

Recent Facets of Consumer Behaviour in Haryana: A Case of Rural Market

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Abstract

The number of rural consumers is huge and extensively dispersed over 6955 villages. In some districts, 80 percent to 90 percent people live in rural areas. The rural markets in Haryana have some peculiar problems compared to urban markets. The problems arise basically due to the peculiar dynamics of rural markets, the uniqueness of the rural consumer, poor available infrastructure, diverse customs, languages and social structure, regional variations in demand and skewed income distribution. The study is based upon the primary data. The data was collected through well structured questionnaire. To study the consumer decision making process, the study area is divided into four zones i.e. east, west, north, south, and 150 respondents are selected from each zone of the state. Out of the four zones four districts are selected and three villages from each of district and in total twelve villages were selected as the primary sample units of the present study.

1.0 Introduction

According to the statistical abstract of Haryana 2008 – 09, Haryana's total population is 2 crores of which 71% resides in rural areas and only 29% resides in urban areas. Haryana state has predominantly agricultural based economy as 70 to 80% of its people depend on agriculture for their livelihood. The rural consumers are vast and widely dispersed over 6955 villages. In some districts, 80 percent to 90 percent people live in rural areas. The rural markets in Haryana have some peculiar problems compared to urban markets. The problems arise basically due to the peculiar dynamics of rural markets, the uniqueness of the rural consumer, poor available infrastructure, diverse customs, languages and social structure, regional variations in demand and skewed income distribution. Therefore, it is essential to study the consumer behaviour for the development of marketing strategies and to segment the markets.

2.0 Objectives & Methodology

The following are the objectives of the study:

- 1) To study the consumption pattern of FMCG products in Haryana;
- 2) to understand the important parameters of preferences in purchasing decision;
- 3) to evaluate the sources of information; and

4) to study the shop loyalty pattern of rural consumer.

2.1 Methodology

The study is based upon the primary data. The data was collected through well structured questionnaire. To study the consumer decision making process, the study area is divided into four zones i.e. east, west, north, south, and 150 respondents are selected from each zone of the state. Out of the four zones four districts are selected and three villages from each of district and in total twelve villages were selected as the primary sample units of the present study. Care has been exercised to see the selected villages are representative of the whole universe. From each village, a sample of 50 consumers has been drawn. Thus sample consumers from each district works out to 150 and the total number of sample consumers for the study is 600 respondents.

2.2 Tools Used

Stratified random sampling method is used in collecting the data in this study. The data collected were tabulated and analyzed. This analysis was presented in the form of rank and position they occupy in the market and with their respective market share given in percentage.

3.0 Results and Discussion

Result and discussion is done on the basis of questionnaire filled by 600 respondents at their discretion.

i) **Age-wise Distribution:** In the present study, an effort has been made to know the age group of the respondents.

Table 1.1 Age-group of the Respondents

Age Group	East	West	North	South	Total
15-25 years	40(27)	45(30)	42(28)	53(35)	180(30)
25-35 years	60(40)	60(40)	50(33)	47(31)	217(36)
35-45 years	20(13)	30(20)	40(27)	30(20)	120(20)
More than 45 years	30(20)	15(10)	18(12)	20(13)	83(14)
Total	150(100)	150(100)	150(100)	150(100)	600(100)

Note: Figure in brackets shows percentage

From the above table it is observed that among the four different age group classified for the study, the age group in between 25 years to 35 years accounts the highest percentage of 36 percent out of 600 respondents. The least group representing 14 percent of 45 years and above age group.

ii) **Sex of the respondents:** Sex of the consumer is an important aspect in determining the buying behaviour and the sources of information he/she acquires.

Table 1.2 Sex of the Respondents

Region	Male	Female	Total
East	100(67)	50(33)	150(100)
West	80(53)	70(47)	150(100)
North	72(48)	78(52)	150(100)
South	59(39)	91(61)	150(100)
Total	311(51.83)	289(48.17)	600(100)

Figure in brackets shows percentage

(iii) **Income group:** Economic ability must be combined with willingness to buy. Thus depending upon the per capita income of its target market. Marketers decide on the suitable marketing mix elements to be adopted especially related to pricing of the product. It can be seen from table that the study has on an average 33 percent of consumers from lower income group (LIG). LIG is defined as consumers earning less than Rs.35000 per annum. The next sizeable income group is middle income group forming 47 percent of the sample. Middle income group (MIG) is defined as consumers earning between Rs. 35000 and Rs. 70000 per annum. The higher income group (HIG) of consumers which earns more than Rs. 70000 per annum are constitute 20 percent of the sample. By and large, this pattern of sample is taken from each village. It is assumed that this sample distribution is fairly representative of the overall income pattern of the rural consumers.

Table 1.3 Income-wise Distribution of Sample Respondents

Income Group	East	West	North	South	Total
LIG	60(40)	45(30)	40(27)	55(37)	200(33)
MIG	60(40)	70(47)	83(55)	67(45)	280(47)
HIG	30(20)	35(23)	27(18)	28(18)	120(20)
Total	150(100)	150(100)	150(100)	150(100)	600(100)

Note : Figures in brackets show percentage

Source : Questionnaire administered to Rural Consumer.

iv) **Income and Consumer Non- Durable Usages**

Table 1.4 Income and Consumer Non- Durable Usages

Products	Lower Income Group	Middle Income Group	Higher Income Group	Total
Toothpaste/ Tooth Powder	18(9)	140(50)	72(60)	230(38)
Shaving Cream	4(2)	21(20)	60(50)	85(14)
Detergents	200(100)	280(100)	120(100)	600(100)

Tea Powder	200(100)	280(100)	120(100)	600(100)
Bathing Soap	100(50)	224(80)	120(100)	444(74)
Cosmetics	80(40)	238(85)	120(100)	438(73)
Cold Drinks	140(70)	280(100)	120(100)	540(90)
Biscuits	100(50)	210(75)	120(100)	430(72)
Total	200(100)	280(100)	120(100)	600(100)

Note : Figures in Brackets show percentage.

Source : Through Questionnaire

Table 1.4 presents that consumer non durables such as detergents, Tooth Powder, Cold Drinks and Bathing Soap come on the top in terms of penetration in the rural market. It is interesting to find that two products namely, Detergents and tea powder have hit 100 percent penetration levels in rural markets, closely followed by cold-drinks at 90 percent. Among the consumer products, Shaving cream has a low penetration rate at 14 percent. In the case of toothpaste, the penetration is lowest at 9 percent for LIG consumers and the MIG consumers achieved 50 percent product usages. It shows that they follow traditional methods and are unaware about the product usage and its benefits. It can be seen from the table that about 62 percent of the respondents are not using any toothpaste. They might be using toothpaste, neem stick etc. So FMCG companies should create awareness about the usage of toothpaste, educate about the product values and increase their market share. It is also interesting to find from the table that about 40 percent consumers from LIG use cosmetics and about 50 percent like biscuits

v) **Preferences of rural consumer:** Table 1.5 shows the ratings given according to the importance of different factors of purchases reported by the respondents belonging to different income groups. It is evident from the table that price has been rated between ‘very important’ to ‘Extremely important’ (average weighted score being above 4), quality has been rated between ‘some what important’ to ‘very important’ by respondents belonging to different income groups.

Table 1.5 Income Wise Average Weighted Scores Regarding Importance Attached to Different Factors of Purchases

	LIG	MIG	HIG
i) Quality	3.50(4)	4.10(2)	4.62(1)
ii) Price	4.75(1)	4.30(1)	4.15(3)
iii) Product Variety	2.08(6)	3.17(5)	4.54(2)
iv) Credit Facilities	4.17(3)	3.70(3)	2.77(5)
v) Retailer Advice Preference	4.50(2)	3.16(6)	2.30(6)
vi) Specific Brand Preference	2.29(5)	3.50(4)	3.89(4)

Note : Figures within parenthesis indicate ranks.

For lower income groups, the most important factors are price, credit facilities and Retailer advice preference. All other factors are rated slightly different from the importance point of view. Product variety and specific brand preference have been rated between ‘some what important’ to ‘very important’ by respondents belonging to lower income group. There are significant differences between the HIG and LIG consumers with regard to product variety. The MIG Consumers have no fancy for high variety of products. On the whole, the study shows that rural consumers have a very high preference for credit in their purchases. It is, therefore, suggested that in rural market, companies need to be conscious of the provision of credit facility. A properly designed scheme of credit facility would boost the rural markets and would go a long way in firming them up. In case of retailer advice preference, the table reveals that retailer is the one who could influence the rural consumers, mostly the LIG and MIG consumers. The study highlights that brand consciousness is high only in case of HIG consumers. The marketing implication is clear that when brands are marketing in the rural area, the minimum ingredients for the success appear to be above average quality and lowest possible price.

vi) **Source of information:** From the field work, it is clear that the rural consumer gets the information from various sources which reflect in their purchase behaviour. The same is presented in table:

Table 1.6 Media Reach of the Respondents

	LIG	MIG	HIG	Total
Newspaper	10(5)	53(19)	36(30)	99(16)
Television	30(15)	56(20)	38(32)	124(21)
Radio	82(41)	56(20)	13(11)	151(25)
Cinema	26(13)	50(18)	11(9)	87(14)
Wallwriting	38(19)	48(17)	6(5)	92(15)
Hoarding	14(7)	17(6)	16(13)	47(8)
	200(100)	280(100)	120(100)	600(100)

Note : Figures in Parentheses indicate percentage

Source : Through Questionnaire

Table 1.6 reveals that majority of the consumers still attachment great importance to radio, followed by television. Television as medium is witnessing upward moment in terms of consumer preferences, television may be the only dominant medium. It is interesting to note that print media will take a longer time to be most useful for marketers. This demands increase in literacy levels of the consumers. As regards wall writing, which is also resorted to by many companies to bring about awareness, it is important to note that 15 percent of consumer do notice wall writing. The presence of hoarding is less in rural areas. As a result, only 8 percent of consumers feel that they are exposed to product and brand information through

hoardings.

Further the collected information are analyzed income wise. The table 1.6 reveals that the consumer having regular newspaper reading habit is about 16 percent of the sample. But it may be noted that most of this chunk is coming from Middle and Higher Income Groups. If a product or brand is targeted to HIG, selection of newspapers as media has some value. As a whole, the result is no way significantly different from that of newspapers but TV viewing is mostly in the case of MIG and HIG consumers. There is some useful insight in terms of media habits, we can catch here is, that most of the people who listen to radio come from LIG. The

analysis indicates that for the HIG, the most used medium is newspaper, for MIG, it is T.V., while for LIG still radio dominates. However, with fast reaching network of satellite TV channels, the possible expected trend could be, TV comes on the top in rural areas over a period of time.

Shop loyalty

The important reasons mentioned for shop loyalty are its proximity, credit facility, reasonable price and availability of variety products and brands. An attempt is made in the following tables to find out the relative importance of above mentioned reasons income wise.

Table 1.7 Frequency Distribution of Respondent Regarding Reasons for Shop loyalty

Reason	LIG				MIG				HIG				Grand Total
	I	II	III	Total	I	II	III	Total	I	II	III	Total	
Near (Proximity)	110	0	20	350(30)	125	0	0	375(22)	58	0	22	196(27)	941(26)
Only Shop	0	0	0	0	0	0	66	66(4)	0	0	0	0(0)	66(2)
Credit Facility	60	72	26	350(29)	28	120	17	341(20)	0	96	0	192(26)	883(24)
Quality Product	0	15	0	30(2)	0	20	98	138(8)	42	0	18	144(20)	312(8)
Reasonable Price	0	18	52	88(7)	26	85	16	264(16)	0	24	42	90(12)	442(12)
Variety Products	30	95	102	382(31)	101	55	83	496(29)	20	0	38	98(14)	976(27)
Total	200	200	200	1220(100)	280	280	280	1680(100)	120	120	120	720(100)	3620(100)

Weight : I Rank 3, II Rank 2, III Rank 1, Total of each income level shows weighted ranks

Source : Through Questionnaire

The respondents are asked to rank their preference towards the reason for shop loyalty. The respective ranks are converted into product by assigning 3 weight for 1 rank, 2 weight for 2 rank, and 1 weight for III rank. Income-wise analysis of shop loyalty is presented in Table 1.7. The low Income Group respondents have attached highest importance to proximity (Near) (i.e. 30 percent) as the main reason for shop loyalty. This is followed by variety products and credit facility available in the shop with 29 percent weightage respectively. Interestingly, the availability of variety products has gained highest importance (i.e. 29 percent weightage) by the MIG respondents. This is followed by proximity and credit facility with 22 percent and 20 percent weightage respectively. Greater importance to proximity at 27 percent weightage closely followed by credit facility with 26 percent weightage. Keeping in view the present analysis the marketers need to focus their attention primarily on proximity, credit facility and variety products. In other words, marketers need to develop the distribution network closer to rural consumers.

Observations

- It is very noticeable through this analysis that basic FMCG goods have a deep penetration in the rural markets.
- It is observed that T.V and radio plays a major

role in informing the customer about a particular product.

- It is also observed in the study that among different components of marketing mix, price plays an important role in bringing about product market integration.
- The observation regarding shop loyalty is that the proximity, credit facility and variety products plays an important role in loyalty pattern.

Suggestions

- They should provide the goods in small size and low price because most of the rural customers are economically backward.
- The media of information such as T.V should be given more weightage, which is reflected in the purchase decision
- Marketers should develop the distribution network more closely to rural consumer.

Conclusion: Rural Haryana has more than 71% population in 6955 villages, which is a huge market for FMCG product. All the income groups purchase the FMCG product but their penetration level differs from each other. It has been noted that income is the variable which determine the

purchasing pattern. Most of the consumers from higher income group generally purchase the products which are highly popular in urban area. Overall the marketer should understand the customer before taking up the road to the rural market.

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