

A STUDY OF BUYING BEHAVIOUR OF RURAL CONSUMER

A Proposal with reference to Kumaun Division of Uttarakhand

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Abstract - There is a huge potential in the rural markets companies are trying to tap in rural areas because there is a tight competition in urban markets if we look the present situation of the rural consumer. They have a huge rising disposable income and they are also getting remittance from abroad because it is found that at least one family member in rural household is working Gulf countries. Here marketer needs to make such type of promotional strategies to allure rural consumer towards their products as well as loyalty for the company.

Keywords- Rural consumer, rural economy, market potential, rural credit.

I. INTRODUCTION

Rural markets in India have assumed significance in the recent past with the growth of the Indian economy. More income & employment opportunities in rural areas has increased the purchasing power of rural consumers. Rural reach is on the rise and it is fast becoming the most important route to growth for the Industry. New approaches, new strategic alternatives and new operational techniques are being evolved to gain competitive advantage. Rural markets hitherto, found unattractive have become the new targets to corporate enterprises, mainly for two reasons. Urban market has become congested with too many competitors. Also markets have reached a near saturation point. Rural markets have become the main street with potential for consumption variety of products and services. For many a product a product rural market provides a promise owing to lag in adaptation. It makes market entry easy. Large population raising prosperity, growth in consumption, life style changes, and life cycle advantages market growth rates higher than urban and inexpensive strategies are the various factors which have made rural market viable.

The product is at the heart of the marketing effort for any company. Rural products can be classified into. Rural products are FMCG, Consumer Durables, Services, Agriculture Input.

There is a huge market potential for fast moving consumer goods in rural markets. In this category, toilet soaps assume great significance on a daily basis. The aspect of hygiene is very important in rural areas and toilet soaps definitely contribute to cleanliness & hygiene. Profits would come naturally.

Leading companies like HLL, Dabur, P&G, Marico, Colgate-Pamolive and callikare are targeting rural markets with their personal care and beauty products, soft drink majors like Coca-cola, Pepsi are also going rural in a big way the reach of FMCG companies now extends even to the remotest villages of India.

Researchers have done lot of work related to understanding the behavior of consumers in rural parts of India, but not much significant research has been done in detail to analyze consumer behavior in rural areas regarding toilet soap.

II. REVIEW OF LITERATURE

First, the rise of rural markets has been the most important marketing phenomenon of the 1990s. Providing volume growth to all leading companies, many corporate have been trying to get a grip on rural market. But the challenges are many.

- How to make the product affordable
- How to penetrate villages with small populations, connectivity, communication, language barriers, spurious brands etc.

The reasons why companies are going rural are manifold. Higher rural incomes driven by agricultural growth, increasing enrolment in primary schools, high penetration of TV and other mass media have increased the propensity to consume branded and value added products in rural areas.

Marketers and manufacturers are increasingly aware of the burgeoning purchasing power, vast size and demand base of the once neglected Indian hinterland. Efforts are now on to

understand the attitude of rural consumers and to walk their walk and talk their talk. The marketing mix of many companies is now being tailored to rural tastes and lifestyles. Igo, which was positioned as a value for money brand targeted at rural markets, especially at customers who were upgrading their black and white TVs, which constitutes 65% of total colour television buyers. The ad campaign screamed loudly in rural lexicon "Kasam se, Kya TV hai". The Indian hinterland has been transformed from a balk to the roots holiday destination to a business proposition government agencies like IRDA (Insurance Regulatory and Development Authority, and NCAER (National Council for Applied Economic Research) Define "rural" as villages with a population of less than 5,000 with 75% of male population engaged in Agriculture etc".

Two-thirds of the country's consumers (more than 700 million) live in rural areas and almost 26% of the national Income is generated there and 10 consecutive good monsoons have led to improved returns from agriculture (which is India's largest economic sector and account for 26% of GDP, Increasing the spending power in India's rural areas. India is divided into 897 districts and her 638,667 villages of which 32% can be reached and are connected by pucca roads. However, 68% of the rural market lies untapped due to various reasons ranging from inaccessibility to lack of awareness.

In all, there are more than 3.8 million retail outlets in rural India, Averaging 5.8 shops per village (the term „shop“ refers to any type of premises haats, stalls, shacks- that sell goods). Overall the rural market has been growing at 3-4 percent per annum, adding more than 1 million new consumers every year, and now accounts for close to 50% of the volume of consumers of Fast moving consumer goods (FMCG) In India as a result, it is becoming an important part of

The market, development strategies of all FMCG companies, including multinational ones, as well as consumer durables business and service companies as well.

The concept of rural product is unique since it has been observed that the rural consumer's outlook is very different from that of his urban counterpart, and what works for the latter may not work for the former. Most companies treat rural markets as dumping ground for lower end products designed for and urban audience. They could benefit tremendously by using a little bit of their technological expertise to create specific products for the rural economy (e.g. Hindustan Lever Limited)

The product has to satisfy rural needs and must be affordable. The type of product that a rural consumer intends to buy, or has the potential to purchase, also depends on his attitude towards it and the cost benefit analysis done by his before buying it.

A. Operation Bharat- HLL's rural product strategy's

HLL launched operation Bharat in the year 1997 to create brand awareness for its rural brands. The strategy also unvalued promoting the sales of its " special packs" for rural areas HLL

provided hamper at discounted prices of Rs 5, Rs 10, Rs 15 and Rs 20, each of which had a clinic shampoo bottle, a tube each of which had a clinic shampoo bottle, a tube each of Pepsodent and Fair & Lovely, and Pond's Dreamflower talc, in different sizes and combinations the Idea? To have a product each for hair care, dental care, skin care and body care. Consumer were also made aware of the benefits of using HLL products, and the affordability of the pack sizes on offer the project thus successfully addressed issues of awareness attitudes and habits. Hopefully as consumers in rural areas get exposed to such value added, value for money, alternatives, they will continue to buy the different categories of products. Operation Bharat is now targeting 65,000 villages and the strategy has proved to be successful for HLL.

Namasivayam (1988) in "Impact of advertisement on consumer preference for toilet soaps" suggests that audio visual advertisement is the most important factor that induces customers to select a particular brand.

N.Ravishankar, A.S.Rajarao & B.P.Raju (1995) in "Rural Markets – Features & Marketing Strategies" suggest that marketers are looking at rural markets as competition in urban centres is getting fierce. The authors feel that the marketing mix must be assembled keeping in mind the unique requirements of the rural market.

P. Indrasena Reddy (1996) in "Rural Marketing in India-Problems & Prospects" emphasizes on product planning for rural markets. The product design, colour, size and quality must be in tune with the tastes and preferences of the rural consumer. He is of the opinion that good infrastructure is an essential prerequisite for development of rural markets. Moreover, there is need to train and develop the sales force to serve the rural consumers.

C. Madhavi & S. Arul Kumar (2006) in their study "Rural Marketing for FMCG" found that most of the consumers are influenced by the quality of the product, followed by price. Rural consumers expect quality products (functional aspects) at a reasonable price.

Mishra & Sakthivel (2005) in "Effectiveness of sachets in modifying rural consumers" buying behavior and their consumption pattern" suggest that it is a bold move by FMCG conglomerates to motivate rural consumers to try new products. Sachets have proved to be a promotional tool rather than innovative packaging.

Mr. G. Sitamber (1979) in his research study titled "Consumer's Shopping Behaviour" (A Study in Semi-Urban area) is of the opinion that the consumer has little choice in choosing a particular item. The wholesaler & the retailer extend marketing even to the doorstep of the consumer with their wide network of operations and supply what the consumer requires to fulfill his day to day needs.

III. NEED FOR STUDY

Before Many of the researchers in previous years had done a lot of work on consumer behaviour in urban and rural market.

But no significant research was attempted to explore the market potential for toilet soap in rural areas. Having analysed the various facts and figures pertaining to consumer behaviour on for moving consumer goods, the researcher fill the need of doing the research on consumer behaviour of toilet soaps on the hygiene aspect of the rural people as it is the need of hour today to enhance their living style on health grounds.

In 1949 Asian Paints was the first company to enter rural markets. In 1960s HLL saw rural markets as an opportunity and entered with Lifebuoy soap. Today HLL dominates rural markets and has a presence in more than one lakh villages. Major players like Colgate, Dabur etc followed suit.

MNCs like Proctor & Gamble also started rural marketing.

Today around 70% of the population lives in rural India (more than 700 million). 1% increase in their purchasing power would lead to an increase of Rs 10,000 crore in government revenues. Companies are launching a plethora of products to cater to changing lifestyles in rural India. MNCs like LG, Samsung and Revlon and Insurance biggies like Birla Sunlife, Max Newyork life and prolife are entering the rural market in a big way, currently however, these companies have tapped only one lakh of the 6 lakh oat villages.

The media explosion and satellite invasion have brought about drastic changes in the easuming habits of rural Indians and the future would hold a lot in store for companies entering rural markets. New player like Nestle, McDonalds and

MTV are eyeing rural markets, and companies like HLL plan to extend their reach to almost 2.5 lakh villages.

This study seeks to understand the behavior of rural consumers with special reference to toilet soaps and would serve the interests of academics, researchers and corporate.

A. Objectives

The main objective of the study is to read the mind of the rural consumer in Kumaun Region of Uttarakhand. Toilet soap has been chosen as a sample product to understand the intricacies of buyer behavior of the rural consumer.

The secondary objectives of the study are-

- To analyze the demographical status of consumers in rural Uttarakhand.
- To analyze consumer attitudes towards purchase of toilet soaps.
- To determine factors influencing the purchase of toilet soaps.
- To suggest strategies to influence the buyer behavior in rural markets and tap the huge potential.

B. Importance of the study

- Use In recent years, rural markets have acquired more importance in India, as the overall growth of the economy has resulted into substantial increase in the

purchasing power of the rural communities. In India, the rural areas are consuming a large quantity of industrial and urban manufactured products. Regarding this, a special marketing strategy, namely, rural marketing has taken shape. Rural markets are getting an importance because of the saturation of the urban market and were as due to the cut throat competition in the urban market. So the marketers are looking for extending their product categories to an unexplored market or the rural market. The consumption pattern of rural people is increasing in recent years. The consumer wants to acquire the urban life system in their buying behavior.

C. Research methodology

The proposed study is categorized under exploratory research. The main purpose of exploratory research study is that of formulating a problem for more precise investigation. The major emphasis in such studies is on the discovering of ideas and insights. The proposed area of research is only with reference to toilet soaps. As the researcher strategy feel that this particular study would understand the consumer behavior of rural consumers and reveal lot of new ideas and insights on the various promotional strategies that can be implemented by the organizations to tap the remaining potential available for toilet soaps in rural markets. Moreover, even after this study, this kind of study can continue to remain flexible so that many different facts of problem may be considered as and when they arise and come to the notice of any researcher who wants to proceed further on the same lines. Hence, this exploratory research design has been selected.

Statistical tools & techniques would be used for analyzing & interpreting data.

D. Research Hypotheses

- There is no significant relationship between the education of the consumers and brand preferences for FMCGs.
- There is no significant relationship between the monthly incomes of the consumers and consumption of non durables.
- FMCG sales are directly related with advertising.

Hypotheses formulated based on the above listed points and related aspects will be tested in the due course of study. New hypotheses found, while carrying out the research work will be added and tested with the help of suitable methods.

IV. SELECTION OF THE REGION

Uttarakhand comprises of the divisions of Kumaun & Garhwal. Uttrakhand has 53,484 square km area. If we talk about Kumaun region it has 6 districts. Bageshwar on the north, Pithoragarh on east, Almora on the west, Nainital and Udham Singh Nagar are on west south and Champavat on

south. According to the 2001 census total population of Uttarakhand is 84,83,355 which comprise rural population residents of 63,12,415 and urban population 21,70,940. Male population 43,21,041 and female population 41,62,314. The number of literates among male is 84.01% and female 60.26%.

The following ten villages in Uttarakhand were selected-

1. Garam Pani (Nainital)
2. Musa Bangar (Kota Bagh)
3. Trilok Nagar (Haldwani)
4. Vijay Pur (Bageshwar)
5. Kanda (Bageshwar)
6. Kameridevi (Bageshwar)
7. Shail (Almora)
8. Jageshwar (Almora)
9. Chaukori (Pithoragarh)
10. Kotmaniya (Pithoragarh)

The reasons for selecting the aforesaid villages are population with various socio-economic status literacy level, retailers' availability, different age group etc. the scope of study was enhanced during the course of study to include six districts and ten more villages.

A. Selection of the sample

Area sampling method would be used for this study. This sampling technique is more practical and economical. The area to be covered is divided into a number of smaller sub areas (villages) from which, sample was chosen proportionately based on the following methods.

As the population of Kumaun region is huge, only ten villages were chosen based on proximity. Out of total population in each village, the number of families was counted based on number of houses available in that village. Based on the number of families living in the particular village, proportionately 10% of the total population or 10% of the families out of the total number of families available in that village was chosen as the sample size for the proposed area of the research. The sample was increased to include six districts of Kumaun region and ten more villages to ensure better results.

Developing questionnaire

The variables like family size, education, income, awareness, pack size, brand preference, price, impact of advertisement, packaging were taken into account for the proposed research and the questionnaire was developed and subsequently listed and validated.

Pretesting questionnaire

Based on the variables chosen, pilot study was conducted among 50 samples in Kanda, Vijaypur & kamari devi villages. And questionnaire was tested for its validity. After testing some of the parameters were included and the questionnaire was slightly modified to suit the requirement of the proposed area of research.

Administration of the questionnaire

Direct survey was conducted with the help of questionnaire. Though the questionnaire was framed in English, questioned were explained to respondents in the local language and then the data was collected and tabulated.

Analysis and interpretation of data

Statistical tools & techniques would be used for analyzing & interpreting data.

Conclusion

The main purpose of the study to read the mind of rural consumer towards the FMCG products toilet and bath soaps are taken as sample the proposed study would be based on exploratory research. The main purpose of the exploratory research design is to develop, discover new ideas and insights. Rural consumers of kumaun region of uttarakhand are taken as sample their demographical aspects would be studied. Accordingly promotional strategies would be developed.

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AUTHORS PROFILE

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