

Buying Behaviour of Rural Consumers and their Psychology with Special Reference to Mobile

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Abstract

Indian Rural markets are dynamic and fastest growing market for most products and services including telecom. Rural consumer needs and preferences are continuously changing given the changes in factors like demographics and lifestyles. New challenge in front of the marketers is to target the Rural Consumer and understanding their behaviour .The rural consumer behavior suggest how individual, groups and organization select, buy, use and dispose of goods, services, ideas or experience to satisfy their needs and wants. The consumer market in rural India is expanding never before .Increasing purchasing power of rural consumer major shift in their purchasing pattern (krish & Ramakrishnan, 2011).The rural share of popular consumer goods and durables ranges from 30 to 60 percent. While more and more rural consumers purchasing branded products and awareness about right of the consumer is lacking (singh & pandey, 2007)

The present study is an attempt to examine the purchase motivators for Mobile phone of rural area of Dehradun Region. This study is helpful to the manufactures to identity the consumer perception, and behavior for improving them to introduce new strategies and increase in sales. Present paper discusses about how to find the modern way for marketing in rural area.

Keywords: Rural Market, Rural consumer, Mobile Phones, Buying Decision Process, Characteristics of buyer, Consumer Durables, Brand Preference.

INTRODUCTION

“The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.”

- Schiffman and Kanuk

The rural population still represents about two-thirds of the total population. Population in urban areas is continuously increasing as a result of the structural alteration of the economy. Rural peoples move toward urban areas in search of employment opportunities to make higher income. The growing competition between the telecom service providers has augmented demand for both mobile telecom services as well as the handsets. According to a *Gartner report*, after China, India would be fastest growing mobile telephony market in Asia Pacific. Cellular penetration would increase to 38.6% in 2011 with 58% of rural population and 95% of urban population possessing mobile phone. The market will be driven by prepaid connections, which will account for more than 93% connections. Rural markets in India constitute a wide and untapped market for many products and services which are being marketed for the urban masses. There is a demand for telecommunication services to be provided to in these areas. Till now it was government which was trying to reach the villages through various initiatives, but the rural tele-density is very poor and can be improved only through the introduction of modern and suitable technology along with participation from the private operators. Now a day's mobile phones become a basic element of individual communication across the globe in the past ten years, consumer research has dedicated little precise concentration to motives and choice underlying the mobile phone buying decision process (Karjaluoto, Karvonen et al. 2005).

IMPULSE TO GO TO RURAL

There are many reasons that have urged the MNC companies to enter the uncharted territory of rural India. Some of the attractions are discussed below:

Large Population

The rural Indian population is large and its growth rate is also high. Over 70% India's one billion plus population lives in around 627,000 villages in rural areas. This simply shows the great potentiality rural India has to bring the much needed volumes and help the FMCG / Durable companies to bank upon the volume driven growth.

Rising Rural Prosperity

India is now seeing a dramatic shift towards prosperity in rural households. To drive home the potential of rural India just consider some of these impressive facts about the rural sector. As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas.

Distribution of people income-wise

The Indian middle class, target consumers for many companies, is expected to swell up to 267 million people in the next five years, up 67 percent from the current levels, thus providing a great market opportunity for firms, according to NCAER. A report by National Council for

Applied Economic Research's (NCAER) Centre for Macro Consumer Research said by 2015-16, India will be a country of 53.3 million middle class households, translating into 267 million people falling in the category. As per the study, which uses 'household income' as the criterion, a family with an annual income between Rs 3.4 lakh to Rs 17 lakh (at 2009-10 price levels) falls in the middle class category. NCAER also said with increase in village incomes and growing urbanisation, the percentage of rural population in the total middle class of the country will reach 48.8 percent by 2025-26 from 37.4 percent at present.

Growth in Market

The purchasing power in rural India is on steady rise and it has resulted in the growth of the rural market. The market has been growing at 3-4% per annum adding more than one million new consumers every year and now accounts for close to 50% of volume consumption of FMCG. The growth rates of lot of FMCG are higher in rural markets than urban markets. In product categories like toilet soaps, talcum powder, cooking oil, vanaspati ghee, tea, cigarettes and hair oil, the share of rural market is more than 50%. The estimated annual business from rural markets was Rs 1,23,000 crore, comprising Rs 65,000 crore of FMCG, Rs 5,000 crore of durables, Rs 45,000 crore of agricultural inputs including tractors and Rs 8,000 crore of two-wheelers and four wheelers. Twenty nine per cent of the rural people own cars, 27 per cent own colour televisions, 24 per cent own refrigerators and 10 per cent own washing machines, which points to the untapped potential in the rural areas.

Impact of Globalization

The impact of globalization will be felt in rural India as much as in urban. But it will be slow. It will have its impact on target groups like farmers, youth and women. Farmers, today 'keep in touch' with the latest information and maximize both ends. Animal feed producers no longer look at Andhra Pradesh or Karnataka. They keep their cell phones constantly connected to global markets. Surely, price movements and products' availability in the international market place seem to drive their local business strategies. On youth its impact is on knowledge and information and while on women it still depends on the socio-economic aspect. The marketers who understand the rural consumer and fine tune their strategy are sure to reap benefits in the coming years. In fact, the leadership in any product or service is linked to leadership in the rural India except for few lifestyle-based products, which depend on urban India mainly.

FACTORS AFFECTING BUYING DECISIONS OF RURAL CONSUMERS

- a. Environment of the consumer
- b. Influences of Geographic location
- c. Family
- d. Income of the consumers
- e. Place of purchase
- f. Multiple use of product

- g. Brand preference and loyalty
- h. Cultural Influence
- i. Awareness to urban lifestyles
- j. Situation in which the consumer uses the products
- k. Efforts of marketers to reach the rural consumers

(a) Environment of the consumer:-The environment plays a major role in the buying decision of consumers as the surroundings in which the consumer is living leaves and impact on his thinking. For Example: availability of electricity in the area will affect the demand for various consumer durables like washing machine, refrigerator, etc.

(b) Influence of Geographic Location:- The geographic location in which the rural consumer is residing also tells about the thought process of the consumer. For example, how much are the rural areas located near the urban areas, how many of them are employed in industry so that they are at least aware about the latest technology, etc.

(c) Family:-The size of family and the roles played by the family members play an important role in deciding which goods to be purchased and which not. As in rural areas there is a concept of joint family so the buying decision of the product is taken collectively keeping in mind the needs of all the family members and also the utility derived from that product. Generally, in rural areas there is one male head of the family who takes all such decisions keeping in mind the opinions of all the family members.

(d) Income of the Consumers:-The sources of income and the quantum of income are one of the major deciding factors, which determine what the consumer will be able to purchase as they have to decide among the limited resources the optimum utilization of their income in such a way that every single rupee spent by them gives the maximum utility and feeling of satisfaction. Also in rural areas maximum people are involved in agriculture as their main occupation and majority of them live below the poverty line where they need to think twice before spending.

(e) Place of purchase:-The buying decision of rural consumers also varies depending on the place of purchase i.e., they buy their requirements from different outlets like some of them prefer to buy from rural shopkeepers , some prefer to buy from nearby towns or cities , some of them may prefer to visit fairs for choosing a product , etc. Maximum times rural people prefer to buy from haats as they get better quality, variety and low price under one place.

(f) Multiple use of product:- The buying decision of consumer also depends on the number of uses a product can be put to as multiple uses of the product adds an attraction to it .For eg., in some rural areas Godrej hair dye is being used as a paint to colour horns of oxen, etc.

(g) Brand preference and loyalty:- India is a land of varied cultures and the consumers' behavior is influenced by the culture especially in rural areas. Product colour, size, design and shape, social practices, decision making authority in the hands of male members of the society.

(h) Cultural Influence:- Culture and tradition influence perception and buying behavior. For example, the preference in respect of color, size and shape is often the result of cultural factors. Rural consumer's perception of products is strongly influenced by cultural factors.

(i) Awareness to urban lifestyles:- Extent of exposure of rural consumers to urban lifestyles also influences their buying behavior. An increased exposure and interaction with urban communities has been the trend in recent years.

(j) Situation in which the consumer uses the products:- The situation in which the consumers utilize the product also influences their buying. In rural areas the lack of electricity automatically increases the purchase of batteries by rural consumers. Since rural consumers cannot use washing powders/detergent powders that much, as they wash their clothes in streams or ponds, they go in more for washing bars and detergent cakes.

(k) Efforts of marketers to reach the rural consumers:- Many corporate companies have been trying hard to develop a market for their products in the rural areas, investing substantially in these areas. This has brought about some change in the way buyers purchase different products. Developmental marketing has created discriminating buyers and hitherto unknown demand in the rural market.

LITERATURE REVIEW

Cellular phones and digital televisions got more attention of marketing researchers as look upon the acceptance procedure (Saaksjarvi, 2003). Rogers (1976) has provided a classification of consumers in expressions of innovators, early adopters, early majority, late majority and laggards. But now a day's consumers are also give the impression of being into the Compatibility of the new products to their self-image and life style (Saaksjarvi, 2003). Funk and Ndubisi (2006) study a significant involvement between color and the choice of an automobile.

The study by Funk and Ndubisi (2006) further recognizes the gender moderation on the relationship between different color dimensions and the product choice. Barak and Gould (1985) found that younger consumers are superior fond of stylish goods than older ones. Young consumers have more interest in purchasing new products and they have information seeking behavior. And this behavior makes them self confident and this self confident leads to become a opinion leader which leads toward brand switching (Szmigin and Carrigan, 2001). Gupta (1987) studied the factors which motivate consumers while buy durables he found that brand choice, source of information, role of family members and customer satisfaction is the significant factors.

Shanthi, R (2005) work on the perceptual dimensions of brand association with reference to mobile users. Singh (2011) There is a significant positive relation with income of consumers and buying behavior of consumers. Williams (2002) argues that deviation in "attitude motivation and value orientations associated with differences in occupational opportunities and demands, childhood socialization patterns and educational influences may lead consumers to vary in many of their purchase behaviors across social classes". Wilska (2003) argues that the conventional gender division in mobile phone use styles that could be observed is motivating in

the light of assumptions that genders are flattering more similarly in their use of new technology.

Sun and Wu (2004) studied Chinese market and found that Chinese rural and urban consumers are to be statistically dissimilar in provisions of their attitudes toward the whole marketing mix: “product price, brand names, promotions and distribution”. Gupta (1988) found that sales promotions have impact on consumer buying behavior. Shivakumar and Arun, (2002) Brand name and price were the important considerations in buying consumer durables. Consumers used to buy these items based on the necessity felt rather than waiting for any offer or festive season.

OBJECTIVES OF THE STUDY

- (1) To find out the factors influencing the consumers for brand preference and
- (2) To study the relationship between the availability of brands and consumer buying behaviour of mobile phones.

RESEARCH METHODOLOGY

The sampling design

A few rural areas have been taken as sample for conducting this study. The study has taken into consideration the factor influencing the rural consumer behaviour towards the mobile phone. The decision to select these areas was that the people were co operative.

Data collection: The data was collected from the consumers of rural areas in Dehradun through a well structured questionnaire.

Measurement scale: The questionnaire consisted of a series of statements, where the respondents (consumers) needed to provide answers in the form of agreement or disagreement to express their attitude towards the mobile phones.

A Likert scale was used so that the respondent can select a numerical score ranging from 1 to 5 for each statement to indicate the degree of agreement or otherwise. Where 1, 2, 3, 4, and 5 denote “Strongly Disagree”, “Disagree”, “Neither agree nor disagree (Neutral)”, “Agree”, and “Strongly disagree” respectively.

ANALYSIS OF DATA

Reliability analysis

An analysis was conducted for checking the reliability of the questionnaire and the results were obtained. The Cronbach's alpha (a measure of reliability) was calculated for whole of the questionnaire. According to Hair, et al. (2007), the coefficient 0.862 indicates data reliability as they meet the minimum acceptable level of 0.7.

Factor Analysis

The scores of consumers for each attribute provided the clear picture of their view on the buying pattern of mobile phones. Since the analysis is based on the scores of consumers, a factor analysis was applied for grouping the variables into factors based on this data.

The above attributes were divided into the above mentioned categories Lifestyle, Influence Awareness, Decision making/Consideration.

The factor analysis was conducted through a method called as Principal-components method as it explained more variance than would the loadings (values that explained how closely the variables were related to each one of the factors discovered) obtained from any other method of factoring.

Varimax rotation was used to maximize the variance of the loadings within each factor to simplify the columns in the factor analysis. It helped in developing clearer factor loading patterns with some variables having high loadings on a particular factor and other variables having a loading nearer to zero.

The factor loading of rotated components is presented in the table 1

TABLE 1
ROTATED COMPONENT MATRIX

	Component			
	1	2	3	4
1.Comfort	0.64	0.34	0.18	0.28
2. Status	0.74	0.18	0.19	0.36
3. Necessity	0.70	0.41	0.19	0.12
4. Luxury	0.80	0.21	0.26	0.15
5. Price	0.44	0.64	0.32	0.14
6. Brand name	0.45	0.74	0.37	0.06
7. Availability in store	0.45	0.74	0.37	0.06
8. Different use	0.09	0.65	0.16	0.51
9. Promotional Schemes by co.	0.32	0.64	0.17	0.41
10. TV Adds	0.16	0.09	0.65	0.51
11. Hoardings	0.18	0.25	0.78	0.28
12. News papers	0.28	0.46	0.54	0.41
13. Haats/ Mela.	0.12	0.38	0.65	0.26
14. Dealers	0.26	0.14	0.79	0.21
15.Friends/Relatives	0.20	0.45	0.68	0.41
16.Design	0.22	0.15	0.85	0.06
17. Durability	0.49	0.18	0.42	0.52
18.Battery life	0.19	0.41	0.50	0.54
19. Multimedia	0.24	0.36	0.51	0.68
20.Sound/Display Quality	0.34	0.18	0.22	0.56
21.Radio/Music	0.26	0.54	0.36	0.67

The results of Varimax rotation are summarized in table 3

TABLE 2
FACTORS EXTRACTED AFTER FACTOR ANALYSIS

Items in Factor1- Lifestyle	Items in Factor 2- Influencing	Items in Factor 3- Awareness	Items in Factor 4- Decision making / Consideration
Comfort.	Price/offers	TV Adds.	Design.
Status.	Brand name	Friends/Relatives.	T V adds.
Necessity.	Availability in store	Hoardings	Durability.
Luxury.	Different use	News papers.	Multimedia (radio/music).
		Haats/ Mela.	Battery life.
	Promotional schemes Introduced by company	Shopkeepers/ Dealers.	Sound /Display Quality.

Multiple Regression analysis

The results of the factor analysis were carried forward by which the four independent variables (Factor 1, Factor 2, Factor 3 and Factor 4) were used to predict the dependent variable by multiple regression.

The Regression equation is as follows:

$$Y = \alpha + \beta_1 F_1 + \beta_2 F_2 + \beta_3 F_3 + \beta_4 F_4$$

Where, Y= Overall buying behaviour

α = Intercept.

F_1 = Lifestyle.

F_2 = Availability of products

F_3 = Awareness

F_4 = Decision making/ Considerations

$\beta_1, \beta_2, \beta_3, \beta_4$ = Slopes associated with F_1, F_2, F_3, F_4

REGRESSION COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients	t-statistic	Significance.
		B	Std. Error	Beta		
1	(Constant)	0.27	0.06		4.29	0.00
	REGR factor score 1	0.2	0.06	0.30	4.08	0.00
	REGR factor score 2	0.13	0.06	0.15	2.03	0.04
	REGR factor score 3	0.30	0.06	0.35	4.69	0.00
	REGR factor score 4	0.38	0.06	0.43	5.87	0.00

TABLE 5
COEFFICIENT OF DETERMINATION AND F- VALUE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	0.65	0.42	0.40	0.67	19.33	0.00

RESULT AND CONCLUSION

Thus, overall buying behaviour depends on these four factors (F_1, F_2, F_3, F_4) Lifestyle. Availability of products, Awareness, Decision making/ Considerations .These are the major factor which have more impact on the buying pattern of the consumer behaviour. The first factor lifestyle explains that as mobile is a need of an hour. It has more impact on the young generation because youth is influenced by many factors(friends, relatives, neighbor & leaders).Similarly second and third factor explains that availability of products & awareness have more impact on behaviour due to rural people are not fully aware about the products available in the market. Awareness level is very low among the rural consumer. Last factor is considerations is important factor because while taking any decision regarding the durable product like mobile they have to think twice.

The factors included in the multiple regression models are explaining 42 % variation in the overall buying behaviour in rural areas and thus, one can conclude that regression model is significant. All four factor having a significant value .Thus buying behaviour are depends upon on these four factor (F_1, F_2, F_3, F_4) Lifestyle. Availability of products, Awareness, Decision making/ Considerations.

LIMITATIONS OF THE STUDY

a) Literacy Level among the Rural People: The literacy level of rural buyers was low and this created a problem while collecting the data as majority of rural people were uneducated and so they were not able to understand the meaning of few questions as desired.

- b) Time Consuming: It was a time consuming activity because very few people showed an interest in filling up the questionnaires.
- c) Limited area has been taken for the study : Study done around rural area of a Dehradun city .

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