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FACTORS AFFECTING BUYING BEHAVIOR OF INDIAN RURAL CONSUMERS

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ABSTRACT

Present study aims at identifying the factors affecting buying decisions of rural consumers and whether importance of these factors varies with age and income of respondents. Study identified the six factors i.e. culture, product packaging, price, family size, age and advertising which rural consumers consider while making purchase decisions. It was found that factors effect on rural consumer vary with age and income and found increasing with age and income. Importance of all factors in buying behavior of rural consumer found increasing trend with increase in their age and income. The effect of price and quality on buying behavior of rural consumer increases significantly with increase in age and income. Advertisement and brand of products found significantly very important to high income rural consumers than lower income consumers. Friends and family members' recommendations had significantly more impact on buying decisions of lower income consumers than high income consumers. Packaging had significantly more impact on buying decision of lower income consumers than high income consumers.

KEYWORDS: *Buying behavior, rural consumer, culture, decision making, rural market.*

INTRODUCTION

Thrust on rural development since 1950 eventually made India into an attractive rural market. Increased awareness along with rise in income levels influenced the rural marketing environment in the country. Other factors that contributed to the growth of rural markets are access of media, rising aspiration of rural people and good packaging of products. Rural market is not all about low price point and PR building. With penetration of TV advertisement and other informative media, the awareness level of rural people is increasing gradually. The urban markets got saturated with products and brands which forced marketers to turn towards rural markets. Many experts and organizations have differing views on what constitutes the term, 'rural'.

Rural marketing includes all those activities of assessing, stimulating and converting the rural purchasing power into an effective demand for specific products and with the aim of raising the standard of living. Rural marketing is any marketing activity in which one dominant participant is from rural area. Consumer behavior is defined as activities people undertake when obtaining, consuming and disposing of products and services. The study of consumer behavior does not only include reasons for buying but also the consumption process of buying, consumers get driven by influences such as feelings, motivation, income, lifestyle, opinions, culture, personality etc.

UNDERSTANDING THE FACTORS FROM RURAL CONSUMER POINT OF VIEW

Buying Behavior refers to the buying behavior of final consumers - individuals and households who buy goods and services for personal consumption. All of these final consumers combined make up the consumer market. In a broader sense consumer behavior includes all the psychological and physiological reasons of individual consumer's response to marketing activities. Consumer psychology is based on the consumer's knowledge, attitude, intention and motive. Physiology is based on purchases and uses of goods and services.

In nut shell consumer behavior is the behavior exhibited by people in planning, purchasing and using of economic goods and services. About 70 percent of India's population lives in rural areas and Consumers in this huge segment have displayed vast differences in their purchase decisions and the product use. Villagers react differently to different products, colors, sizes, etc. in different parts of India. Therefore, it is important to study the thought process that goes into making a purchase decision.

Consumer behavior is complex and dynamic and influenced by various factors Enormous literature is available on the factors that influence the buying behavior of the rural consumers. Scholars have examined and analyzed the various factors that affect buying behavior of rural consumers. Now let us understand the factors which influence the rural consumer:

CULTURE

Culture is one of the significant determinants of a person's behavior in rural area. As a child grows up in the rural atmosphere, he acquires a set of values, perception, preferences and behaviors through the family and other key association involved at each stage of his life. The time tested true behavior exhibited by a collective group is determined by culture. However, the degree of impact that culture will have on behavior will depend on the narrowness of a culture or its merger with other cultures. The rural India's culture is quite different from the urban areas. Rituals, festivals, harvesting seasons and inhibition to buy new things are some of the key features of rural consumers. Management researchers have traditionally used definition of culture, which equates culture to the collective

programming of the mind which distinguishes the members of one group or category of people from another‖. Culture influences behavior through its manifestations: values, heroes, rituals and symbols. These are the forms in which culturally determined knowledge is stored and expressed. Thus, each cultural group possesses different cultural manifestation.

PRODUCT PACKAGING

Packaging plays a major role in the product offering for rural markets as it is related with affordability, the ability to identify, ease to users and the appeal of the product. Packaging at the primary level involves protecting the product, whereas at the secondary level, it adds to the aesthetics and sales appeal of the product. Packaging for rural markets needs a special focus because of various troubles like poor transport system, difficulties of safe storage due to poor cold storage and insufficient power supply in the rural areas of India. Over the years packaging materials have undergone a great deal of change. Tetra packs has become omnipresent. The use of tetra packs has ensured longer shelf life even in the absence of refrigeration. The majority of FMCG products like shampoos, tea, confectionaries, detergents etc have plastic packaging. Rural consumers appreciate bright colors. Lifebuoy is identified as red soap. Other examples include Dabur lal Dant manjan, Eveready red battery, Brooke Bond red Label tea etc. Distinct lettering, use of local languages on the pack and images or symbols that convey the product benefit influence consumer perception about the brand. The social and cultural differences in rural areas of India demand packaging variations for products. Consumers recognize and remember brands by colors, visuals or numbers like Godrej No.1 soap, 555 detergent bar, Ghari detergent, cycle agarbatti etc.

PRICE

It is the amount of money a consumer must pay to obtain the right to use a product. The right price influences the quantities of various products or services that the rural consumers will buy. Marketers often erroneously perceive price as their only bludgeon when targeting rural consumers. In reality rural consumers are driven by value for money and not price alone. Different development schemes by the state and central government has increased the flow of money in India. It means an increase in their purchasing power of the rural buyer. Rural consumers still do not perceive the premium value of brands. They are happy to deal with products especially consumer durables which offer basic functions. High priced products with difficult to handle features is generally not liked by rural consumers. Gillette Guard was launched to provide high quality shave at an affordable price for men in the rural areas. Rural consumers generally compare a products price to a reference price considered reasonable for a certain type of product. The reference price is based on either the memory of past prices or on the price of other products on the same shelf or the same product line. Based on the reference price the consumer judges whether prices are too high, too low or on target. Rural

consumers are deeply involved in the purchase of agricultural products and wedding items. Here price plays an important role, but not at the cost of quality.

FAMILY SIZE

Rural consumer behavior is also influenced by family size and structure. As the family size increases so does the consumption of products. In such a case, the demand for family pack or the economy refill pack increases. Likewise large families have more bread earners which mean higher family income and thus more consumption of products. This often leads to multi brand consumption of a product category among different family members. Rural Bihar is gradually moving from the large joint family system to the individualized joint family system (families staying together but using separate kitchens). This is ensuing in greater demands, particularly for consumer durables, as every new family unit living separately needs soaps, shampoo, hair oil refrigerator, pressure cooker, TV, DTH etc.

AGE

The purchase of products and their forms are influenced by age. Like urban areas this is highly visible in case of rural areas. For instance in the age group of twenty to forty the consumption of motorcycle, mobile, readymade clothes is more as compared to a person above sixty. For example, in rural area, young adults exhibit a marked preference for mobile handsets with the latest features and technology whereas elders are content with second hand mobiles with simple and basic features.

ADVERTISING

Low literacy level, poor media reach and exposure and the huge and diverse rural audience characterized by variations in language, culture and lifestyle poses multiple challenges for communicating with the rural audience. For rural consumers the message has to be simple and logical. The FM radio station has truly matured radio as a medium of rural communication. Television is the fastest growing and most popular mass medium in rural areas. Conventional outdoor media includes wall paintings which is a widespread form of advertising in rural India. Wall paintings are important as they remind rural people constantly of the brand name and logos, in addition to highlighting the key brand promise. Haats (weekly market) held across India also provides marketers with great opportunity to communicate their message to a large audience who gather at a single point week after week.

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CAUSES OF AND REMEDIES FOR RURAL CONSUMERS EXPLOITATION

Exploitation of Rural Consumers

With the growth in rural markets and due to poor knowledge about their rights and lack of skills to take a rational decision based on information about the product or services, the rural consumers in India are being exploited in many ways. The rural consumer has been made to endure sub-standard products and services, adulterated foods, short weights and measures, spurious and hazardous drugs, exorbitant prices, endemic shortages leading to black marketing and profiteering, unfulfilled manufacturing guarantees and host of other ills. The rural consumers who generally depend on weekly markets to purchase essential things are often cheated due to lack of choice.

Misleading Advertisements and Role of Media

The media has a greater responsibility towards the vulnerable sections of the society. The rural consumers are one such. Rural consumers today have access to diverse media with the advent of modern technology. The advertising firms are studying consumer behaviors to design effective communication strategies without caring for the welfare of the consumer. In most parts of the rural areas in the country there is considerable awareness on various latest products that are available in the market. The problem is that there are no effective sanctions against misleading advertisements. What needs to be emphasized is that the poor, uneducated consumers in the rural areas are most likely to be harmed. More generally, as a recent World Development Report rightly emphasized, 'information problems are often at the core of the difficulties that poor people in developing countries encounter in their daily struggle to survive and to improve their lives.

Need for Consumer Education

The need for consumer education has increased over time as today the consumers operate in an increasingly complex marketplace and are faced with increasing amounts of information and an expanding choice of complex products and services. As a consequence they are more exposed to fraud and require a wider range of skills and knowledge than ever before. Consumer education is a potent tool for empowering consumers as it equips consumers with information and skills necessary to meet challenges posed by the markets. Through education, consumers obtain information about the products and the services which empowers them and makes them aware of their rights and responsibilities and helps to ensure their welfare.

Strengthening Redressal Mechanism

Redress of complaints is a major concern for consumers. Having a right to access the redressal mechanism is of prime importance. For the right to redress to have a practical value, a mechanism must exist to ensure that it can be exercised effectively. If consumer confidence is to be built up they need assurances that if things go wrong they can seek redress. The District Consumer Disputes

Redressal Forums which act as the first point of contact in case of a complaint have to play a pro-active role in building consumer confidence. The district forums should be strengthened and initiatives aimed at promoting access to simple, swift, effective and inexpensive legal channels be taken up. In many states the District forums are short of members and also lack the required infrastructure. The state governments should address the problems of district forums as well as the consumers to make the redressal mechanism more effective and also responsive.

Role of Voluntary Consumer organizations

Voluntary Consumer Organizations are advocacy groups that seek to protect people from corporate abuse like unsafe products, deficiency in services, misleading and false advertisements and other unfair practices resorted to by the business. Consumer organizations may operate via protests, campaigning or lobbying. They may engage in single-issue advocacy or they may set themselves up as more general consumer watchdogs. One common means of providing consumers useful information is the independent comparative survey or test of products or services, involving different manufacturers or companies which is currently being done by NGO's. The aim of consumer organizations may be to establish and to attempt to enforce consumer rights. Consumer organizations may attempt to serve consumer interests by relatively direct actions such as creating and/or disseminating market information, and prohibiting specific acts or practices or by promoting competitive forces in the markets which directly or indirectly affect consumers (such as transport, electricity, communications, etc.).

Role of Panchayati Raj Institutions

To reach the rural consumers, it is imperative to involve the Panchayati raj institutions in not only educating consumers but also ensuring that fake and spurious products are not sold in the rural markets. These institutions can play a meaningful role in consumer protection and consumer welfare and this has been recognized by the policy makers. The recommendations contained in the 20th Report of the Standing Committee on Food, Consumer Affairs and Public Distribution (14th Lok Sabha) on the subject 'Consumer Movement in the Country' needs to be effectively implemented. It recommended that the Department of Consumer Affairs should take the desired initiatives to involve Panchayat raj institutions in various programmes related to consumer awareness.

CONCLUSION

The findings suggest that for rural consumers the consumption pattern is very much influenced by family size and structure. After arriving at the choice set in the evaluation stage of the buyer decision process, all the selected brands are acceptable to the rural consumer. However in this situation the final choice is guided by the perceived risk associated with the product as well as by the key influencers like opinion leaders, family and friends. Perceived risk is high among rural consumers as they find it difficult to gather and process relevant information. Due to this reason they make a

collective decision. Marketers need to address the perceived risk of rural buyers by showcasing the experience of users and ensuring service delivery close to the consumer‘s doorstep.

Quality and value are vital for the success of a new product as they bring improvement to consumer lives in terms of productivity. The rural consumer also depends upon observed source like exhibitions and road shows because they provide an opportunity to evaluate the product personally and absorb relevant information at their own relaxed pace. Marketers need to focus on plummeting the information search time by inducing product trials and successfully reaching out to the consumer through ideal information channels. Marketers also need to understand the product specific evaluation process from primary research to mapping the succession of their brand from consideration set to choice set. This deal with the product deficiencies in relation to competition and improves its chances of selection during evaluation. Customer satisfaction is the key to building a profitable and sustainable relationship with rural customers.

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