

Sources of information and perception of rural consumer -A Study with Special Reference to Coimbatore District

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Abstract

Marketing plays a pivotal role in the growth and development of a country. It significantly contributes to income generation and employment. Efficient marketing strategy enables the marketer to provide right product, to right person and at the right time. Indian rural market is much larger than that of the urban market in terms of population, number of households and by way of geographic dispersal. Increased income level among rural households, improved infrastructure and favorable government policies offer a huge potential for rural marketing. As a result, manufacturers from India as well as abroad have diversified their attention towards rural segment to tap the hitherto untapped potential. Four billion people worldwide live in rural areas while in India 74 per cent of the population reside in rural areas, spreading over 3.2 million sq. km. in about 6,38,365 villages. Rural India is characterized by half a dozen religions, 33 languages, 1,650 dialects, and diversity in castes, sub-castes, tribes, culture, and subculture.

The strength of rural marketing lies in the „Four A s“ approach namely Awareness, Availability, Affordability, and Acceptability of the consumers. Marketers make continuous effort to understand the way rural consumer behaves and then devise a course of action to respond to the same.

Most of the rural consumers possess mixer grinder, television and mobile phone. Hence the rural marketers have more scope to penetrate the market for other durables. Family members constitute as an important factor in purchase decisions. Rural consumers may not remain same in the changing market environment. Hence they have to be thoroughly studied to have better knowledge on rural marketing and work out appropriate marketing strategies for the success.

1. INTRODUCTION

Marketing plays a pivotal role in the growth and development of a country. It significantly contributes to income generation and employment. Efficient marketing strategy enables the marketer to provide right product, to right person and at the right time. Indian rural market is much larger than that of the urban market in terms of population, number of households and by way of geographic dispersal. The total number of households is expected to rise from 135 million in 2001-02 to 153 million in 2009-10¹. Increased income level among rural households, improved infrastructure and favourable government policies offer a huge potential for rural marketing. As a result, manufacturers from India as well as

abroad have diversified their attention towards rural segment to tap the hitherto untapped potential.

Four billion people worldwide live in rural areas while in India 74 per cent of the population reside in rural areas, spreading over 3.2 million sq. km. in about 6,38,365 villages. Rural India is characterised by half a dozen religions, 33 languages, 1,650 dialects, and diversity in castes, sub-castes, tribes, culture, and subculture². The number of young and educated people in rural India is increasing. Nearly 40 per cent of the young graduates are from rural areas. Two-thirds of the middle-income households are in rural India.

Among 20 millions who have signed up for rediffmail, fifty per cent are in rural India. The number of middle and higher income families in rural India is 21.7 million while in urban India it is 24.2 million. Rural lifestyle is changing. Almost every household has at least one member living and working in a city³. The strength of rural marketing lies in the „Four A s“ approach namely Awareness, Availability, Affordability, and Acceptability of the consumers. Information technology, Government policies, corporate strategies and satellite communication are the factors responsible for development of rural marketing⁴.

Rural India is undergoing a sea change as a result of multi pronged activities undertaken by government for overall development of the villages⁵. Industry analysts have projected that urban households will grow by four per cent while their rural counterparts are expected to grow by 14 per cent by 2011-12 implying that if the rural income rose by one per cent, then the spending power of consumers will increase by about Rs. 10,000 crore⁶.

According to National Council for Applied Economic Research (NCAER), rural markets are growing compared to urban markets in terms of income. Average rural income went up to 63-64 per cent by 2001-02 from 55-58 per cent in 1993-94. Also, it is projected that the total number of households with income over Rs.10 lakh will go up from four million in 2001-02 to 20 million by 2009-10, out of which 22-23 per cent are expected to be from rural India⁷. There is a clear indication of increasing prosperity in rural India. This prosperity has led to an increase in the demand for durable goods. To be successful in the rural market,

2.0 STATEMENT OF THE PROBLEM

A rural consumer may be illiterate but he is not unintelligent. He is conscious of value for money and about every rupee he spends⁹. Today, rural consumers are living

companies will have to be innovative and sensitive while devising marketing strategies. Traditional urban marketing strategies will have to be localized as per the demands of the rural market.

The Indian consumer durables market has undergone a major transformation since the liberalization process. The market size, product penetration, the variety and technology of products sold, have all experienced a quantum leap. Improved product choice and decline in retail prices, matched by increased consumer income have driven the market growth rate to dizzy heights.

Consumers differ tremendously in income, educational level, taste and age. The changing socio-cultural, political and economic orders have transformed people into sophisticated consumers. Complex competitive status, vulnerable demand forecast, varying consumer preference, existence of too many brands, changing attitude of channel intermediaries, shortening of the product lifecycle are making marketing decisions extremely difficult and risky⁸. Rural consumer behaviour is molded by the key factors, namely opinion leaders, friends and relatives, various resource persons, retailers, media, caste, religion etc., Marketers take efforts to reach out the rural market. While making a purchase decision consumer first tries to understand the need of the product, especially in rural India, where cost is still a major consideration and necessities make prime purchase. Depending upon the need, buying power and other environmental factors, decision is made to select the best alternative to consume. Marketers must make continuous effort to understand the way rural consumer behaves and then devise a course of action to respond to the same.

in knowledge era and they can gather more information regarding the products anywhere and at any time through variety of sources available to them, which

facilitate them to take rational and optimal decision in purchase. But in reality the information sources may vary from product to product and the prominent source induces them to select a product. Rural consumers are different from their urban counterparts in economical, social, psychological, physiological and literacy aspects and they are also bounded by traditions, customs and values. Further, improved standard of living and lifestyle has brought a rapid change in the buying and consumption pattern of rural consumers, in terms of imbibing new ideas, attitudes, priorities, interests and way of life¹⁰.

By the end of 2025, rural consumption is expected to be nearly three times of what it is today, creating a gigantic potential market worth over Rs. 26 trillion.

The Mckinsey report has forecast that per-

1. What are the sources of information for the purchase of durable goods?
2. What are the variables that influence the rural consumer behaviour?

3.0 OBJECTIVES OF THE STUDY

To find answers to the questions raised, the research work has been carried out with the following specific objectives:

1. To study the sources of information used by rural consumers for purchase of durable goods.
2. To identify the variables influencing the rural consumers behaviour

4.1 REVIEW OF RELATED LITERATURE

Subhas Mehta (1973) conducted a study on “Consumer durables: poor penetration in villages”, found that the upper income households (those with income above Rs. 12,000 p.a.), possess a better ownership of consumer durables like scooter, furniture, electronic appliances etc. The study further found that the companies have failed to exploit the market potential in rural areas.

Gopal, K.S, and Savin, A.N. (1980) have stated in their study on “Serving rural markets social or business propositions”, found that a number of organizations are now engaged in restructuring their energy to penetrate deep into the rural markets. Their study revealed that the rural consumers are increasingly

household annual spending in rural India will reach the current levels in urban India (Rs.1,16,000 per household in 2005) by 2017. The annual consumption per household in rural India is expected to reach Rs. 1,58,000 by 2025¹¹. So marketers need to have an open mind, and sensitize themselves to understand the rural consumer. Due to economical and technological development there has been an increased expectation among consumers with regard to product’s price, quality, product availability, customer relationship, variety of choices, free door delivery and the like. Studies that exclusively depend on the opinion of rural consumers are limited and to fill this vacuum, the present study is taken up. It is the need of the hour for the marketers to identify and understand the dynamic needs and wants of the rural consumers. In this context there arise the following questions:

changing their lifestyles and becoming more and more like their urban counterparts. The authors have also suggested a new symbiotic marketing approach in which a group of non competing organizations can get together and arrange for distribution, which is the major challenge in rural marketing.

Rudra Saibaba, V, et al (2008), in their study on “Consumer behaviour towards two-wheelers – a comparative study on rural and urban consumers of Warangal District, Andhra Pradesh”, revealed that the Indian consumers brand preference for two wheelers was based on mileage, price and maintenance cost and road conditions. While making a purchase decision, friends and spouses play a major

role. Advertising is considered to be powerful medium in the marketing of automobiles. Among the different media that are used, television was the most effective in influencing the consumers' buying decisions.

Bhagaban Das et al (2008), in their study on "Categorizing consumers buying behaviour : A factor analysis in consumer durable market", found that consumers perception on buying colour television was mostly affected by the factors, such as structural add-ons, word of

4.2 METHODOLOGY

4.2.1 Source of Data

The study is based on both primary and secondary data. Primary data have been collected through personal interview with the help of a well-structured interview

4.2.2 Sample

The universe of the study area is Coimbatore District, which is quite large. It is therefore decided to use convenience sampling for identifying the respondents. To study sources of information and

4.3.3 Framework of Analysis

Both primary and secondary data have been edited and regrouped according to the needs of the study. For interpreting

4.4.4 Hypothesis

1. Socio-economic variables do not influence preference
2. Socio-economic variables do not influence attitude

5. SCOPE AND SIGNIFICANCE OF THE STUDY

The study is concerned with the search for and use of product information, as part of purchase decision making. The study also deals with the amount of information gathered by the rural consumers at the time of search process, and how effectively they use the information in making a purchase. This study deals with the rural consumer behaviour regarding seven select consumer

6. POSSESSION OF DURABLES

The rural consumers have different occupation and income levels. They possess the durables depending upon their buying capacity, usability, necessity and status. Table 1.1 shows the durables possessed by the sample respondents.

mouth, technical features, durability and ground reality.

Amit Sharma (2009) in his study on "Durables majors try and push new models to beat slowdown", revealed that the Rs.25,000 crore consumer durables industry, which grew 12 per cent in 2008, is following a rather contrarian approach to tackle the slowdown. Introduction of newer products and models with better technology and features would help in increasing consumers' willingness to purchase.

schedule. The secondary data have been collected from Journals, Magazines, Newspapers, Books and Web Sites.

perception of rural consumers, 430 sample consumers are selected in Coimbatore District by adopting convenience sampling method.

results, statistical tools used are: (i) Descriptive Analysis (Simple Percentage), (ii) Correlation, (iii) Multiple Regression.

durables, viz., mixer grinder, washing machine, refrigerator, television, cell phone, two wheeler and four wheeler. The consumerist issues directly affect all participants in the market place and should be of great interest to students of marketing as well as to marketers. Results of the study will be definitely useful to rural consumers, marketers and Government.

Table 1.1
Possession of Durables

Durables	Number of Respondents	Percentage
Mixer Grinder	423	98.37
Washing Machine	210	48.83
Refrigerator	294	68.37
TV	423	98.37
Cell Phone	426	99.06
Two Wheeler	400	93.02
Four Wheeler	162	37.67

From the Table 1.1 it is observed that, a majority i.e., 99.06 per cent respondents possess cell phones for their day to day communication. Mixer grinder and TV stand second with 98.37 per cent as well as two wheeler occupy the third place with 93.02 per cent respondents. The respondents those who have refrigerator in their house are 68.37 per cent. Washing machine is one of the durable which is possessed by the least number of

respondents i.e., 48.83 per cent, because the rural people are basically hard working in nature and prefer physical work.

Respondents have the tendency to buy four wheeler for their family commitment and business. Among the sample respondents, 37.67 per cent respondents possess four wheeler. The four wheeler has the potential market in rural places.

Reasons for the Purchase of Durables

The various reasons for the purchase of durables are necessity, prestige and entertainment. It is presented in the Table 1.2.

Table 1.2
Reasons for the Purchase of Durables

Reasons	Durables						
	Mixer Grinder	Washing Machine	Refrigerator	TV	Cell Phone	Two Wheeler	Four Wheeler
Necessity	419 (99.05)	181 (86.19)	226 (76.87)	72 (17.02)	298 (69.95)	330 (82.50)	98 (60.49)
Prestige	4 (00.95)	29 (13.81)	68 (23.13)	22 (5.20)	85 (19.95)	66 (16.50)	62 (38.27)
Entertainment	0	0	0	329 (77.78)	43 (10.10)	4 (1.00)	2 (1.24)
Total	423	210	294	423	426	400	162

It is found that, 99.05 per cent respondents purchased mixer grinder on

account of necessity and four respondents purchased for the prestige. Regarding

washing machine, 86.19 per cent have it for necessity and 13.81 per cent for prestige. Regarding refrigerator, 76.87 per cent have it for necessity and 23.13 per cent for prestige. Among the respondents who possess TV, 17.02 per cent have it for necessity while 5.20 per cent for the prestige and 77.78 per cent for entertainment. Among the respondents who use cell phone, 69.95 per cent have it for necessity while 19.95 per cent for prestige and 10.10 per cent for entertainment. Regarding two

wheeler, 82.50 per cent respondents have it for necessity while 16.50 per cent of the respondents have it for prestige. Considering four wheeler, 60.49 per cent have it for necessity while prestige is the reason for the purchase of 38.27 per cent respondents and two respondents have it for entertainment. Majority of the respondents considered necessity is the main reason for the purchase of all types of durables except television where entertainment is the main reason for its purchase.

7. DETERMINANTS OF RURAL CONSUMER BEHAVIOUR

In order to find the nature of association of variables with rural consumer preference, correlation analysis is used. First, partial correlation coefficients have been found out to finalise the variables that can be taken up for correlation analysis.

The variables considered for partial correlation are: Consumer Preference Index, Sex, Marital Status, Educational Qualification-Illiterate and School Level,

Occupation-Agriculture and Business, Annual Family Income, percentage of savings per month and Consumer Attitude Index. All the variables considered for the partial correlation are used in correlation, multiple regression, and step-wise regression. It is presented in the Table 1.3. Out of ten variables selected for correlation analysis, one variable consumer attitude has been found to be significant at five per cent level.

Table 1.3
Variables Associated with Rural Consumer Behaviour
Correlation Analysis

Variables	r	r ²
Consumer Preference	.1	0.012
Sex	.110	0.013
Marital Status	-.113	0.011
Educational Qualification - Illiterate	-.106	0.005
Educational Qualification - School Level	-.068	0.003
Occupation -Agriculture	-.059	0.001
Occupation - Business	.036	0.003
Annual Family Income	.057	0.005
Percentage of Savings per month	-.069	0.187
Consumer Attitude	.433*	0.012

* Significant at five per cent level

Table 1.3 reveals that consumer attitude and consumer preference have a positive correlation, implying that increase in consumer attitude increases level of preference. The coefficient of determination (r²) accounts for 1.2 per cent

of the variation in the level of preference. To find out the combined influence of selected variables on the level of preference of rural consumer, multiple regression tests has been employed.

Table 1.4
Determinants of Rural Consumer Behaviour
Multiple Regression Analysis

Variables	Regression Coefficient	Standard Error	T (d.f =420)
(Constant)	44.986	3.675	12.240
Sex	1.757*	.742	2.367
Marital Status	-1.462	1.005	-1.456
Educational Qualification – Illiterate	-2.603	1.385	-1.880
Educational Qualification - School Level	-.957	.750	-1.276
Occupation –Agriculture	-1.272	.844	-1.508
Occupation – Business	-1.183	.903	-1.310
Annual Family Income	.001*	.000	2.039
Percentage of Savings per month	-.083*	.039	-2.147
Attitude	.444**	.045	9.893

* Significant at five per cent level

** Significant at one per cent level

Constant	:	44.986
Std. Error of Estimate	:	3.675
R ²	:	0.217
R ²	:	0.233***

Table 1.4 reveals that the regression coefficient indicates that sex positively influences level of consumer preference. The value of regression coefficient clearly indicates that male member have high level of preference over durable goods.

The regression coefficient indicates that annual family income positively influenced the level of preference. The value of regression coefficient indicates that a unit of increase in annual income shall increase preference by one .001 units. Rural consumers with high family income have high level of preference over consumer durable goods. The regression analysis shows that there exist a negative

8. SUMMARY OF FINDINGS

The various findings of the study are given under the heads:

8.1 Profile of Rural Consumers

The socio-economic profile of rural consumer reveals that

- ☞ A majority of the consumers (65.58 per cent) are male.
- ☞ Most of the consumers (53.95 per cent) belong to the age group between 31 and 45 years.
- ☞ Married consumer account for 86.05 per cent.
- ☞ Consumers with school level education constitute 50.23 per cent.
- ☞ Most of the consumers (28.60 per cent) are agriculturists.
- ☞ Many consumers (55.58 per cent) are head of the family.
- ☞ Most of the consumers (57.67 per cent) are with four family members.

influence between savings and consumer preference implying that respondents who have more savings have high level of preference over consumer durables.

The regression coefficient shows that consumer attitude positively influences the level of preference for durable goods. The impact is found to be highly significant. Therefore, enhanced consumer attitude leads to higher level of preference for durable goods. The value of R² is found to be significant at one per cent level. This shows that the regression equation formed is a good fit. Around 23.30 per cent of variation in level of preference is due to the selected variables.

- ☞ A majority of the consumers (50.23 per cent) possess two communication facilities.
- ☞ Most of the consumers (50.23 per cent) have annual family income between Rs.1,50,001 and Rs.3,00,000.
- ☞ More number of consumers (61.40 per cent) have monthly savings up to 10 per cent of their income.

8.2 Rural Consumers Behaviour

- ☞ A majority of the consumers (99.06 per cent) have purchased cell phone. Other durables possessed by majority of the consumers are mixer grinder and TV (98.37 per cent) and two wheeler (93.02 per cent).
- ☞ A majority of the consumer (59.79 per cent) have utilised only one source of fund for purchasing durables i.e., savings or agriculture income.
- ☞ Regarding the motivation to purchase of durables, self motivation occupies the first place and family member occupies the second place.
- ☞ A majority of the consumers considered necessity as the main reason for the purchase of all types of durables expect television where entertainment is the main reason for its purchase.
- ☞ Most of the consumers have taken a week's time for the purchase decision in case of durables like mixer grinder, washing machine, TV and cell phone. A month's time is taken for purchase decision in case of refrigerator and two wheeler. Four wheeler is the only durable for which most of the consumers spent more than a month to take purchase decision.
- ☞ A Majority of the consumer have been using the durables for the past five years except TV, where it is more than five years.

Conclusion

Most of the rural consumers possess mixer grinder, television and cell phone. Hence the rural marketers have more scope to penetrate the market for other durables. Family members constitute as an important factor in purchase decisions. Rural consumers may not

remain same in the changing market environment. Hence they have to be thoroughly studied to have better knowledge on rural marketing and work out appropriate marketing strategies for the success.

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