
UNIT 10 INDIAN CONSUMER ENVIRONMENT

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

10.1 INTRODUCTION

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.

10.2 DEMOGRAPHIC CHARACTERISTICS

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 84.6 crore people (1991 census) and it is expected that by 1999 it will touch a figure of 98 crore of the population. Almost 74 per cent live in villages and only 26 per cent in towns. Table 1 presents some highlights of the demographic characteristics of the country's population.

As shown in Table 1 the total population comprises the 51.9 per cent males and 48.1 per cent females. Only 52 per cent of the people in the country are capable of reading and writing and only 36 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 1
Demographic Data—India

	1991	1981	1971
Population (Mn.)	846	683	548
Density (per km ²)	273*	230	177
Persons per household (No.)	5.52*	5.55*	5.46
Districts (No.)	466	412	360
AUs & Towns (No.)	3,768	3,378	2,590
Villages (inhabited) ('000s)	627	579	576
Rural population (Mn.)	629	524	439
Urban population (Mn.)	218	159	109
Urban as % of total (%)	25.7	23.3	19.9
Male population (Mn.)	439	353	284
Female population (Mn.)	407	330	264
Females per 1,000 males (No.)	927	934	930
Workers* (Mn.)	306	242	181
Male (Mn.)	219	179	145
Female (Mn.)	87	63	36
Birth rate (per 1,000)	32.5	37.2	41.2
Death rate (per 1,000)	11.4	15.0	19.0
Expectation of life at birth (years)	58.2	50.5	45.6
Male (years)	57.7	50.9	46.4
Female (years)	58.7	50.0	44.7
Literacy rate (%)	52.2#	43.6†	34.5
Male (%)	64.1#	56.4†	46.0
Female (%)	39.3#	29.8†	22.0

Note : Birth rate and death rate under 1991, 1981 & 1971 relate to 1981-90, 1971-80 and 1961-70 respectively; expectation of life at birth to 1991-92, 1971-80 and 1961-70. Workers are total of main and marginal.

* Excluding Assam and J&K.

† Excluding Assam.

Excluding J&K.

Source : Statistical Outline of India 1995-96, Tata Services 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 only 52 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 low level of literacy places constraints 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 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 (%)	1st March:	1992	1997	2007
0-4		12.8	11.7	10.0
5-14		22.9	22.1	19.5
15-59		57.7	59.1	62.3
60 & above		6.6	7.1	8.3

Source : Statistical Outline of India 1995-1996, Tata Services Ltd.

More than 35 per cent of our country's population in 1992 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 57.7 per cent of the population has the capability to make purchase decisions independently both in terms of its 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

	1991	1981	1971
	(Mn.)		
Total workers	306.0	242.0	180.7
Of which :			
Rural	241.7	195.1	149.1
Urban	64.3	46.9	31.6
Male	218.6	179.3	144.4
Female	87.4	62.7	36.3
Main	278.9	220.7	175.0
Marginal	27.1	21.3	5.7

Note : Excluding Assam and Jammu & Kashmir.

Source : Statistical Outline of India 1995-96. Tata Services Ltd.

Table 4
Ranking of states & Union Territories by Population Size - 1991

State/Union Territories	Population in 1991	% of total population in 1991
INDIA	84,63,02,688	100
1. Uttar Pradesh	13,91,12,287	16.44
2. Bihar	8,63,74,465	10.20
3. Maharashtra	7,89,37,187	9.33
4. West Bengal	6,80,77,965	8.04
5. Andhra Pradesh	6,65,08,008	7.86
6. Madhya Pradesh	6,61,81,170	7.82
7. Tamil Nadu	5,58,58,946	6.60
8. Karnataka	4,49,77,201	5.31
9. Rajasthan	4,40,05,990	5.20
10. Gujarat	4,13,09,582	4.88
11. Orissa	3,16,59,736	3.74
12. Kerala	2,90,98,518	3.44
13. Assam	2,24,14,322	2.65
14. Punjab	2,02,81,969	2.40
15. Haryana	1,64,63,648	1.95
16. Delhi	94,20,644	1.11
17. Jammu & Kashmir	77,18,700	0.91
18. Himachal Pradesh	51,70,877	0.61
19. Tripura	27,57,205	0.33
20. Manipur	18,37,149	0.22
21. Meghalaya	17,74,778	0.21
22. Nagaland	12,09,546	0.14
23. Goa	11,69,793	0.14
24. Arunachal Pradesh	8,64,558	0.10
25. Pondicherry	8,07,785	0.10
26. Mizoram	6,89,756	0.08
27. Chandigarh	6,42,015	0.08
28. Sikkim	4,06,457	0.05
29. Andaman & Nicobar Islands	2,80,661	0.03
30. Dadra and Nagar Haveli	1,38,477	0.02
31. Daman & Diu	1,01,586	0.01
32. Lakshadweep	51,707	0.01

Source : Census of India 1991

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 urban population and females per 1000 males.

Table 5
Statewise Selected Demographic Indices—1991

State	Decennial growth of population % (1981-91)	Females per 1,000 males	Literacy rate (%)	Ratio of urban population (%)
Andhra Pradesh	24.2	972	44.1	26.9
Assam	24.2	923	52.9	11.1
Bihar	23.5	911	38.5	13.1
Goa	16.1	967	75.5	41.0
Gujarat	21.2	934	61.3	34.5
Haryana	27.4	865	55.8	24.6
Himachal Pradesh	20.8	976	63.9	8.7
Jammu & Kashmir	28.9*	923*	n.a	23.8
Karnataka	21.1	960	56.0	30.9
Kerala	14.3	1,036	89.8	26.4
Madhya Pradesh	26.8	931	44.2	23.2
Maharashtra	25.7	934	64.9	38.7
Manipur	29.3	958	59.9	27.5
Meghalaya	32.9	955	49.1	18.6
Nagaland	56.1	886	61.6	17.2
Orissa	20.1	971	49.1	13.4
Punjab	20.8	882	58.5	29.5
Rajasthan	28.4	910	38.6	22.9
Tamil Nadu	15.4	974	62.7	34.2
Tripura	34.3	945	60.4	15.3
Uttar Pradesh	25.5	879	41.6	19.8
West Bengal	24.7	917	57.7	27.5
Delhi	51.4	827	75.3	89.9
All-India (incl. others)	23.8	927	52.2	25.7

* Official projection and not census estimate

Source : Statistical Outline of India 1995-96, Tata Services Ltd.

Table 6 provides projections on how the population is expected to increase. The population is likely to increase from the 84.6 crore level in 1991 to more than 100 crores by 2001. By the end of the century we will still be a country dominated by villages with more than 66 per cent of the people living in small areas.

Table 6
Population Projection

	1991-96	1996-2001	2001-06	2006-11
Population (MN.)*	925	1,006	1,086	1,164
Rural	668	699	722	738
Urban	257	307	364	426
Urban ratio (%)	27.8	30.5	33.5	36.6
Expectation of life at birth				
Male (years)	60.6	62.8	64.8	67.1
Female (years)	61.7*	64.2	65.8	68.3
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 1995-96, Tata Services Ltd.

The average consumer was spending about 54 per cent of his disposable income on food, 13 per cent on transport and communications, 8-9 per cent on clothing and footwear and 9.9 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 and 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 1981-94†
	1993-94*	1981-82	1993-94*	1981-82	
	Rs. crores		Rs.		(%)
Food, beverages etc.	2,59,419 (54.1)	66,953 (58.9)	2,921	965	9.7
Of Which :					
Cereals, pulses etc.	84,809 (17.7)	25,041 (22.0)	955	361	8.4
Sugar & gur....	21,634 (4.5)	5,161 (4.5)	244	74	10.5
Oil & oilseeds	19,839 (4.1)	6,027 (5.3)	223	87	8.2
Fruits, vgs. & tubers	32,624 (6.8)	8,339 (7.3)	367	120	9.8
Milk & products	45,064 (9.4)	9,542 (8.4)	507	137	11.5
Beverages, pan, tobacco etc....	18,265 (3.8)	5,079 (4.5)	206	73	9.0
Clothing & footwear	47,046 (9.8)	12,059 (10.6)	530	174	9.7
Rent, fuel & power	47,375 (9.9)	14,131 (12.4)	534	204	8.3
Transport & comm.	62,225 (13.0)	6,378 (5.6)	701	92	18.4
Others.....	63,521 (13.2)	14,244 (12.5)	715	205	11.0
Total	4,79,586 (100.0)	1,13,765 (100.0)	5,401	1,640	10.4

Note : Figures in brackets show percentages to total.

* Provisional.

† Compound rate.

Source : Statistical Outline of India 1995-96, 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 find 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

End March :	1994	1993	1992	1988	1971
Public/Private Ltd.					
(Number)					
All companies	305,625*	275,664	250,361	155,549	30,461
Public Limited	38,000	34,112	29,777	18,459	6,691
Private Limited	267,625	241,552	220,584	137,090	23,770
Paid-up capital					
(Rs. crores)					
All companies	104,891	90,962	78,897	46,447	4,423
Public Limited	70,112	55,646	40,869	17,947	2,005
Private Limited	34,779	35,316	38,028	28,500	2,418
Govt./Non-Govt.					
(Number)					
All companies	305,625	275,664	250,361	155,549	30,461
Govt. companies	1,203	1,190	1,180	1,104	314
Non-Govt. companies	304,422	274,474	249,181	154,445	30,147
Paid-up capital					
(Rs. crores)					
All companies	104,891	90,962	78,897	46,447	4,423
Govt. companies	64,028	60,477	56,481	36,031	2,074
Non-Govt. companies	40,863	30,485	22,416	10,416	2,349

* January, 1995: 341,294 companies

Source : Statistical Outline of India 1995-96, Tata Services Ltd.

Table 10
Growth of Central Government Enterprises*

	1993-94	1992-93	1990-91	1980-81
Running enterprises (No.)	240	239	236	163
	Rs. Crores			
Capital employed	1,59,307	1,40,110	1,02,084	18,207
Turnover	1,58,191	1,47,266	1,18,676	28,635
Gross Profit	18,438	15,957	11,102	1,418
Less : Interest	11,894	10,881	7,601	1,399
Profit before tax	6,544	5,076	3,501	19
Net profit after tax	4,435	3,271	2,272	-203
Gross profit to turnover (%)	11.7	10.8	9.4	5.0
Gross profit to capital employed (%)	11.6	11.4	10.9	7.8

* Excluding banks, insurance companies and financial institutions.

Source : Statistical Outline of India 1995-96, Tata Services Ltd.

Table 11
Number of Factories 1991-92

	Factories	Employment	Fixed capital	Gross output	Value added
	No.	'000s		Rs. crores	
Public/Private sector					
Public sector	5,205	2,215	82,962	68,948	14,276
Central govt.	985	858	31,011	37,870	6,775
State/local govt.	3,232	1,270	49,827	27,099	6,585
Central & state/ local govt.	988	87	2,124	3,979	916
Joint sector	2,577	496	11,753	27,168	4,530
Wholly private	104,401	5,483	57,187	203,080	36,021
Unspecified	3	neg.	neg.	neg.	neg.
Total	112,186	8,194	151,902	299,196	54,827

Source : Statistical Outline of India 1995-96, Tata Services Ltd.

Table 12
Small-Scale Industries

	1992-93	1988-89	1985-86	1979-80
Employment (Mn.)	13.4	11.3	9.6	6.7
Gross output (Rs. crores)	209,300	106,400	61,228	21,635
Exports (Rs. crores)	17,785	5,490	2,785	1,226
No. of units ('000s)	2,235	1,701	1,355	805
Unregistered ('000s)	597	542	500	413
Registered* ('000s)	1,638	1,159	854	392
<i>Of which</i>				
Andhra Pradesh	107.4	70.1	49.1	20.3
Assam	14.4	10.2	6.5	3.5
Bihar	83.8	59.9	44.3	17.8
Delhi	26.6	23.8	20.0	9.7
Gujarat	94.9	65.6	48.7	24.2
Haryana	80.0	61.2	44.2	14.5
Himachal Pradesh	12.2	9.3	7.5	4.5
Jammu & Kashmir	22.7	18.7	13.3	4.4
Karnataka	88.5	62.5	42.4	15.6
Kerala	86.6	30.2	29.6	14.0
Madhya Pradesh	184.2	138.7	93.8	24.6
Maharashtra	68.0	54.6	41.0	26.0
Orissa	16.5	16.1	13.3	6.2
Punjab	134.3	96.5	69.8	28.8
Rajasthan	64.4	56.8	47.9	21.2
Tamil Nadu	133.8	86.5	59.8	24.3
Uttar Pradesh	247.9	145.8	88.1	29.1
W. Bengal	142.5	131.7	120.7	76.3

Note: In 1993-94 employment : 13.9 mn., gross output : Rs. 241,648 crores, no of units : 2,380 of which unregistered : 610.

* Registered with the Small Industries Development Organisation; statewide figures shown under 1992-93 are as on December 31, 1992.

Source : Statistical Outline of India 1995-96 Tata Services Ltd.

10.5 GEOGRAPHIC CHARACTERISTICS

India is a geographically vast country spread over 32,08,825 square kilometers and administratively divided into 26 states and 6 union territories. As per 1991 census, its 84.6 crore people live in 3,768 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
Zone-wise Geographic Profile 1991

Zone/State	Population		No. of districts
	Urban	Rural	
	('000s)		
NORTH ZONE			
Jammu & Kashmir	1,839	5,879	
Punjab	5,993	14,288	12
Himachal Pradesh	449	4,721	12
Haryana	4,054	12,409	16
Chandigarh	575	66	1
Delhi	8,471	949	1
Rajasthan	10,067	33,939	27
Uttar Pradesh	27,605	1,11,506	63
SOUTH ZONE			
Andhra Pradesh	17,887	48,620	23
Karnatak.	13,907	31,069	20
Kerala	7,680	21,418	14
Tamil Nadu	19,077	36,781	21
Pondicherry	516	290	4
WEST ZONE			
Gujarat	14,246	27,063	19
Maharashtra	20,541	48,395	30
Goa	479	690	2
Daman & Diu	47	54	2
Madhya Pradesh	15,338	50,842	45
EAST ZONE			
Bihar	11,353	75,021	42
Orissa	4,235	27,424	13
W. Bengal	18,707	49,370	17
Tripura	421	2,335	3
Meghalaya	330	1,444	5
Manipur	505	1,331	8
Mizoram	317	371	3
Nagaland	208	1,001	7
Arunachal Pradesh	110	753	11
Sikkim	37	369	4
Assam	2,487	19,926	23

Source : Census of India 1991

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 3,768 towns in the country, the number of class I towns is only 8.2 per cent but they account for more than 65 per cent of the total urban population.

The largest number of towns (those which have a population of between ten to twenty thousand) are 31.4 per cent which belong to class IV category, but only 7.8 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

	1991*	1981*	1971	1961	1951
No. of UAs/towns	3,768	3,378	2,590	2,365	2,843
Urban population (Ma.)	217.6	159.5	109.1	78.9	62.4
Urban as % of total population	25.7	23.3	19.9	18.0	17.3
% of towns					
Class I	8.2	6.7	6.0	4.5	2.7
Class II	9.5	8.3	7.0	5.7	3.3
Class III	25.7	22.7	22.5	19.2	11.7
Class IV	31.4	32.4	33.4	31.7	21.7
Class V	20.1	22.8	25.2	31.3	40.2
Class VI	5.1	7.1	5.9	7.6	20.4
Total	100.0	100.0	100.0	100.0	100.0
% of urban population in					
Class I	65.2	60.4	57.2	51.4	44.6
Class II	10.9	11.6	10.9	11.2	10.0
Class III	13.2	14.3	16.0	16.9	15.7
Class IV	7.8	9.5	10.9	12.8	13.6
Class V	2.6	3.6	4.5	6.9	13.0
Class VI	0.3	0.5	0.4	0.8	3.1
Total	100.0	100.0	100.0	100.0	100.0

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

Source : Statistical Outline of India 1995-96, Tata services Ltd.

More than seventy 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 63 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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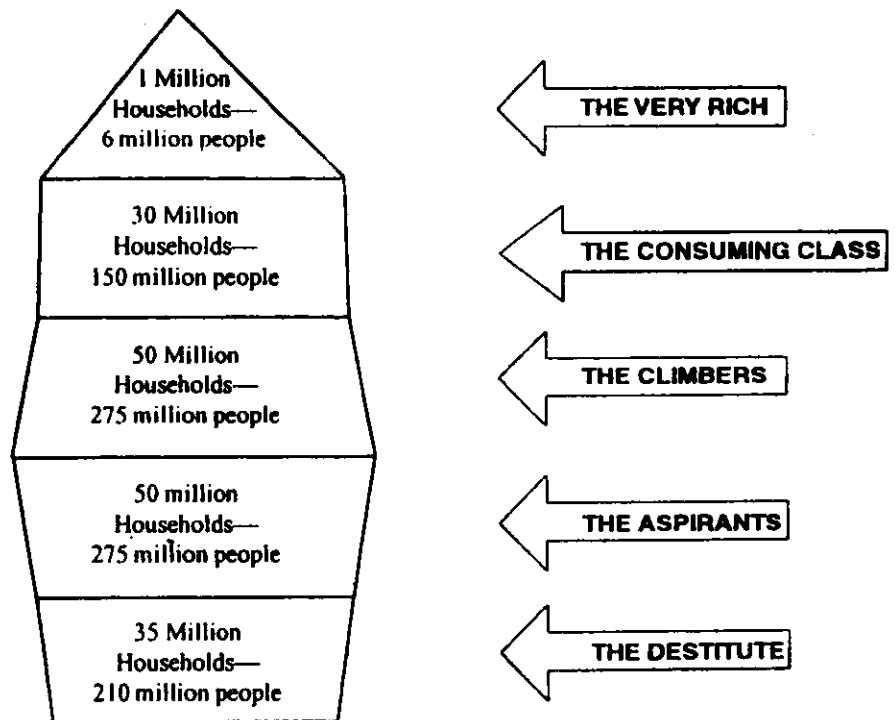
10.6 MARKET POTENTIAL

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 levels 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 per cent.
7. Second-hand products bought and owned by households are primarily bicycles—15 per cent. Others, at around five per cent, are products like radios, cassette recorders, wrist watches and table fans, but not pressure cookers.

Figure 1: The Structure of the Market



Source : "Indian Marketing Demographic" S. L. Rao & I. Natarajan, Global Business Press

Table 15 given below gives the classification of consuming households in 1993-94 into different categories

Table 15
Classification of consuming Households

Number of Households	Owning	Purchasing
Upto 10 million	Refrigerators	Nail Polish
	Mopeds	Lipsticks
	Scoters	
	Motorcycles	
11 to 30 million	Sewing Machines	Shampoos
	Black and White TVs	Face creams
	Mixer/Grinders	
	Electric Irons	
31 to 60 million		Packaged Biscuits
		PVC Footwear
		Vanaspati
61 to 90 million	Bicycles	Electric Bulbs
	Radio/transistors	Casual Footwear
		Washing Powder
		Body Talcum Powder
Over 90 million		(138 mn) Washing cake
		(139 mn) Cooking
		Medium Oil
		(126 mn) Tea

Source: "Indian Marketing Demographics" S. L. Rao & I. Natarajan, Global Business Press

The survey suggests a diamond shaped structures of Indian market as shown in figure 1. What is important for marketers to note that the bottom layer will narrow further and the top will expand. (it will approximate move to a diamond). Also the rural markets are developing fast and one of the striking trend has been the lowering of differences between the tasks of urban & rural consumers.

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 peoples of many different religions. Of course the dominant religion is Hinduism and 82 per cent of Indians are Hindus. Of the remaining 18 per cent population 12.1 per cent is Muslim while Christians, Sikhs, Buddhists and Jains make up the remaining 5.9 per cent (see Table 16).

Table 16
Distribution of Population by Religion

	Number (Mn.)			Percentage distribution		
	1991*	1981†	1971	1991*	1981†	1971
Buddhists	6.4	4.7	3.9	0.8	0.7	0.7
Christians	19.6	16.2	14.2	2.3	2.4	2.6
Hindus	687.6	549.8	453.4	82.0	82.6	82.7
Jains	3.4	3.2	2.6	0.4	0.5	0.5
Muslims	101.6	75.5	61.4	12.1	11.4	11.2
Sikhs	16.3	13.1	10.4	1.9	2.0	1.9
Others	3.7	2.8	2.2	0.4	0.4	0.4
Total	838.6	665.3	548.2	100.0	100.0	100.0

* Excluding J&K

Source : Statistical Outline of India 1995-96, 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 barber services.

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 of India

Festival	Likely date/ Period of occurrence	Major Regions in which celebrated
New Year	January 1	Goa, Kerala, and all major cities.
Pongal/Sankranti	Mid-January	Tamil Nadu, Kerala, Karnataka, Andhra Pradesh
Basant Panchmi	Jan/Feb.	West Bengal, Madhya Pradesh & North India.
Holi	March	North India
Gangaür	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	May	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 1981 and 1991, the population living in urban areas increased by 5.8 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 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 which their distribution should be organised.

Some of the other important trends and characteristics discernible in our society are the emerging role of 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

India is a vast country populated by more than 90 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 needs to adapt his marketing strategy to suit different tastes and values.

Despite 50 years of Independence, India is still dominated by villages and almost 74 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.

10.9 FURTHER READINGS

1. Statistical Outline of India 1995-96, Tata Services Ltd.
2. Indian Marketing Demographics—S. L. Rao & I. Natarajan, Global Business Press.
3. Census of India 1991.

BLOCK 4 PRODUCT MANAGEMENT

In this block, we will look into one of the 4Ps of marketing namely, Product. Devising an acceptable product concept, turning it into a physical product, giving it a brand name, packing it, and positioning it in the market is what we mean by Product Management.

The opening unit in this block introduces you to product decisions. These decisions are a direct outcome of the strategic choices a company makes by way of seeking market orientation. It looks into the well known concept of diversification.

The middle unit in the block is concerned with the sale and profit behaviour of a product as it moves from its first phase of life to the next. The unit also describes the process of new product development.

In the last unit, we will discuss the important features of a product namely its packaging and branding. This discussion is particularly useful in our context with so many changes taking place in packaging industry and with more and more commodities being sold as branded products.