

## Consumerism and the Factors Influencing the Parameters of Buying Available at the Disposal of Consumers-An Empirical Study from the Perspective of Wholesale and Retail Markets in India

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**Abstract:** From the age of "buyer beware" the Indian consumer is slowly but steadily moving into the concept of "seller beware". This is true not only in the case of an urban consumer who has all the information that he needs at the click of a mouse, it is true also in the case of the rural consumer who is not exposed to that extent of the information break through. This study throws light on the buying behaviour of rural consumers and the factors that influence buying behaviour. The attributes of buying behaviour of rural consumers is discussed and the influentials are tested based on which conclusions are drawn as to the importance of various factors and the extent to which these factors influence the buying behaviour of rural consumers.

**Key words:** Consumer, buying behaviour, influence, influentials, influencing factor

### INTRODUCTION

In recent days consumer India is at the point where there is a multiplicative effect of income growth, aspiration to consume and a changed consumption friendly ideology/social discourse across the income board, especially in rural India. Hence, the buying behaviour of rural consumers has become a hot-topic for discussion because rural India, in recent days, is enthusiastically consuming everything from shampoo to motor cycles and this "rural predilection" is being considered as one of the significant topics of market analysis (Pant, 2000). Besides, we know well that purchase decisions in Indian homes have become a collective process with women and teenage children playing a major role on product and brand choices. Decision making has become a joint process in the family, woman is the initiator and /or product evaluator, man the financier and child, an influencer. Hence, the market analysts are adopting both the "product window" approach and "Consumer or People Window" approach for getting an insight into the structure and drivers of consumer demand particularly in rural India (Bijapurkar *et al.*, 1999). The first approach deals with the perspective of "how much of what is being bought" and the latter deals with "how many of what kind of people are buying". The thrust is on not just what is being bought but also who is buying and the analysis has to be made considering both "product segments" and "consumer segments".

The Indian Market Demographics Report-1998 (NCAER) has estimated that rural India's market for consumer durables is being worth around Rs.4,500 crores with an average annual growth rate of around 8% (Bijapurkar, 2000). It is growing steadily and the recent estimates reveal that it is bigger than the urban market for both FMCGS (53% share of the total market and durables (59%). The annual size of the rural market in value terms is currently estimated at around 50,000 crores for FMCGS, Rs.5000 crores for durables, Rs.45,000 crore for automobiles (Kashyap, 2003). The market analysts feel that rural markets are vital for the growth of most companies like Hindustan Lever, the largest FMCG company in the country. More than half its annual turnover of Rs. 9954 crores comes from the rural market. The situation is similar for companies manufacturing dry cells, wristwatches, cassette recorders, soaps, tea and many other products.

Marketing is all about knowing the consumer/customer. Rural consumers are fundamentally different from their urban counter parts and different rural geographies display considerable heterogeneity and hence it requires rural-specific and region-specific analysis of consumer behaviour for understanding the rural consumers to know well that to what extent the consumer welfare is being enjoyed by the rural consumers. A rural consumer may be illiterate but he is not unintelligent. He is conscious of value for money and for every rupee he spends, he expects good value. After

getting a 120% satisfaction only, he pays for the product. His decision to purchase a product is influenced by a lot of consultations with family members, co-consumers and this approach is indicative of his high involvement to purchase a product. Tricky, clever, gimmicky or even suggestive advertising does not work with him. Rural consumer is very much influenced by 'edutainment' Ratan (2003) and he is said to be the pivot around which all the retail business practices and activities revolve. Hence, satisfaction of the consumers becomes the most important goal of retail business. Being influenced by all the above factors, consumer shopping behaviour, which is a part of consumer behaviour assumes much importance in the present consumer-oriented marketing system in rural areas, with particular reference to 'gender attention'.

**Objectives:** This study was conducted to investigate into and analyse the impact of socio-economic influences on rural consumer behaviour in terms of their buying practices and to throw light on the pattern of decision making agents with specific attention to the social status and level of income. Specifically this study aims at:

- To know the mode of purchase in the process of buying the products.
- To estimate the level of bargaining in the buying process.
- To analyse the influence of family members in decision making to purchase products.
- To find out the importance of certain influentials which have a bearing on consumer behaviour.
- To study the impact of consumer influentials with reference to level of income.
- To suggest measures for the betterment of retailer-consumer relationships.

## **MATERIALS AND METHODS**

No doubt, the knowledge and understanding of rural consumer behaviour leads to consumer protection and welfare, which is synonymous with the concept of economic welfare. Hence, keeping in view the vital goal of consumer welfare, a micro-level survey has been initiated to observe, understand and analyse the buying behaviour of rural consumers with particular reference to weaker sections.

**Area of the study:** Six retail shops in Nanguneri town of Thirunelveli District of TamilNadu State, to which the nearby rural consumers are habituated to visit and purchase the consumer goods were selected for

interviewing the sample buyers. Two shops, are nearer to Bus Station, two shops nearer to Railway Station and two shops nearer to the Vegetable Market are selected to cover the rural consumers from different directions, residing in the surrounding villages of Nanguneri town within a distance of 10 Km.

**Sample size:** The size of the sample is 110 rural consumers, who are the residents of 8 villages of Thirunelveli revenue mandal and represent 3 sectors of the rural economy-agriculture, industry and services. Among these 110 sample consumers, 44 (40.0%) belong to Big Farmers (22) and salaried employees (22). 66 (60.0%) of sample consumers represent weaker sections, comprising small and marginal farmers (22), landless agricultural labourers (22) and rural artisans (22). Purposive random sampling technique was used for selecting the consumers with a view to have different categories of buyers with specific attention to income-groups and social status. A 60 (55%) sample buyers belong to SCs, STs and BCs and 50 (45%) belong to other categories of social status. Among these 110 sample buyers 58 (53%) belong to the income group of Rs. less than 10,000; 32 (29%) belong to the income group of Rs 10001-25000 and 20 (18%) belong to 25001 + income group representing lower, middle and higher income groups.

**Data collection:** The study is based on the primary data collected by interviewing the sample buyers personally. A detailed questionnaire embracing the objectives laid down was designed and canvassed to the sample buyers. Information on their behavioural aspects and influentials was recorded at the selected shops after their purchase of consumer goods from that shops. The interviewed rural buyers were found purchasing 8 types of consumer goods and grouped under eight categories viz., electrical goods, medicines, groceries, toiletries, cosmetics, footwear, tobacco and utensils of both steel and aluminum.

## **RESULTS AND DISCUSSION**

As said earlier, the analysis is based on the primary information collected from 110 sample rural buyers. Among these buyers, 55% belong to the social category of SCs, STs and BCs and the remaining (45%) represent the other categories of social status. A 51.0% (56) of these selected consumers are illiterates and 49.0% are literates as per the Census definitions. A 53.0, 29.0 and 18.0% of these sample buyers belong to the income groups of less than Rs. 10,000/-, Rs. 10,001-25,000 and Rs.25,001 and above respectively (Table 1).

Table 1: Socio-Economic and literacy status of sample consumers

Status of the sample households		Social status SCs, STs and BCs	Literacy status		Income level			
			Others	Illiterates	Literates	I*	II*	III
1.	Small and Marginal Farmers	12	10	16	6	18	4	
2.	Big Farmers	12	10	35	17	—	11	11
3.	Agl. Labourers	12	10	18	4	22	—	
4.	Artisans	12	10	13	9	17	5	
5.	Employed and Salaried	12	10	—	22	1	12	9
	All Occupations	60	50	56	54	58	32	20
		(54.5)	(44.5)	(51.0)	(49.0)	(52.7)	(29.1)	(18.2)

Source Field Data, Note. 1. \*Represent Rs. Less than Rs. 10,000; Rs. 10001-25,000 and Rs. 25,001 and above. 2. Figures in the brackets denote percentages to total

It was observed in the field survey that the frequency of buying the products differed consumer to consumer and between the consumers of different income groups. To the greatest extent, the frequency of buying was related to the type of product and its use in the households. The survey on this aspect reveals that products like groceries (including vegetables), tobacco and medicines were purchased on daily or weekly basis by the lower income groups. It was found during the field study that a great majority of labourers and artisans purchased their groceries on a daily basis in mornings and evenings. Agricultural labourers were found selling their wages paid in kind to the retail shop owners like paddy and wheat to purchase other items like tobacco or vegetables. Some of the agricultural labourers (33.0%), marginal farmers (24.0%) and rural artisans (29.0%) who had participated in "Food for Work" programme were found exchanging their wages in kind to groceries, tobacco. Cosmetics and utensils in these shops as the owners of these shops were familiar to them, which even today represent the barter system. Salaried consumers and big farmers were found purchasing groceries, toiletries, medicines on monthly basis particularly as these sample consumers belong to the middle and higher income groups. Goods like electricals and footwear were purchased by these consumers once in three months or six months and also on special occasions like festivals and marriages by the sample consumers belonging to low income groups.

**Mode of purchase:** The rural consumers are different compared to the civilised urban consumers. They attach some personal preferences and good will to the shop owners. Particularly they visit the same shops and are habituated to purchase the goods. They even introduce their children and suggest them to buy from that shops only. This preference and intimacy often makes the shop owners also to extent goods on credit basis and the shop owners continue to lend the consumer goods on credit basis for years together. These tendencies were also found in the field survey.

The sample consumers have purchased goods on payment of cash and on credit also. As said earlier, some were also found bartering their wages in kind to consumer goods particularly in the well known shops Foot wear, cosmetics, tobacco and utensils were purchased by paying cash by the majority of the consumers ranging from 69.1-88.2% (Table 2). A proportion ranging from 11.8% to a maximum of 44.5% of the sample buyers have purchased against credit, except cosmetics. Groceries (22.0%), toiletries (17.3%), cosmetics (14.5%), tobacco (10.9%) and utensils (7.3%) were purchased by exchanging the paddy and wheat paid towards wages in these shops.

**Bargaining:** Marketing strategists feel that rural consumer is more rational as a buyer and exhibits a higher level of rationality compared to the urban consumer. Whenever a consumer is familiar and aware of information about prices of the products and marketing conditions, certainly tries to get good value for his each and every rupee spent on purchase of goods. This rationality often leads to bargaining and bargaining is an attempt of the consumers to keep the selling cost of a product lower or equal to the utility or satisfaction that he derives from that particular product. This tendency of bargaining is generally found in the consumers who belong to the lower income groups and bargaining springs from the economic situation wherein the means to purchase are insufficient to purchase the quantity of products required. The level of bargaining decreases or does not exist even, whenever the means to purchase (income) are excessively available with consumers. The observations in the field survey corroborates this general tendency of consumer behaviour as shown in Table 3.

Income level-wise classification of level of bargaining reveals that of the total 110 consumers 78 consumers (71.0%) were found bargaining always (42 consumers) and usually (36 consumers) whenever they purchase the goods. A 63.0% of these consumers belong to the low income group of less than Rs 10,000 (49 consumers). This proportion is only 32.0% in the middle income group.

Table 2: Product-wise mode of purchase

Products	Mode of purchase							
	Cash		Credit		Barter		All Modes	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
1. Electricals	62	56.4	38	34.6	-	-	110	100.0
2. Medicals	61	55.5	49	44.5	-	-	110	100.0
3. Groceries	58	52.7	28	25.5	24	21.8	110	100.0
4. Toiletries	78	61.8	23	20.9	19	17.3	110	100.0
5. Cosmetics	94	88.5	-	-	16	14.5	110	100.0
6. Footwear	97	88.2	13	11.8	-	-	110	100.0
7. Tobacco	79	71.8	19	17.3	12	10.9	110	100.0
8. Utensils	76	69.1	26	23.6	08	7.3	110	100.0

Source : Field Data, Note : % to Total Sample Consumers

Table 3: Level of bargaining in the purchase of products

Level of bargaining	Families income* groups (in Rs)							
	0-10000		10001-25000		25001 +		All groups	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
Always	32	50.0	10	31.2	-	-	42	38.2
Usually	17	26.6	15	46.9	4	20.0	36	32.7
Sometimes	9	23.4	4	12.5	2	10.0	15	13.6
Never	-	-	3	9.4	14	70.0	17	15.5
Total	58	100.0	32	100.0	20	100.0	110	100.0

Source: Field Data. \* Refers to the gross income earned by the family members from all sources

A negligible proportion (5.0%) of the consumers with more income of Rs.25,001 and above reported that they usually bargain with shop owners and did not bargain always. Of the total 20 consumers belonging to this income group, 14 consumers (70.0%) expressed that they never bargain in the shops while purchasing the goods. These consumers constitute 82.4% of the total consumers, who never bargain at the purchase of goods. Hence, it could be inferred that there exists a correlation between the level of income and the level of bargaining.

**Involvement of family members:** Family is the institution which primarily and significantly influences the purchase of goods. The members of the family involve in the process of purchasing and the level of involvement depends upon the nature importance and preferences. The magnitude of involvement of family members according to the status is presented in Table 4. The tabulated information on involvement shows that the products which have kitchen importance were purchased by the housewives and particularly this involvement is clearly visible in the purchase of groceries and utensils. Among the different products purchased, groceries and utensils were the dominant goods purchased by housewives as 44.0% and 36.0% of the wives in the families were observed purchasing these items. Dominance of fathers/head of the households was observed in the purchase of tobacco (62.0%) and medicals (29.0%). The sons and daughters, who represent the younger generation were found interested in purchasing

cosmetics (48.2%), toiletries (40.0%), foot wear (34.6%), groceries (32.7%) and medicines (30.9%). However, a higher level of involvement and dominance of son-in-laws and daughter-in-laws is observed in the purchase of goods particularly like electricals (69.1%) Utensils (56.4%), cosmetics (44.6%) and toiletries (43.6%).

**Importance given to factors:** An attempt is made in this study to know the factors which were given importance in the process of buying. Factors like Quality, Price, Easy availability, Advertising, Use by the neighbour consumers and Experience of the own family members were treated as important factors and the sample consumers were asked to express their opinion about to what extent these factors are influencing their behaviour while purchasing the goods. The analysis is presented in Table 5. The data presented in Table 5 reveals that experience of the family members (76.4%) and easy availability of products (70.0%) were considered most important while purchasing goods. 85.5 and 76.4% of the sample consumers reported that quality and price of the product respective were the important factors which influence their buying behaviour to the maximum extent. Surprisingly majority of the consumers (65.5%) did not attach much importance to advertising and 20.0% of them opined that it is neither important nor unimportant. It is also surprising to observe that the experience of neighbours in the use of products was considered to be the most important factor by 61.8% of the consumers. 23.6% of the consumers felt that price was the

Table 4: Involvement of family members in buying the products

Status of the family members										
Products	Mother		Father		Sons and daughters		Sisters and daughter-in-laws		Total sample respondents	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)
1. Electricals	8	7.3	12	10.9	14	12.7	76	69.1	110	100.0
2. Medicals	23	20.9	32	29.1	34	30.9	21	19.1	110	100.0
3. Groceries	48	43.6	16	14.6	36	32.7	10	9.1	110	100.0
4. Toiletries	6	5.5	12	10.9	44	40.0	48	43.6	110	100.0
5. Cosmetics	4	3.6	4	3.6	53	48.2	49	44.6	110	100.0
6. Foot Wear	10	9.1	14	12.7	38	34.6	48	43.6	110	100.0
7. Tobacco	24	21.8	68	61.8	16	14.6	2	1.8	110	100.0
8. Utensils	40	36.3	8	7.1	-	-	62	56.4	110	100.0

Source : Field Data, Note: % represent percentages to total

Table 5: Factor-wise considerations in purchasing the products

Factors	Level of Importance of the factors considered					Total sample
	Most important	Important	Most unimportant	Unimportant	Neither Imp. Nor Unimp.	
1. Quality	16 (14.5)	94 (85.5)	-			110 (100.0)
2. Price		84 (76.4)	-	26 (23.6)		110 (100.0)
3. Easy Availability	78 (70.9)	32 (29.1)	-			110 (100.0)
4. Advertisements		16 (14.5)	-	72 (65.5)	22 (20.0)	110 (100.0)
5. Use by Neighbours		14 (12.7)	68 (61.8)	28 (25.5)		110 (100.0)
6. Experience of the family members	84 (76.4)			16 (14.5)	10 (9.1)	110 (100.0)

Source: Field Data, Note: Figures in the brackets denote percentages to total

unimportant factor for purchasing the products. These observations facilitate to infer that consumers attach much importance to the quality (100.0%), price (76.4%), easy availability (100.0%) and the experience of their own family members (76.4%) were the dominant factors in the purchase of products. Advertising and the experience of the neighbours were found to be less important factors.

**Influence of income:** The factors which influence the purchasing behaviour are also influenced by the level of income-the source of purchasing power to the significant extent. An attempt is made to analyse the impact of income on these factors observed and the results are presented in Table 6.

The sample consumers with a low income of less than Rs. 10,000 attached much importance to easy availability of the products (97.0% of this group) followed by the experiences of their own family members (88.0%). Total 86.0 and 83.0% of the consumers of this group gave importance to the price and quality of the products respectively. The consumers with an income of Rs 10,001-25,000 also attached much importance to Price (84.0%), Quality (81.0%) and easy availability (66.0%) of the products purchased. It was observed that the factors like advertisements, use by the neighbours and experience of the family members were found to be exerting negligible impact on this group of consumers. It is also observed that, though highest importance was attached to the

factor 'Quality' by the higher income group (90.0% of this group), they have neglected the other factors as negligible even irrespective of the price of the products. 17.0% of the low income group consumers and 19.0% of the middle income group consumers did not consider quality of the product as important factor. The analysis indicates that advertisements and the experience of the neighbour consumers are exerting a negligible impact on the buying behaviour of sample consumers. Quality, easy availability and the price of the products are dominantly influencing the buying behaviour in rural areas according to the views of the sample buyers.

**Behaviour influentials:** Generally marketing experts design, prepare and implement many things, programmes and entertainment's to influence the consumer to buy a particular product. These things act as a means to add much information and knowledge on various matters allures the consumer to buy that particular product certainly. In rural areas cinema dialogues, pictures and names of famous heroes and heroines, flowers, symbols, edutainments, quickies, short theatre commercials. TV Spots, cricket themes, road shows, VOW programmes etc., are used extensively to influence the consumer behaviour. Focus group approach, 'slice of life' approach, face to face approach, bottom line touch etc., are some of the approaches designed and implemented to motivate, influence and make the consumers to purchase the goods.

Table 6: Impact of income-group on influencing factors considered

Factors considered	Family income groups (in Rs.)							
	0-10000		100 01-25000		25001 +		All groups	
	Imp.	Unimp.	Imp.	Unimp.	Imp.	Unimp.	Imp.	Unimp.
1. Quality of Products	48	10	26	06	18	02	92	18
2. Price of the Products	50	08	27	05	02	18	79	31
3. Easy Availability	56	02	21	11	04	16	81	29
4. Advertisements	6	52	08	24	08	12	22	88
5. Use by Neighbours	10	48	-	32	-	20	10	100
6. Experience of the family members	51	07	06	26	07	13	64	46

Source : Field Data, Note: Imp: Important; Unimp: Unimportant

Table 7: Product-wise consumer influentials

Products	Type of consumer influentials									
	Experience of own people		Known shop owners		Use by consumer neighbours		Ads. and mass media		Total sample	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)
1. Electricals	8	7.3	12	19	14	12.7	76	69.1	110	100.0
2. Medicals	23	20.9	32	29.1	34	30.9	21	19.1	110	100.0
3. Groceries	48	43.6	16	14.6	36	32.7	10	9.1	110	100.0
4. Toiletries	6	5.5	12	10.9	44	40.0	48	43.6	110	100.0
5. Cosmetics	4	3.6	4	3.6	53	48.2	49	44.6	110	100.0
6. Foot Wear	10	9.1	14	12.7	38	34.6	48	43.6	110	100.0
7. Tobacco	24	21.8	68	61.8	16	14.6	2	1.8	110	100.0
8. Utensils	40	36.3	8	7.1	-	-	62	56.4	110	100.0

Source : Field Data, Note: % Represent percentages to total

In the present survey an attempt is made to find out the important influentials product-wise so as to assess their impact on purchasing the products. The results are presented in Table 7. The data presented in Table 7 reveals that four types of influentials viz., experience of family members, suggestions of intimate shop owners, use by neighbor consumers and advertisements and mass media are influencing the buying behaviour of the sample consumers. The experience of the family members is the chief propelling influential in the purchase of groceries (43.6%) and utensils (36.6%). The consumers, who consume tobacco are very much motivated and purchased due to the suggestions put forth by the shop owners of the shops to which they visit regularly (61.88%). This influential also had a 29.1% effect on the purchase of medicines. The experience of the neighbour-consumers is the important influential in the purchase of cosmetics (48.2%) 34.6, 32.7 and 30.9% of the consumers purchased footwear, groceries and medicines respectively were influenced by the suggestions and directions given by their neighbour-consumers. It is quite interesting to note that advertisements particularly 'quickies' (short TV commercials) and commercial ads through mass media are the prominent propelling factors in the purchase of electricals (69.1%), cosmetics (44.6%), toiletries (43.6%) and foot wear (43.6%). These influentials are exerting a negligible impact on the purchase of tobacco (1.8%), groceries (9.1%) and medicines (19.1%). This observation

leads to infer that the younger generation is very much influenced by the education combined with entertainment and the older generation by personal experience while purchasing the products.

## CONCLUSION

Rural consumer is totally a different consumer in the rural market scenario, being influenced by rationality, personal experience, the level of utility that is derived from the consumption which are being influenced by the changing tastes and preferences of the younger generation. The clever and gimmicky advertisements do not work out with rural consumers. Their buying behaviour is very much influenced by 'experience' of their own and of neighbour-consumers and his own family and involvement of his own members are exerting maximum influence on his purchases. Above all, quality of the product and its easy availability are the primary and vital determinants of his buying behaviour. The technique of bombarding with messages has a limited influence. He is very much attached to and influenced by 'touch and feel' aspect of any promotional activity. It is imperative that the marketing experts should understand the mindset of the rural consumers for every product in a particular region.

Hence, it is necessary that more rural research studies of quality should be undertaken to understand the rural consumers better and generate more reliable data

with particular attention to product-specific, region-specific, group-specific and occasion-specific studies. It is also very important that language and regional behavioural variations should be given due attention while developing the rural communication strategy 'Feel the local touch and sell the goods much' should be aim of producers and marketing agencies If the increased participation of rural consumers and purchase is the objective of the rural marketing, emergence of a radical shift is the need of the hour in management thinking. Then only the producers are able to taste the success and rural distribution of the products and their sales would not be considered as a nightmare, which automatically paves the way for the next big market revolution in rural areas.

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