*
	(Mn.)		
Total workers	402.5	306.0	242.0
Of which			
Rural .....	310.7	241.7	195.1
Urban .....	91.8	64.3	46.9
Male .....	257.4	218.6	179.3
Female .....	127.1	87.4	62.7
Main .....	313.2	278.9	220.7
Marginal .....	89.3	27.1	21.3

Note: \*Excluding Assam and Jammu & Kashmir,

Source: Statistical Outline of India 2002-2003 Tata Services Ltd.



**Table 4 : Ranking of states & Union Territories by Population Size-2001**

State/Union Territories	Population In 2001	% of total population in 2001
<b>INDIA</b>	1,027,015,247	100
1. Uttar Pradesh	166,052,859	16.17
2. Maharashtra	96,752,247	9.42
3. Bihar	82,878,796	8.07
4. West Bengal	80,221,171	7.81
5. Andhra Pradesh	75,727,541	7.37
6. Tamil Nadu	62,110,839	6.05
7. Madhya Pradesh	60,385,118	5.88
8. Rajasthan	56,473,122	5.50
9. Karnataka	52,773,122	5.14
10. Gujarat	50,596,992	4.93
11. Orissa	36,706,920	3.57
12. Kerala	31,838,619	3.10
13. Jharkhand	26,909,428	2.62
14. Assam	26,638,407	2.59
15. Punjab	24,289,296	2.37
16. Haryana	21,082,989	2.05
17. Chhatisgarh	20,795,956	2.03
18. Delhi	13,782,976	1.34
19. Jammu & Kashmir	10,069,917	0.98
20. Uttaranchal	8,479,562	0.83
21. Himachal Pradesh	6,077,248	0.59
22. Tripura	3,191,168	0.31
23. Manipur	2,388,634	0.23
24. Meghalaya	2,306,069	0.22
25. Nagaland	1,988,636	0.19
26. Goa	1,343,998	0.13
27. Arunachal Pradesh	1,091,117	0.11
28. Pondicherry	973,829	0.09
29. Chandigarh	900,914	0.09
30. Mizoram	891,058	0.09
31. Sikkim	540,493	0.05
32. Andaman Nicobar	356,265	0.03
33. Dadra and Nagar	220,451	0.02
34. Daman & Diu	158,059	0.02
35. Lakshadweep	60,595	0.01

Source : Census of India 2001

To enable you to form a better idea of the various rates in our country. We provide you information in Table 5 on some selected demographic indices such as literacy rate, ratio of 46 urban population and females per 1000 males.

**Table 5: State wise Selected Demographic Indices-2001**

State	Decennial growth of population % (1991-01)	Females per 1,000 males	Literacy rate (%)	Ratio of urban population (%)
Andhra Pradesh	13.9	976	66.1	27.1
Assam	18.9	932	64.3	12.7
Bihar	26.4	921	47.5	10.5
Goa	14.9	960	82.3	49.8
Gurjarat	22.5	921	70.0	37.4
Haryana	28.1	861	68.6	29.0
Himachal Pradesh	17.5	970	77.1	9.8
Jammu & Kashmir	29.6	900	54.5	24.9
Karnataka	17.3	964	67.0	34.0
Kerala	9.4	1,058	90.9	26.0
Madhya Pradesh	24.3	920	64.1	26.7
Maharashtra	22.6	922	77.3	42.4
Manipur	30.0	978	68.9	23.9
Meghalaya	29.9	975	63.3	19.6
Nagaland	64.4	909	67.1	17.7
Orissa	15.9	972'	63.6	15.0
Punjab	19.8	874	70.0	34.0
Rajasthan	28.3	922	61.0	23.4
Tamil Nadu	11.2	986	73.5	43.9
Tripura	15.7	950	73.7	17.0
Uttar Pradesh	25.8	898	57.4	20.8
West Bengal	17.8	934	69.2	28.0
Delhi	46.3	821	81.8	93.0
All-India(incl. others)	21.3	933	65.4	27.8

\*Official projection and not census estimate

**Source:** Statistical Outline of India 2002-03, Tata Services Ltd.

Table 6 provides projections on how the population is expected to increase. The population is likely to increase from the 102.7 crore level in 2001 to more than 123 crores by 2011

**Table 6: Population Projection**

	1991-96	1996-2001	2001-06	2006-11	2011-2016
Population (MN)* .....	934	1,012	1,094	1,179	1,263
Rural .....	680	720	761	793	837
Urban .....	254	291	333	386	426
Urban ration (%) .....	27.2	28.8	30.4	32.7	33.7
Expectation of life at birth					
Male (years).....	60.6	62.4	64.1	65.5	66.9
Female (years) .....	61.7	63.4	65.4	67.1	68.8
Birth rate (per 1,000) .....	27.5	24.9	23.0	20.9	
Death rate (per 1,000) .....	9.4	8.4	7.8	7.1	
Growth rate (per 1,000) .....	18.1	16.5	15.2	13.8	

\*As on 1st March 1996 & so on.

**Source:** Statistical Outline of India 2002-2003, Tata Services Ltd.



### Activity 1

Read the data given in Tables I to 6 and make at least 10 significant observations about demographic characteristics of Indian market. Your observations should be additional to the ones that have already been made.

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## 10.3 INCOME AND CONSUMPTION CHARACTERISTICS

It is not enough to merely know that there is a very large number of potential customers, it is equally critical to find out whether or not they have the ability to purchase. This is reflected by the figures of income. Table 7 shows the distribution of per capita income in different states.

Table 7 : State-wise per Capital Income

	Per capital Income	
	1999-2000	1992-93*
Andhra Pradesh .....	14,715	5,802
Arunachal Pradesh .....	14,338	6,359
Assam .....	9,612	5,056
Bihar .....	6,328	3,280
Delhi .....	39,620@	11,650†
Goa .....	24,309†	10,128
Gujarat .....	18,625	7,586
Haryana .....	21,114	9,609
Himachal Pradesh .....	15,012	5,355†
Jammu & Kashmir .....	12,338	4,212
Karnataka .....	16,343	6,313
Kerala .....	21,064@	5,065
Madhya Pradesh .....	10,907	4,725
Maharashtra .....	23,398	9,270
Manipur .....	12,228@	4,180†
Meghalaya .....	13,029@	5,769
Nagaland .....	n.a	5,863†
Orissa .....	9,162	3,963
Punjab .....	23,040	10,857
Rajasthan .....	12,914@	5,035
Sikkim .....	13,356	5,416†
Tamil Nadu .....	21,229@	6,205
Uttar Pradesh .....	9,765	4,280
West Bengal .....	18,021@	5,901

\*Provisional † Relates to 1991-2 @ Relates to 2000-01

Source : Statistical Outline of India 2002-2003, Tata Services Ltd.



The average consumer was spending about 48 per cent of his disposable income on food 13 per cent on transport and communications 5 per cent on clothing and footwear and 11 per cent on rent, fuel & power as shown in Table 8. The information given in this table has important implications for the marketer. You know what percentage of the consumer's disposable income you are competing for, depending on the product you are marketing. Food rent, fuel power and transport are almost fixed expenses, since they are the necessities of life and it is very difficult to really reduce expenditure on them. Thus the discretionary income available after paying for the basic necessities is a very small amount. If you are marketing a product or service, which is not a necessity item, you are in the consumers' low priority and the consumer has a small amount to spend and to tap this requires a really effective marketing strategy.

**Table 8 : PRIVATE CONSUMPTION EXPENDITURE (AT Current Prices)**

	Total		Per capita		Annual increase 1993-01*
	2000- 01	1993- 94	2000- 01	1993- 94	
	Rs. crores		Rs.	%	
Food, beverages etc .....	644,476 (48.1)	315,243 (54.8)	6,325	3,534	8.7
Of Which:					
Cereals, pulses etc .....	157,568 (11.8)	92,251 (16.0)	1,546	1,034	5.9
Sugar & gur .....	39,701 (3.0)	20,162 (3.5)	390	226	8.1
Oils & oilseeds .....	29,289 (2.2)	23,204 (4.0)	287	260	1.4
Fruits, vegs. & tubers .....	136,894 (10.2)	68,779 (11.9)	1,343	771	8.3
Milk & products ... ..	108,775 (8.1)	46,594 (8.1)	1,068	522	10.8
Beverages, pan, tobacco etc .....	52,350 (3.9)	18,260 (3.2)	514	205	14.0
Clothing & footwear .....	65,739 (4.9)	34,999 (6.1)	645	392	7.4
Rent, fuel & power.....	152,158 (11.3)	68,239 (11.8)	1,493	765	10.0
Transport & commn .....	178,885 (13.3)	64,993 (11.3)	1,756	729	13.4
Others .....	299,704 (22.3)	91,298 (15.8)	2,941	1,024	16.3
<b>Total .....</b>	<b>1,340,962 (100.0)</b>	<b>577,472 (100.0)</b>	<b>13,160</b>	<b>6,474</b>	<b>10.7</b>

Note : Figures in brackets show percentages to total.

\*Compound rate.

Source : Statistical Outline of India 2002-03, Tata Services Ltd.



**Activity 2**

Study Table 7 and critically analyse the statewise disparities that exist in terms of per capita income. What are the various implications of such disparities for an organisations marketing low price consumer non-durable products.

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**10.4 CHARACTERISTICS OF ORGANISATIONAL CONSUMERS**

The two types of consumers are personal consumers and organisational consumers. Table 9, 10, 11 & 12 provide information on the number of companies, public sector undertakings, factories and, small-scale units, all of which comprise the Organisational consumers, operating in the country. If you are marketing office equipment, office furniture, office and factory security systems or any other product or service used in office or factory, the information is of special importance for you. These tables also give you the break-up of number of companies between the public and private sector. This information is important because the approach required for marketing to these two sectors is quite different. While the public sector usually follows a bureaucratic long winded and time consuming procedure for making even the smallest purchase, the private sector decision-making is relatively quicker and free of procedures. If you are marketing your product/services to both the public and private sector, you may like to think about having separate marketing organisations for them.

Another major difference between the public and private sector is in the timing of the , purchase decision. The public sector companies have an annual budget sanctioned to them by the government and the money from this is used for purchasing a variety of products. The public sector units feel compelled to use the entire budget amount, because if they do not, they run the risk of having a reduced budget in the subsequent years. You would a flurry of purchases from January up to 30th March when the financial year of all public sector units is closed. So if the public sector companies are your major consumers you should bear the timing factor in mind. In case of private sector companies, you would generally not find such a peaking of purchases in any particular month of the year unless it is linked to seasonality of production or sales.

**Table 9 : Joint Stock Companies**

<b>End March :</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Public/Private Ltd.</b>					
<b>(Number)</b>					
All companies.....	570,818	542,308	511,990	484,500	450,950
Public Limited .....	76,257	73,828	71,033	68,546	64,109
Private Limited .....	494,561	468,480	440,957	415,954	386,841
<b>Paid-up capital (Rs. crores)</b>					
All companies.....	n.a	267,898	250,464	212,709	184,543
Public Limited .....	n.a	177,894	168,004	140,916	125,720
Private Limited .....	n.a	90,004	82,460	71,793	58,823



	2001	2000	1999	1998	1997
<b>Govt. / Non-Govt.</b>					
<b>(Number)</b>					
All companies .....	570,818	542,306	511,990	484,500	450,950
Govt. companies .....	1,267	1,257	1,229	1,223	1,220
Non-Govt. companies .....	569,551	541,051	510,761	483,277	449,730
<b>Paid-up capital</b>					
<b>(Rs. crores)</b>					
All companies .....	n.a	267,898	250,464	212,709	184,543
Govt. companies .....	n.a	95,842	94,708	86,681	79,735
Non-Govt. companies .....	n.a	172,056	155,756	126,028	104,808

Source : Statistical Outline of India 2002-2003 Tata Services Ltd.

**Table 10 : Growth of Central Government Enterprises\***

	2000-01	1999-00	1998-99	1990-91
<b>Running enterprise (No.)</b>	<b>234</b>	<b>232</b>	<b>235</b>	<b>236</b>
<b>Rs. Crores</b>				
Capital employed .....	330,649	302,867	265,093	120,084
Turnover .....	458,277	389,199	310,179	118,676
Gross Profit .....	98,768	42,270	39,727	11,102
Less : Interest .....	23,802	20,233	20,025	7,601
Profit before tax .....	24,966	22,037	19,702	3,501
Profit after tax .....	15,653	14,331	13,203	2,272
Gross profit to turnover (%) .....	10.6	10.9	12.8	9.4
Gross profit to capital employed (%) .....	14.7	14.0	15.0	10.9

\* Excluding banks, insurance companies and financial-institutions.

Source : Statistical Outline of India 2002-2003 Tata Services Ltd.

**Table 11 : Number of Factories 2000-01**

	Factories	Employment	Fixed capital	Gross output	Value
	No.	'000s		Rs. crores	added
<b>Public/Private Sector</b>					
Public sector .....	16,148	38,681	328,478	595,561	112,021
Joint sector .....	2,860	7,144	520	4,303	473
Wholly private .....	109,131	38,369	63,908	265,118	37,551
Others .....	2,817	3,899	8,902	32,379	4,857
Total .....	131,558	81,728	401,865	897,938	154,974

Source : Statistical Outline of India 2002-03, Tata Services Ltd.

**Table 12 : Small-Scale Industries**

	2000-01	1999-00	1998-99	1995-96
No. of units ('000s) .....	3,370	3,212	3,080	2,658
Employment (Mn.).....	48.6	17.9	17.2	15.3
Gross output (Rs. crores) .....	645,496	578,299	527,575	356,213
Exports (Rs.crores) .....	59,978	54,200	48,979	36,470

Source: Statistical Outline of India 2002-03 Tata Services Ltd.

## 10.5 GEOGRAPHIC CHARACTERISTICS

India is a geographically vast country spread over 32,08,825 square kilometers and administratively divided into 28 states and 7 union territories. As per 2001 census, its 102.7 crore people live in 1,392 towns and 6.27 lakh villages. It is indeed a daunting task for you as a marketer to ensure that your product is easily available in all parts of the country all the time we have provided some data in Tables 13 & 14 which we hope will make your task easier.

Table 13 presents a geographic profile of each state and each state in turn forms part of a larger regional zone. You can use the information provided in this table to segment your market on a geographical basis and plan your distribution strategy. It is important to know not only the number of consumers but also where they are located & their distribution among rural & urban area. It also shows the number of administration districts that each state is divided into. Each district has its headquarter and the town in which it is located is invariably an important nerve centre. The district headquarter would be a good choice to set up a distribution point, if there are no class I towns in a particular district.

**Table 13: Zonewise Geographic Profile 2001**

Zone/State	Population (mn.) ('000s)		No. of districts
	Urban	Rural	
<b>NORTH ZONE</b>			
Jammu & Kashmir	2.5	7.6	14
Punjab	8.2	16.0	17
Himachal Pradesh	0.6	5.5	12
Haryana	6.1	15.0	19
Chandigarh	0.8	0.1	1
Delhi	12.8	1.0	8
Rajasthan	13.2	43.3	32
Uttar Pradesh	34.5	131.5	70
Uttaranchal	2.2	6.3	13
<b>SOUTH ZONE</b>			
Andhra Pradesh	20.5	55.2	23
Karnataka	17.9	34.8	27
Kerala	8.3	23.6	14
Tamil Nadu	27.2	34.9	30
Pondicherry	0.6	0.3	4



Zone/State	Population (mn.) ('000s)		No. of districts
	Urban	Rural	
<b>WEST ZONE</b>			
Gujarat	18.9	31.7	25
Maharashtra	41.0	55.7	35
Goa	0.7	0.7	2
Daman & Diu	0.1	0.1	2
Madhya Pradesh	16.1	44.3	45
Chhatisgarh	4.2	16.6	1
<b>EAST ZONE</b>			
Jharkhand	6.0	20.9	18
Bihar	8.7	74.2	37
Orissa	5.5	31.2	30
W. Bengal	22.5	57.7	18
Tripura	0.5	2.6	4
Meghalaya	0.5	1.9	7
Manipur	0.6	1.8	9
Mizoram	0.4	0.5	8
Nagaland	0.4	1.6	8
Arunachal Pradesh	0.2	0.9	13
Sikkim	0.1	0.5	4
Assam	3.4	23.2	23

Source: Census of India 2001 Statistical out line of India 2002-03, Tata Services Ltd.

If the product or service which you are dealing with is only sold in urban areas, then Table 14 is of special interest to you. Out of the total 1,392 towns in the country, the number of class I towns is about 11.6 per cent but they account for more than 74 per cent of the total urban population.

The largest number of towns (those which have a population of between ten to twenty thousand) are 30.5 per cent which belong to class III category, but only 11 per cent of the country's urban population lives in these towns. When planning your marketing strategy, logically, you should first aim at the class I towns and only then turn your attention towards towns of other categories. This will help you to maximize the use of your limited resources.

**Table 14: Classification of Towns**

	200	1991	1981*	1971
No. of UAs./towns	1,392	3,768	3,378	2,590
Urban population (Mn.)	120.8	217.6	159.5	109.1
Urban as % of total	33.4	25.7	23.3	19.9
<b>% of towns</b>				
Class I	11.6	8.2	6.7	6.0
Class II	11.7	9.5	8.3	7.0
Class III	30.5	25.7	22.7	22.5
Class IV	24.6	31.4	32.4	33.4
Class V	15.5	20.1	22.8	25.2
Class VI	6.0	5.1	7.1	5.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



	200	1991	1981*	1971
<b>% of urban population in</b>				
Class I	73.7	65.2	60.4	57.2
Class II	9.4	10.9	11.6	10.9
Class III	11.0	13.2	14.3	16.0
Class IV	4.2	7.8	9.5	10.9
Class V	1.3	2.6	3.6	4.5
Class VI	0.2	0.3	0.5	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Note* Urban Agglomeration has been treated as a single unit. Class I towns (called cities) are those with a population of 100,000 and above; Class II: 50,000 to 99,999; Class III: 20,000 to 49,999; Class IV : 10,000 to 19,999; Class V : 5,000 to 9,999 and Class VI: less than 5,000.

\* All figures, except All-India figures exclude Assam and Jammu & Kashmir

# Data covers only 12 states and 1 UT

*Source* Statistical Outline of India 2002-03 Tata services Ltd.

More than Sixty Seven per cent of the Indian population lives in villages and today marketers are increasingly turning their attention towards the rural consumers. The absolute numbers make the rural segment very attractive indeed. About 55 crore people live in villages. Fortunately for the marketer, about 58 per cent of the total rural population is located in 1.4 lakh villages. If the marketer concentrates on these 1.4 lakh villages and the class-I towns only, he has effectively covered 56 per cent of the country's total population. Thus, it is possible for the marketer to concentrate his marketing effort in selected towns and villages inhabited by large numbers.

### Activity 3

Given the geographical characteristics of Indian consumer market, analyse five important implications that will be faced by an all-India distribution company dealing in consumer durables such as refrigerators, televisions and stereo musical systems:

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## 10.6 MARKET POTENTIAL

So far we have discussed population figures demographic characteristics the pattern of income and consumption and the types of towns and villages in which we live. But, what a marketer really needs is not merely these isolated characteristics, but rather a measure which ties up all these different factors and gives him a correct indication of the market potential. Figures of income and population alone are not enough to plan the distribution mix of a marketing strategy. What is needed is the information about consumers' purchasing power Which really reflects the potential of any market.

A comprehensive countrywide survey titled "Indian Marketing Demographics" has been conducted by National Council for Applied Economic Research (NCAER) on country's market for consumer products. The study reveals that:



1. The rural markets are already large, and they are growing fast.
2. People are graduating from the lowest to the higher income groups.
3. There is a sizeable population of those who by Indian standards, could be said to be the "very rich".
4. There has been a surge in the purchase of consumer products by households, and the ownership of consumer durables.
5. This surge is not confined to people with high level of income. Even those who appear to be poor, in the lowest levels of income purchase and use such products.
6. Most of the purchases are made from the income of the households. Hire purchase and loans account for around ten per cent of ownership of durables, and gifts for a mean of around five per cent, with wrist watches being the most common gift, around ten percent.
7. Second-hand Products bought and owned by households are primarily two, wheelers and cars - 25 per cent.

## 10.7 SOCIO CULTURAL CHARACTERISTICS

All our decisions of purchase and consumption are strongly influenced by the society in which we live-its social customs, traditions and values the social class to which we belong and the religion we practise.

It is these socio-cultural characteristics which account for differences in patterns of purchase and consumption in different regions societies and countries.

India is a secular country inhabited by people of many different religions. Of course the dominant religion is Hinduism and 81.6 per cent of Indians are Hindus. Of the remaining 19 per cent population 12.7 per cent is Muslim while Christians, Sikhs, Buddhists and Jains make up the remaining 5.8 per cent (see Table 16).

**Table 16 : Distribution of Population by Religion**

	Number (Mn.)				Percentage distribution			
	2001	1991	1981	1971	2001	1991	1981	1971
Buddhists	7.8	6.4	4.7	3.9	0.8	0.7	0.7	0.7
Christians	22.5	19.6	16.2	14.2	2.2	2.3	2.4	2.6
Hindus	837.9	687.6	549.8	453.4	81.6	82.0	82.6	82.7
Jains	3.7	3.4	3.2	2.6	0.36	0.4	0.5	0.5
Muslims	130.7	101.6	75.5	61.4	12.72	12.1	11.4	11.2
Sikhs	19.7	16.3	13.1	10.4	1.63	1.9	2.0	1.9
Others	4.1	3.7	2.8	2.2	0.4	0.4	0.4	0.4
<b>Total</b>	<b>1026.4</b>	<b>838.6</b>	<b>665.3</b>	<b>548.2</b>	<b>1000</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Excteding J&K

Source: Statistical Outline or India 2002-03 Tata Services Ltd.

Each religion prescribes its own code of conduct regarding what food to eat, what clothes to wear and the type of behaviour that is to be indulged in. These religious norms exert a strong influence on consumer's purchase and consumption behaviour. For instance, Hindus do not eat beef and also a fairly large percentage of them are even vegetarians.



Thus, beef and meat products would have a very limited appeal for Hindus. In contrast, such products would do well in markets dominated by Christians and Muslims. Sikh religion proscribes the use of tobacco and cutting of hair, thus obviating the need for cigarettes, cigars, beedis and saloon services. Interestingly, a large number of non-vegetarians are slowly converting to vegetarians in the light of its inherent benefits of enjoying good and sound health with minimal risk for longevity. In the light of this marketers should also take notice of this shift in the consumers eating habits, tastes and preferences who are becoming more health conscious. All these shifts would certainly help the marketer to rightly pack and position his offering to specific target markets.

Each religion has its own important festivals which are celebrated with traditional gaiety. At the time of these festivals, most people spend money on buying new clothes, sweets and a host of gift items for their friends and relatives. For the marketer, these festivals represent sales peaks. It is a good time for introducing new products or even existing products in new, festive gift packaging.

Table 17 gives a list of the important festivals celebrated in our country and also the main centres where these are held. Thus if West Bengal is your market, during the period around Durga Puja, your sales graph should be zooming upwards; and at the time of Pongal in South India.

**Table 17: Major Festivals or India**

<b>Festival</b>	<b>Likely date/ Period or occurrence</b>	<b>Major Regions in which celebrated</b>
New Year	January 1	Goa, Kerala and all major cities.
Idol' Zuha (Bakrid)	Feb	All India
Pongal/Sankranti	Mid-January	Tamil Nadu, Kerala, Karnataka, Andhra Pradesh
Basant Panchmi	Jan/Feb.	West Bengal, Madhya Pradesh & North India.
Holi	March	North India
Gangaur	March/April	Rajasthan, Bengal & Orissa.
Carnival	March/April	Goa
Ugadi (New Year)	April	Andhra, Karnataka & Tamil Nadu
Baisakhi	April	Punjab & other Northern Indian states.
Ram Navmi	April	Northern India
Easter	April	Goa, Kerala and all metropolitan cities
Id-ul-fitr	Nov-Dec.	All India
Raksha Bandhan	August/Sept.	Northern India
Muharram	September	All India
Janamashtmi	August/Sept.	All India
Ganesh Chaturthi	August/Sept.	Mainly Maharashtra, Karnataka .
Onam	September	Kerala
Dussehra (Durga Puja, Navarathri)	Sept./Oct.	All India
Dipawali	October/Nov.	All India
Guru Purab	November	Mainly Punjab
Christmas	25 December	Goa, Kerala and all metropolitan cities



If we divide India into four geographic regions, viz, North, South, East and West, you would find that there are distinct patterns of consumption in each region. And these patterns prevail throughout that particular region, irrespective of the different religions to which the people may belong. For instance milk and milk products are given an important place in the diet of people living in the states of North India, while in the Southern states this is not so. Consider the case of products such as Horlicks, Bournvita, Boost and Maltova which are basically additives for milk. Almost sixty per cent of the market for such products is comprised of the states in the South. To consider another example, while in North India it is Vanaspati or refined groundnut oil which is used as cooking medium, in south, it is invariably coconut oil, while people in Bengal prefer mustard oil. Thus you would find many such regional differences which you should keep in mind while planning your marketing strategy.

Socio-cultural characteristics are a very wide field for investigation and you can go into the minutest details of differences that affect consumer behaviour. However our objective here is very limited. It is only to provide you with basic information on some broad and important socio-cultural dimensions of our society. Table 18 provides information on the different languages spoken in our country. Apart from these languages, there are hundreds of dialects and other regional variations of the principal language.

**Table 18: Principal Languages Spoken in India**

Language	Persons speaking (Mn.)	Language	Persons speaking (Mn.)
Assamese	9.0	Marathi	42.3
Bengali	44.8	Oriya	19.9
Gujarati	25.9	Punjabi	16.4
Hindi	162.6	Sindhi	1.7
Kannada	21.7	Tamil	37.7
Kashmiri	2.4	Telugu	44.8
Malayalam	21.9	Urdu	28.6

A major social trend which deserves mention here is that of urbanisation which is reflected in the growing number of towns and increasing percentage of population living in them (see Table 14). Lack of employment opportunities at the village level, reluctance of the educated young villager to pursue farming as an occupation and the general lure of the big cities has resulted in a massive influx of people from villages into towns. Between 1991 and 2001, the population living in urban areas increased by 8.3 crore.

Another important social characteristic is the stratification of society into various socio-economic classes. In western societies, the upper-upper and lower-lower social classes constitute only a very small percentage and the middle class forms the bulk of society's population. But in the India, only 20 per cent of the population accounts for 80 per cent of consumption of total products and services. The lower middle and lower-lower socio-economic classes constitute a very large proportion of the country's total population.

Both these social characteristics have important implication for a marketer in terms of what products to sell, to whom, and the manner in the which their distribution should be organised.

Some of the other important trends and characteristics discernible in our society are the emerging role of the urban women in the work force, encouragement of education for women, increasing influence of TV as a medium of information dissemination.



#### Activity 4

Collect multilingual product literature of atleast five products? What are the most commonly used languages in these?

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### 10.8 SUMMARY

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India is a vast country populated by more than 102 crore people. Its unique feature is its diversity of religions, languages, social customs, regional characteristics, which is both a boon and a bane for the marketer: boon because there is tremendous scope for a wide variety of products and services to be successfully marketed and a bane because the marketer often need to adapt his marketing strategy to suit different tastes and values.

Despite 55 years of independence. India is still dominated by villages and almost 70 per cent of population is located in the rural areas. But these rural areas are today enjoying the fruits of the Green Revolution and the purchasing power of the rural population is increasingly demanding attention from the marketer who had so far concentrated only in urban areas. No doubt the urban areas with their concentration of numbers and market potential are the priority target markets, but a firm which wants to ensure its future survival must start making inroads into the rural market as well.

This unit also provides you some basic data on the numbers and types of organisational consumers. Of course, you need to supplement this with many more details before you can plan an effective marketing strategy.

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### 10.9 FURTHER READINGS

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1. Statistical Outline of India 2002-03, Tata Services Ltd.
2. India Market Demographic Report, 2002 NCAER, NEW-DELHI
3. Census of India 2001