A STUDY ON RURAL CONSUMERS EXPECTATIONS AND BUYING BEHAVIOUR OF CONSUMER DURABLES
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Abstract:
Predominantly India is dominated by rural population. Roughly around 12 percent of the world’s population is living in rural India. According to 2014 World Bank Report, 67.63 percent of Indian population lives in rural areas. In the year 2010, Indian rural population was about 70 percent. After 2010, there has been a gradual decline in the rural population in India. Rural India accounts for 64 percent of total expenditure and 1/3 of total savings. On the one hand, Fast Moving Consumer Goods industry is growing. On the other hand many companies feel that the urban markets are saturated. Most of the leading companies are now trying to target rural markets. Till very recently, per capita income of rural population is roughly about Rs. 60,000. Due to the initiatives like minimum support price, rural employment guarantee scheme, disposable income of rural population has started increasing. But the increase in income is not that remarkable.

However, rural India has its own peculiar sets of problems. More visible problems are poor infrastructure, poor education system, and non existence of proper communication system. Further more, the rural villages are scattered over a wide geographical areas. More than 65 percent of the villages have less than 1,000 people. One more peculiarity of rural population is strange cultural practices and belief systems. Because of small and scattered rural villages, big retail organisations find it very difficult to run their business economically.

Though rural market is said to have huge potentiality, it is not free from peculiar problems. Expectations, perceptions, and participation of rural consumers are totally different compared to urban population. The main focus of this study is to understand the expectations of rural consumers of durable goods. The findings of the study may be used by marketers to formulate strategies to tap potential rural markets.

Keywords: Per Capita Income, Rural Consumer, Durable Goods, Consumer expectation
INTRODUCTION

Rural India has played predominant role in all walks of life in our country. Food grains essentially required for survival comes from these rural villages. Rural villagers are self contended. Their values, life style, purpose of life, decision making process are all different. Modern consumers make their buying decision on the basis of information available. They evaluate information from different sources before they buy their requirements. Demand in the urban centers may be either because of need or want. But in rural areas, demand is never driven by want. Rural consumers make their buying decisions only if there is dire need. Utilitarian principle dominates their buying philosophy. Therefore, motivation behind buying decision is totally different compared to urban consumers.

In India, rural market has got two broad categories. They are selling of agricultural produces in urban markets and selling of industrial goods in rural markets. Also, rural market includes the sale of durable goods, non durable goods and agricultural inputs.

It is good to hear that Indian rural market is growing. But the reality is that the Indian population is gradually migrating to modern urban centers. This is mainly because of the lack of facilities and comforts in rural areas.

For the marketers the challenge is to run both traditional brick and mortar, and click and mortar pattern of business simultaneously. Due to the lack of strong infrastructure in rural India, technology adoption still seems to be impossible.

NEED FOR THE STUDY

India has more than six lakhs villages but with not so acceptable facilities. These villages are low in population numbers, poor in terms of infrastructure, low per capita income. Their income predominantly comes from pure agricultural activities or agricultural wages. There are few countable petty shop owners, artisans, and blacksmiths. This clearly shows the income pattern of rural population. For most of the Indian rural families, income is seasonal. The quantum of income is largely dependent on monsoon. As the income is not predictable, the pattern of their buying is also not predictable. Their major spending goes into food and clothing. Only few people can save money for their future. There are few large agriculturists who are supposed to be well to do in rural villages. Though government talks about support to rural India, the reach and effectiveness is not that appreciable. Following are some of the major hurdles in rural markets:

- Poor Banking farcicalities
- Lack of basic infrastructure facilities like roads, electricity and communication
- Lack of exposure to different product categories
- Highly dispersed markets with thin population
- Low per capita income with economic backwardness
- Heavy distribution costs
- Credit seeking mindset
- Wide cultural gap between rural and urban markets
- Difficulty in generating demand for industrial goods
Above listed hurdles are the indicative of the peculiarities of rural markets. It is not the promotional activities that are important in the rural markets. The role of marketers is to introduce products with real utility to the market. Creating awareness about usefulness of the product and make it really affordable to the rural market is the real challenge before the marketers. Interestingly, urban markets are becoming saturated and rural market is not that matured enough to absorb industrial outputs completely. Saturation in urban markets and marginal growth in rural markets are the reasons as to why marketers are now heading towards rural markets. Therefore, the present study aims at understanding the expectations and perceptions of rural consumers about durable products. This hopes to give an insight into the broader perspective of present rural market in India.

OBJECTIVES OF THE STUDY

Dynamics of rural markets are difficult to understand and address. All together a different approach is required to deal with rural consumers. Untapped potentialities with several difficulties make it interesting to study rural markets. The study basically aims at understanding dynamics of rural markets and to offer suitable suggestions to address possible challenges.

METHODOLOGY OF THE STUDY

The study focuses on primary data. Structured Schedule was prepared to collect research data. For the purpose of this study, 60 respondents were selected from a village called Mattihalli, Tiptur Taluk, Tumkur District of Karnataka State. The sample consisted of farmers with their own agricultural farms. 20 respondents each from age group between 30 – 40 years, 40- 50 years and above 50 years were selected. Products selected for the study includes bicycles, mopeds, and radios.

RESULTS AND DISCUSSION

The scheme of analysis includes tabulation and percentage analysis of the responses. The study is purely descriptive and tires to identify what the selected respondents expect from the marketers. The scheme of analysis starts with knowing whether these respondents own the goods identified for the study, flowed by their feelings and what do they expect from the products.

1. Do you own the following products?

Responses regarding which product do they own, are tabulated in the following table

<table>
<thead>
<tr>
<th>Table 1: Ownership pattern of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moped</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>30-40</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Percentage</td>
</tr>
</tbody>
</table>

From the above table, it is evident that the age group of 30 – 40 owns more number of mopeds compared to all other age groups. In contrast, age groups of 40 -50 and above 50 owns more number of radios and bicycles. Questions were asked to know why radio is not liked by youngest of the selected respondents. They said that they use mobile phones as source of entertainment. Nearly 50 percent from the age group of 30- 40, 20 percent form the age group of 40-50 and 90
percent from the age group of above 50 said that they do not own mopeds. When taken the average of all the age groups, only 30 percent of the respondents own mopeds. Around 72 percent of the respondents said they do not own radios. Nearly 60 percent of the respondents from the age group of above 50 own bicycles.

2. Why do you think the items mentioned are important/ not important?
As the majority of the respondents do not have the product mentioned under study, the following table lists the reasons as to why the respondents felt there is no need for the products.

**Table 2: Reasons for not buying**

<table>
<thead>
<tr>
<th>Reasons for not owning</th>
<th>30-40</th>
<th>40-50</th>
<th>Above 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Maintenance</td>
<td>45%</td>
<td>30%</td>
<td>13%</td>
</tr>
<tr>
<td>Life can go even without these</td>
<td>20%</td>
<td>60%</td>
<td>82%</td>
</tr>
<tr>
<td>They are not affordable</td>
<td>35%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Around 45 percent, 30 percent and 13 percent respectively from the age group of 30-40, 40-50 and above 50 responded that they feel purchasing of the items mentioned in the study means additional maintenance cost for them. They also mentioned that the income earned by them, most of the times, will not be sufficient even to maintain their families. Around 20 percent, 60 percent and 82 percent respectively from the age group of 30-40, 40-50 and above 50 responded that life can go even without these items. Most of the respondents form the age group above 50, clearly said that they led their life effectively and happily even without these items. Around 35 percent, 10 percent and 5 percent respectively from the age group of 30-40, 40-50 and above 50 responded that the goods mentioned in the study are not affordable for them.

3. Why do you buy the products mentioned here?
To understand what makes them to buy the products mentioned in the study, three dimensions were considered. They are absolute need, Standard of Living, and comfort. The responses for this question is tabulated in the following table.

**Table 3: Reasons for buying the product**

<table>
<thead>
<tr>
<th>Reasons for Buying</th>
<th>30-40</th>
<th>40-50</th>
<th>Above 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Need</td>
<td>28%</td>
<td>82%</td>
<td>90%</td>
</tr>
<tr>
<td>Standard of Living</td>
<td>27%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Comfort</td>
<td>45%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Around 28 percent, 82 percent and 90 percent respectively from the age group of 30-40, 40-50 and above 50 responded that they buy such products only if there is an absolute necessity. Around 27 percent, 10 percent and 3 percent respectively from the age group of 30-40, 40-50 and above 50 responded that they buy such products to increase standard of living and status symbol. This attitude was considerably high in the age group of 30 – 40. Around 45 percent, 8 percent and 7 percent respectively from the age group of 30-40, 40-50 and above 50 responded that they buy such products as they give comforts. This response was more predominant for mopeds and bicycles.
4. What are your general expectations from the product offerings?

A general question was asked to gather opinion of the respondents regarding the product offerings. The summary of the expectations of the selected respondents is mentioned in the following table.

Table 4: General expectations from the product offerings

<table>
<thead>
<tr>
<th>Expectation</th>
<th>30-40</th>
<th>40-50</th>
<th>Above 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair and Re-use</td>
<td>30%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Multipurpose</td>
<td>10%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>Very affordable</td>
<td>31%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Government support</td>
<td>3%</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>Easy to operate</td>
<td>2%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Low maintenance</td>
<td>12%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Very good Resale Value</td>
<td>10%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Product with Demonstration</td>
<td>2%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Open ended question was asked to know the expectations of respondents. Eight different expectations were gathered from their statements. Almost similar percentage of respondents said they will be happy to buy products which match their low income. The mantra of government support prevails in all walks village life. But youngest of the respondents group has very little internet in government support for buying durable goods. Most of the respondents said they prefer to buy durable goods that can be easily repairable and reusable. Respondents also said they want low maintenance for the product they buy. Interesting point here is the demonstration. Though most of the villagers are unaware of the products, they had shown very little interest in product demonstration before they buy durable products.

CONCLUSION

There has always been a good amount of discussions on rural India, rural consumers, emerging markets, and so on. But the real India is something different. One cannot draw conclusions based on the villages close to urban cities. There are so many villages deprived of basic amenities. Many villages are still in darkens. If nature supports these villages, they can earn some income at least to earn their bread and butter. The following observations were made while conducting the present research:

1. Though FMCG goods have already made their way to rural India, durable goods are yet to find their place in rural market.
2. Most of the villagers feel that life can go on even without these products.
3. The concepts of standard of living and comforts are secondary for rural people.
4. Rural consumers prefer products with at most affordability.
5. Through out the interaction with the selected respondents revealed the self contentment of rural people.
6. Limited income and self contentment are the major reasons for the slow growth of durable goods market in rural areas.
7. Rural people prefer durable goods with repair, reuse, and multiple uses.
8. Expecting government support in all walks of village life is more visible.
9. Rural consumers are very conservative and apply utilitarian philosophy to a greater extent.
10. Before introducing durable products in rural areas, rural consumers need to be
classified into: Basic strivers, Steady climbers, and young enthusiasts.

11. Mindset of rural consumers is difficult to change with offers, demos or advertisements.

12. Young rural consumers started thinking rationally about the durables. But still long way to go to get better market in rural villages.

13. One major observation is that many young village people are migrating to urban centers seeking income and comforts.

14. Because of migration of young village population, may villages may be left with aged population. This may be one more challenge for marketers while tapping so called emerging rural market.

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