
UNIT 3 DIFFERENTIAL ASPECTS OF BUYING BEHAVIOUR AND MAJOR INFLUENCES ON RURAL BUYING BEHAVIOUR

Objectives

After going through this unit you should be able:

- understand the buyer behaviour process in the context of Rural Markets
- evaluate the environmental factors that influence buying decisions
- critically analyse the cultural issues that affect buying decisions
- appreciate the role of reference groups in the Rural Environment
- explain, how does reference groups affect buying decisions
- apply this understanding of rural buyer behaviour to marketing decisions

Structure

- 3.1 Introduction
- 3.2 The Buyer Behaviour Process in the Context of the Rural Markets
- 3.3 Factors that Influence Buying Behaviour
- 3.4 Influence of Culture
- 3.5 Social Class
- 3.6 Reference Groups and Families
- 3.7 Family Life Cycle and Lifestyle
- 3.8 Psychological Factors
- 3.9 Summary
- 3.10 Self Assessment Questions
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3.1 INTRODUCTION

Rural Markets for long in our country have been considered an enigma and a land of untapped opportunities, where the customer is considered more of a stripped down version of his urban counterpart purely from the context of buying capacity and price conscious psyche. The initial roadblocks to enter rural markets were largely logistical issues of which, chiefly the diverse geographical patterns, made it difficult for the discerning marketer to reach most markets. However, as you will observe throughout this course, some marketers have made inroads in these markets. The marketer's understanding of the rural seems to be gradually getting evolved but more importantly they are unlearning the past; for newer learnings of the future, unfolding realities of rural India.

According to 1998 estimates' of the United Nations Population Division, the rural (world) population is 982,223,000, then rural India, taken as 73.3% of India i.e. 719,969,459 accounts for 12.2% of the world population. It just goes on to reflect the largeness of the market. It is interesting to note how, for long marketers have been talking of it, but a only few have really been able to make inroads into it. Two thirds' of the country's population lives here and almost half



the national income of the country is generated from here. It is therefore natural that rural markets form an important part of the total market scenario in India. You have already from your exposure to Unit 1 have seen that today there are several product categories where the rural market share exceeds the urban market shares. You may refer back to the unit 1 for a recapitulation.

While rural market appears, in demographic terms, to be huge, only a few marketers have succeeded here and one of the few success stories that stand out are like that of Hindustan Lever Limited (HLL) who spent decades understanding the dynamics of the market. Project Streamline' and Operation Bharat are a few programmes run by HLL with the sole objective of penetrating rural markets. Project Streamline focused on extending distribution, and Project Bharat's influence was restricted to raising penetration and awareness levels.

Most marketers have highlighted three major problems in context of venturing into the rural market namely

- (i) Physical Distribution
- (ii) Channel Management
- (iii) Promotion and Marketing Communication

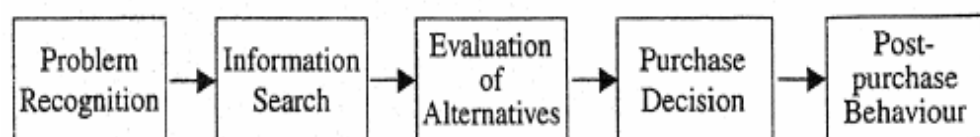
However, one issue, which seems to have been overshadowed in the process and which may be a critical success factor is our understanding of the rural consumer and differences from his urban counterparts. Unlike the urban markets where we seem to have identified segments and sub-segments, rural markets have been considered fairly homogeneous. A brand like Sunlight or AI Tea is largely regional in nature and companies have consciously made attempts to push such brands locally. In the rural markets however, a farmer from Punjab might have tastes and preferences very different from his counterparts in Maharashtra or Kerela. Rural consumers in India exhibit a great diversity in their tastes and preferences. The economic background, cultural upbringing, regional growth in infrastructure and amenities will be imperative in helping develop and decide buying preferences.

Through this unit you will be able to understand the buyer behaviour process and how the rural consumer's buyer behaviour process functions in a given environment, besides the significant differences in buyer behaviour process with respect to his urban counterpart. The later part of the unit will also explore the major influences in buyer behaviour and role of reference group in the context of the rural markets.

3.2 THE BUYER BEHAVIOUR PROCESS IN THE CONTEXT OF RURAL MARKETS

In the basic course of marketing (Marketing for Managers MS-6, Block 3) on the subject of Consumer Behaviour you have already covered the component of the Buyer Behaviour Process as explained in the Figure 3.1 below.

Figure 3.1



Source: Marketing Management, Philip Kotler, Chapter 6, Page 170, 10th Ed., PHI



Understanding the Buyer behaviour process is a systematic effort to evaluate the consumer's attempts to fulfill his needs, ^{er}ants or demands. The figure above will help you to recapitulate the learning in the block of Consumer Behaviour in your compulsory course and further relate it to the consumer in the rural markets. The sections below are built up on what you have already studied on buying behaviour in MS-6 and attempt to bring out the specific differences that rural buyers exhibit, while selecting, consuming and disposing of goods and services.

3.2.1 Problem Recognition

Problem recognition is the first step in initiating the buying process. In terms of individual drivers of buying processes, the rural consumer is no different from his urban counterpart. He also has his aspirations and desires to achieve in life. The means and goals to be achieved might be different, yet at any point in time do not seem to be too diverse. An urban consumer -night seek the same value from his soft drink consumed after a hard day's shopping as compared to his rural counterpart, who too will savour his soft drink after a hard day's shopping at the weekly haat or bazaar. How different are the consumers really? It is a few differences in environmental context that compel us to realise the difference between the two. A few critical factors which affect the process of need recognition in the rural markets are:

- (i) The infrastructure in the village/town/ kasha which is beyond the effective road and rail connectivity. It may or may not include a well-laid banking system, telecommunication facility, electrification reach and regularity.
- (ii) The penetration of the television and more specifically the Cable and Satellite (C&S) in the vicinity.
- (iii) The population shifts in the locality, which occur both village to village and village to town.
- (iv) The occupation and the economic profile of the village and the residents.
- (v) On account of (i) the 'available' set in different product categories have been very small in most rural markets.

While point (i) and (ii) have long been discussed as major issues, a critical factor is the population shifts across the villages. Like in urban towns, where population has a tendency to shift towards the metros in search of greener pastures, it is a discernible trend in the villages too, wherein the population shows shifts towards the sub-urban areas and semi-rural towns. However, unlike their urban counterparts, who in the process of migration eventually lose the link with their roots, this is not so for large segments of population in the villages. The rural counterpart has the tendency to transfer his learnings to his roots and that eventually affects the buying patterns, starting from the need set. This is illustrated in the example below:

Rambeer is the fourth son in a family of six, who aspires to enroll himself in all apprentice course for repairing automobiles, mainly tractors, motorbikes and jeeps, the principal means of" transportation in his small village Goapatti, 150 kms off Hardoi district in U.P. This need was felt by Rambeer- for two reasons, one he himself liked machines and second there was no mechanic within the radius of 100 km. Unfortunately, neither his village nor his district had the training institute like ITI, to impart skills. He approached the Gram Pradhan (Mukhiya) for help and to request if he could use his resources to get necessary information with regard to any institute or college that imparted such skill-sets. The Mukhiya, Zile Ram spoke to his Zila Parishad office and found that the nearest college was in Lucknow, 250 kms from Goapatti, that offered a course on the lines of which Rambeer sought. Rambeer, after initial hesitation and reluctance on account of the distance to be covered took up the course and



fortunately got a scholarship with the help of the village Mukhiya and went onto complete his 18 months programme. Rambeer eventually returned to his village to fulfill his dreams, visualised as a 12 year old when he saw his father sitting helplessly for 7 days as the mechanic would not turn up for that many days, and all this during peak harvest season.

The example will help to understand that Rambeer's stay in a state capital like Lucknow will help him become a more aware and knowledgeable person. His 18 months tenure will not only mean completion of his course but also result in a more experienced and aware consumer exposed to several consumption and communication inputs because of the environment in which he was living to finish his course. Eventually, this will have a "trickle down" effect when he goes back to Goapatti.

3.2.2 Information Search

You already know, through your exposure to Consumer Behaviour through your basic course on Marketing Management (MS-6) that sources of Information Search for consumers are:

- (i) Personal sources: Family, Friends, neighbours, acquaintances
- (ii) Commercial sources: Advertising, salespersons, dealers, packaging, displays
- (iii) Public sources: Mass media, consumer-rating organisations
- (iv) Experiential sources: Mass media, consumer

Let us evaluate how these sources are utilised in the context of the rural markets:

Mass Media combined together reaches only 57%⁴ of the rural population and vernacular press barely covers 16%⁵ of the rural population. In such a situation, the unconventional media like the weekly, haats, annual fairs, festivals, wall paintings, cinema vans are the means of publicity in the rural markets. But perhaps the biggest source of information is "word of mouth" which is considered credible. Data on rural consumer buying behaviour indicates that the retailer influences almost 35%¹⁰ of the buying decisions in the rural markets'. On the other hand, the other key influencers and important sources of pre purchase information in the rural markets are:

- (i) the Gram Pradhan (Mukhiya)
- (ii) the owner of the durable/non-durable products
- (iii) the prospective consumer's friends/relatives/family members living in urban location, who are frequent visitors to their villages.

Rural markets as compared to the urban markets require more intensive personal selling effort. Hence, a brand needs to 'associate itself with the day to day activities and the psyche of the rural consumers and then act accordingly.'

3.2.3 Evaluation of Alternatives

Unlike the urban markets where consumers have the opportunity to consider and evaluate a large number of brands, this is not the case with rural markets. This is primarily because the product ranges available are not wide and secondly, -because the consumers have largely been found to be brand loyal-', compared to the urban markets. The loyalty behaviour has resulted partly on account of the fact that their evoked sets have been smaller, sometimes limited to one or two brands. The history of use and long familiarity with these limited number of brands have resulted in a "perceived loyalty". However, as mentioned earlier in

Loyalty is defined as buying only a single brand every time the category is purchased in the last six months.



the information search section, word of mouth playing a crucial role, a sizeable time in evaluation of alternative is reduced. Recent trends in brand loyal behaviour for rural consumers as shown in Table 3.1 seem to indicate reverse trends wherein loyalties in the rural markets is depleting.

Table 3.1: Rural Consumers and Brand Loyalty

Category	%loyalty
Analgesics/cold/ethical tablets	21.8
Batteries	17.7
Biscuits	22.8
Bulbs	32.8
Chyavanprash	77.3
Coconut Oil	52.1
Hair wash preparations	28.9
Hme Insecticides	85.8
Iodized Salt	24.2
Rubs and Balms	47.2
Safety razor Blades	26.5
Shaving preparations	67.3
Skin creams	62.5
Tea	25.3
Toilet Soaps	3.1
Tooth Powders	47.3
Toothpaste	12.6
Washing cakes/ bars	18
Washing powders/liquids	25.9

Source- <http://www.businessworldindia.com/archive/990407/mktg2.htm> (ORG Retail Audit)

Coming back to the issue of alternative evaluation, rural consumers, due to absence of proper and varied assortment in their own village, have to visit the nearest city/district/town to evaluate options. This is more so in the case of durables where local retailers are wary of investing on inventory, due to cost implications. If a certain farmer is looking for a tractor, two common sources of information for aiding" alternative evaluation are the existing owners in the village or a visit to the nearest town, where the company has an established showroom. Of late, companies have begun to use the local weekly fairs/haats or the other festivals as an opportunity to showcase. The annual cattle festival at Sonapur, Bihar, is an extravaganza worth visiting, where FMCG, electronics and automobile majors rub shoulders with the prime commodity of exchange, cattle. Similarly, other regional festivals like Bihu, Baisakhi, Pongal, Onam, Kumbh Mela etc. are opportunities for companies to help customers make choices. You will go through a detailed description of market access through Melas and Haats in Block 4 of this course.

3.2.4 Purchase Decision

The final purchase is a deliberation, which usually, in the rural context, takes longer time as compared to the time spent in information search or evaluation of alternatives. Due to resource constraint of lack of exposure or personal orientation, rural customers spend considerably lesser time on the IInd and IIIRD stage of the buyer behaviour process. On the contrary, his urban counterpart spends lesser time on the final purchase and more in the earlier stages, the reasons for which are higher exposure levels, and availability of alternatives as well as large amounts of information.



The factors, which influence the final choice, are:

- Attitude of others
- Unanticipated situational factors
- Perceived Risk

The issue of attitude of others in addition to that of friends and relatives who may be existing owners of the product in question, refers in this case also to the retailer or the dealer. In some cases the final choice is made on the advice given at the channel level. Alternatively, in some cases it is the complementarity in the product that makes final purchase decision far easier. A person in the village buying the *Eveready Jeevan Saathi* brass torch, will rely on the batteries of the same company.

3.2.5 Post Purchase Behaviour

Within the framework of the buyer behaviour process, the post purchase behaviour forms a critical part, as it lays the foundation for the repeat purchases and development of loyalties. In the context of the rural markets loyalties have been found to be higher and extended. Penetrative pricing on a homogenous product, quality similar to that available in the urban markets and making the product available will be the key to service the rural markets. Just like the urban middle class, villagers demand value for money. Says V. C. Burman, Chairman of Dabur India. "The winning combination will be a good product with consistent quality. Once you earn the villager's loyalty (and they are known for their brand loyalty), it will be difficult for competitors to take away your customers".

Companies are also beginning to realise the importance of changing patterns of the demand and the fact- that customers are moving up the value chain. You have heard of washing machines being used on the Delhi-Chandigarh highway for making lassis. Another phenomenal success is the Videocon's 'washer', a washing machine without a drier. "Launched specifically for the rural areas at Rs.3000/- a piece, it has registered 100% growth in the last three years. "The success of this model points to the willingness of villagers to switch to branded products from locally made washers". Says Navin Gupta of Videocon. Added to this is also the fact that the purchase patterns are changing and more consumers are willing to experiment and explore better and more convenient options.

In conclusion the critical factors for the rural customer in the buying decision process would be:"

- (i) The need for the product
- (ii) The purchasing capacity
- (iii) The attitude towards the product
- (iv) The cost benefit analysis done by the consumer before buying the product
- (v) The social values governing the society

Activity 1

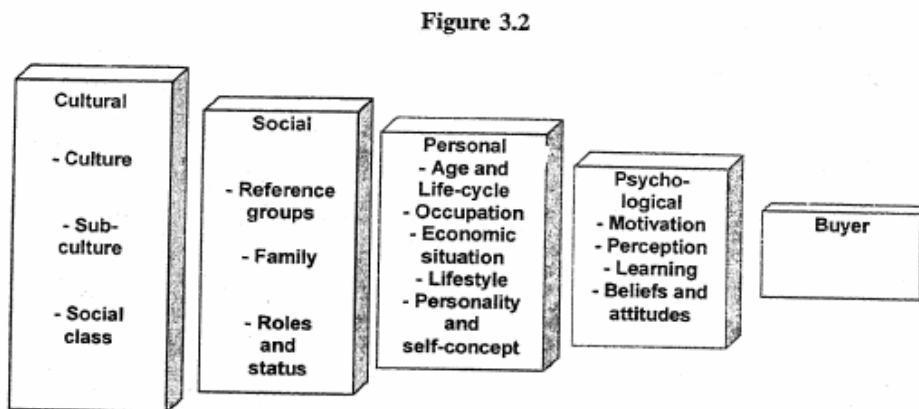
Talk to some rural consumers with respect to any one consumer non durable and any one consumer durable product bought by them recently. Try to get information on their pre-purchase information search behaviour on the following aspects.

- 1 How did they get to know about the product in question?
- 2 who/what were their sources of information/advice.
- 3 What were the other alternatives known to them.



3.3 FACTORS THAT INFLUENCE BUYING BE VIOUR

You have already in a general context studied about the various influences on consumer decision processes. (figure 3.2). The factors influencing buying decisions are fairly comprehensive in nature ranging from cultural and social to personal. However, as compared to the urban India, rural India has influences, which are far stronger and deep rooted, especially on issues of culture and group dynamics.



Source: Marketing Management, Philip Kotler, Chapter 6, Page 170 10th Ed. PHI.

From your exposure to unit 2 of this course, you would appreciate that the rural buyer lives in a cultural and social milieu very different from an urban one. The reference groups that he/she interacts with and is influenced by may be different. The buying preference would also be affected by demographical determinants of income, occupation and education. We will in the sections below try to understand, the differential way in which these influences operate for the rural consumer, so as to identify implications for marketing decisions.

Activity 2

From your exposure to the basic course in marketing and your understanding of the rural marketing scenario, where among the four sets of influences shown above, do you expect to find the greatest difference between the rural and the urban consumer? List at least 2 difference in respect of each box in terms of what you expect. Revisit this activity again after reading through the unit and see 'what modification you would like to make in your response given now.

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3.4 INFLUENCE OF CULTURE

Culture and subcultures in our rural settings, are far more deep rooted and have impacts, which are fairly enduring in nature. As discussed in the earlier blocks, though population migration takes place in the villages like in urban townships, core cultural values remain in place on account of a continued touch with the village. As a case in point, assume in the example of Rambeer discussed in Section 3.2, who goes on to stay in Lucknow for a period of 18 months. Rambeer, on return to his village may not have eroded his cultural values, but would have augmented his value systems through the ability of making better value judgements through the experience of 18 months. If Rambeer was using Lifebouy during his years at the village, and switches to Lux in the city, owing to the variety, quality, fragrance and the price factor, he might go back to Goapatti to demand Lux as against Lifebouy, but may follow the same personal cleanliness rituals that he had prior to his leaving for his training.

Culture influences perceptions and behaviours.¹² The concept of colours, shapes, size has a strong influence largely affected by culture. In the rural markets, a study conducted by Eveready, the largest flashlight and battery marketer, found that customers come asking for a brand “*Billi Chaap*”, which is essentially the Eveready “*Cat-O-Nine*” logo. Colgate is referred to as “*Lal-Safed*”, and these are attempts made by customers to simplify his purchase process. Marketers have therefore, made attempts to play-up the brand pneumatic more strongly through colours, shapes, sizes, logo design. In the city of Delhi, surrounded by a host of satellite villages there exists a concept of weekly haats/bazaar titled as “*Som-Bazaar*” or “*Budh-Bazaar*” depending on which day of the week the bazar is set up in certain locality. The bazaar is perceived to offer products, which are definitely cheaper than the normal market rates. More importantly, it offers a wider range to the discerning customer. From vegetables to crockery to RMG to -daily utility items, the bazaar offers everything. Interestingly, the bazaar has the largest traffic of the expatriate population coming from villages or suburban towns, working in the city and looking for value for money products. The reason of coning to the fair is two fold, one they are accustomed to the concept of weekly or biweekly haats or bazaars in their own villages and are more comfortable in this locale than in a large urban retail shop and second, culturally they have not been able to wear-off the concept of the haat/bazaar/fair culture from their minds and the perception that these venues are sources of cheaper goods. Culture also manifests itself in many outward visible forms of dress, language used, gestures and postures as well as in the forms of social rituals of greetings, hospitality and celebrations. India as a multilingual, multiethnic country has shown high degree of variations in all the above, making the marketers task more difficult. Marketers would need to be sensitive to these cultural manifestations when directing their sights towards rural communication.

The critical point of departure here is that though culture per se is strongly implanted in rural societies, it would be wrong to assume a fairly homogenous culture across rural regions. A village in Punjab, Rajasthan, Kerela or West Bengal would have completely diverse subcultures and these may differ from district to district. A farmer in Punjab is more upwardly mobile than his counterpart in eastern U.P., in spite of both being on the same socio-economic strata. Hence, subcultures in villages are deeply entrenched and it is imperative for marketers to understand how they operate in different parts of the country



Activity 3

How in your view, would rural culture affect the following:

1. Entertainment forms chosen
2. Media preferred
3. Socialisation patterns

What are likely to be the impact of such variations on consumption behaviour?

Comment.

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3.5 SOCIAL CLASS

The income, occupation and education, three key indicators to social class have been fairly uneven in the rural belts. A direct correlation seems to exist between the primary occupation in the region and how prosperous the same is in terms of revenue generation. Traditionally, Punjab, Western U.P, Maharashtra, AR, are some of the prosperous states with respect to agricultural revenue and this has a fallout on the region's social classes too. Regions like Orissa, Eastern U.P., West Bengal, Bihar & Jharkhand are some of the states, where there is irregularity in terms of agricultural income. Tables 3.2, 3.3, 3.4 give an indication of the patterns of occupational classes in the rural areas:

Table 3.2: Occupation and Consumption Patterns

Occupation Category	Percentage in Rural Households	Percentage Contribution to Television Ownership	Percentage Contribution to Rural Two-wheeler Ownership	percentage Contribution to Refrigerators
Owner farmer	34	33	33	31
Shop Keeper/Trader	8	14	16	20
Service (total)	13	31	39	40
Inside Village	5	11	15	15
Outside Village	8	20	24	25
Agricultural worker	20	6	3	2
Unskilled non-agricultural labour	17	9	4	5
Artisan	6	6	4	2
Rest (leased farmers, livestock, poultry, fishery, milkman)	2	2	1	1

Source: Rural Marketing: Targeting the non-urban consumer; Sanal Kumar Velayudhan, Chapter 1, Page 43, 1st Ed., Response Books (Sage Publication)

Table 3.3: Distribution of Households by Income

Annual Income (Rs.) at 1995-96 prices	Percentage
<25,000 L	57.2
25,0001-50,000 L	29.0
50,001-77,000 M	8.6
77,001-1,06,000 UM	3.1
>1,06,000- H	2.0
Total	100.00

Source: Rural Marketing: targeting the non – urban consumer, sanal kumar Velayudhan , Chapter 1 , page 33, 1st Ed., Response Books (Sage Publication)



Figure 3.3 : Distribution of Households by Annual Income

Fig: colour photo

Source: Rural Marketing: Targeting the non-urban consumer, Sanal Kumar Velayudhan, Chapter 1, Page 34, 1st Ed., Response Books (Sage Publication)

Table 3.4: Distribution of Households by Income and Region

Annual Income	North	South	East	West
<25,000	57.26	61.35	61.94	41.56
25,001-50,000	27.10	21.11	27.38	36.79
50,001-77,000	9.41	7.11	6.99	11.27
77,001-1,06,000	3.18	2.72	2.33	4.71
>1,06,00	2.94	1.30	1.36	2.67
TOW	100.00	100.00	100.00	100.00

Source: Rural Marketing: Targeting the non-urban consumer, Sanal Kumar Velayudhan, Chapter 1, Page 34, 1st Ed., Response Books (Sage Publication)

You know from your exposure to unit 2 of this course that social class in the village context can be understood by applying the same six, class categories category classification studied by you earlier in the upper upper, the lower upper, the upper middle, the lower middle, the upper lower and the lower lower class. What is different, however, is the consumption profile of the different social class segments in terms of ownership of various products and use of various services. This is an area where enough research has not been done and our understanding of social class-wise variations in rural consumption behaviour is sketchy.

Another point that must be underlined is that the influence of the rigid hierarchy of social caste is more strongly apparent in the rural setting. This in turn affects socialization patterns and influences information search and choice behaviour.

According to ¹²National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. As per NACAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India the rise will be from 46 million to 59 million. You can imagine the impact on purchasing power this would unleash.

If one were to evaluate the rural markets based on ownership of durables, the social classes have been showing dynamic shifts in their ownership patterns. According to ownership segments of durables, are the following:

- (i) *necessary, products* - Transistors, wristwatch and bicycle
- (ii) *emerging products* - B&W TV and Cassette Recorder
- (iii) *lifestyle products* - CTV and refrigerators;

The marketers will be depending on the rural markets for major growth in market share especially for the first two categories. A closer analysis of how the ownership pattern is likely to differ across social classes in the growing rural



market is an interesting future area of research. A closer look at some of the other determinants relating to social class like place/type of dwelling indicates a positive shift in the future. Table 13.5 and figure below indicate some trends for the rural markets in terms of current dwelling. Unit 5 will cover some more facets of the rural social elms based on the data obtained from NCAER.

Fig 3.4 : Type of House

Source: <http://www.businessworldindia.com/archive/990407/mktg2.htm>

As rural incomes rise and the above percentages undergo a shift, mobility of rural consumers on a socio economic classification is also likely to follow:

Table 3.5: SEC Distribution (Rural)

Household Type	% Households
SEC 1	2.1
SEC 2	5.4
SEC 3	14.5
SEC 4	19.1
SEC 5	37.4
SEC 6	21.4

Source: <http://www.businessworldindia.com/archive/990407/mktg2.htm>

The figures above do not definitely indicate a progressive social class, however, there is an increase in new users and within the segments some upward movement which is sign of the dynamism within the segment. Socio-economic segmentwise penetration of goods will give you some idea of the rural segmentwise variation This is indicated in the Tables 3.6 and 3.7 below:

Table 3.6: The FMCG Penetration

Category	Total Penetration	Highest SEC (01)	Lowest SEC (06)
Analgesics/cold/ethical	27.9	24.6	26.6
Batteries	21.3	26.1	20
Bulbs	29.9	39.2	24.1
Edible Oils	84.7	76.3	90.2
Hair wash preparations	39.4	49.6	32.3
Iodized Salt	61.5	67.5	61.2
Safety razor blades	45.4	46.3	47.2
Tea	79.1	82.6	74.8
Toilet Soaps	88.3	93.4	83.9
Tooth powders	22.8	20.7	22.3
Toothpaste	33.1	54.9	20.7
Washing cakes/bars	87.5	85.4	86.4
Washing powders/liquids	70.3	78	68

Source: <http://www.businessworldindia.com/archive/990407/mktg2.htm>



Table 3.7: The CG Penetration Percentage increase

Category	% age of new Users added in a month
Analgesics/cold/ethical tablets	1.2
Antiseptic creams	3.3
Batteries	1.6
Biscuits	1.0
Bulbs	1.3
Coconut Oil	1.1
Hair Oil	1.3
Hair wash preparations	1.4
Rubs and balms	1.7
Safety Razor Blades	1.2
Tea	1.0
Toilet Soaps	0.8
Tooth powders	1.4
Toothpastes	1.5
Washing cakes/bars	0.8
Washing powder/liquids	1.0

Source: <http://www.businessworldindia.com/archive/990407/mktg2.htm>

The figure below gives an indication of the rural versus urban incomes segments and depicts the vast disparities that exists between especially at the lower strata of the income levels.

Figure 3.5 : Understanding Rural Incomes

Fig:1

Source:

<http://www.hinduonnet.com/businessline/catalyst/2001/10/11/stories/11o05bcl.htm>

It would also be fair to point out that inspite all the figures quoted above rural incomes are grossly underestimated. In majority of cases the incomes have a cash and kind component and for estimation being done of the rural income, only the cash component is quoted. "Marketers are surprised to find consumers, who according to their estimates do not seem to have the purchasing power, are owners or consumers of their products. The right market estimation is therefore be the need of the hour in order to be able to assess the market potential and make the proper demand forecasts.

Activity 4

Some of the indicators used in socioeconomic classification are education, ownership of durables, income and occupation. Study a small segment of rural consumers to get insight into how does education affect the consumption patterns and buying decisions in the following classes:



- a) Automobiles
- b) Health Services
- c) Saving Schemes

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3.6 REFERENCE GROUPS AND FAMILIES

The impact of families and groups is perhaps the strongest in the rural context. As discussed in the earlier sections too, the role of the seniors in the family, the Gram Panchayat and the village Mukhiya are some of the key influencers in the rural consumers. The eldest male members largely take up the buying decisions in the rural family, whereas even children influence buying decisions in urban areas.¹⁵ Buying decisions are also influenced by social customs, traditions and beliefs in the rural markets and require collective social sanction unheard of in urban areas. The hierarchy of influence has an inversely proportional relationship with educational background, occupation and SEC classification of the consumer. Besides, if the population in the village has the tendency to migrate, this will further mean that the number of people in the "Purchase influence Hierarchy" will increase.

The concept of joint families is still the pattern of living in most households and therefore the roles and status of each individual in the family are well defined. Interestingly, with the joint family structure, the earnings of the family are cumulative in nature and do not have direct correlation with the social class. In an example quoted of the eighty member joint Sarangi family in Dubra, West Bengal, the ownership of durables exceeded the limits identify by NCAER as per income classification, purely for reasons of income being pooled.

Reference groups, partly on account of closer social bonds and lower access to mass media generated information, are very strong in the rural markets. Sources of reference group influence and profile of reference group are very different from urban markets. A reference group typically consists of the opinion leaders, celebrity endorsee, product users and trade spokespersons. In the context of rural markets, the opinion leaders perhaps exert the strongest of appeals, as mass media has typically had a lower reach and impact. The hierarchy of reference group influences is explained by the figure 3.6 below.

Figure 3.6: Reference group influence



Opinion leaders as mentioned form a critical part of the reference group. These opinion leaders might be from within the village, within the family or companies make attempts to specially get experts in related issues to these villages. Typically in most rural health services campaigns, opinion leaders, who may be the village educated youth, the community health worker, the school teacher, the sarpanch or socially influential people play a very critical role. Their credibility and authenticity, is an important part of the message being delivered. The 'Pulse Polio Campaign' of the Ministry of Health and HRD Ministry is a landmark effort where the government is making stronger push in the suburban and rural towns. According to their estimates lower literacy rates are not helping the cause of rural masses being aware of the damages left behind by Polio. The campaign is a hard-hitting campaign with Amitabh Bachchan at the helm of affairs and making a very honest, fervent and desperate attempt to get more folks to the Pulse Polio drive. Recently the U.P. Government has even decided to hire the services of Mohammed Kaif, the upcoming star in the Indian Cricket arena. The rationale for selecting Kaif, against more popular options like Aamir Khan being his semiurban image and perceived popularity in the minority community, where he will be definitely be recognised and identified with.

Several FMCG seeking to address the rural consumer markets are hiring the services of popular stars not necessarily sophisticated for endorsing products. Govinda, Dhanmendra, Sunny Deol or Mithun Chakraborty all have an earthly charisma and appeal, which the rural masses identify with. The Rajdoot-Dharmendra promotion was very successful and that too with minimal mass-media support. Doctors from local district hospitals, Agricultural Scientists from IARI or related institutions add tremendous credibility to health services or the primary occupation, through the sheer application of their local credibility all this is without mass-media support. The moot point in the context of rural market and reference group being that influence is predominantly word-of-mouth driven and not necessarily through structured mass-media advertising in most cases.

In an "HLL experience, an incense vendor in a local weekly haat of a certain village for the last two decades, helps the company to sell its brands like LUX or Wheel with the help of the PA system built on a truck, which the company brought to the fair as a means of point of promotion and sales too. The credibility of the vendor is phenomenal and drives sales more than the Levers staff would have attained on a given day. Interestingly, the vendor used the same planks for selling on which these brands are traditionally sold.

The illustration above is a depiction of an application of reference group influence which operates in a very novel way when seen from an urban context different. Another source of, opinion leadership are the village Mukhiya or the Gram Pradhan, whose experience and knowledge in most cases (by default) are considered legendary. The cooperatives and associations within the village also are strong influencers for the residents. The Anand Milk Cooperative is now a success story, the model of which is being adopted in several other states and for several other categories too. In the more evolved Western markets, especially EU, cooperatives are legendary success stories in the rural markets. However, cooperatives are very difficult to coordinate and run and in spite of several government initiatives have been slow to take off.

Companies already established or making inroads in rural markets are using concepts like community festivals, fairs, haats to leverage the product and its appeal with the help of an authorised spokesperson for the product. These spokespersons, company appointed, could be somebody from within the village or an external reinforcement. The Rajdoot motorcycle advertisement carried a very strong visual of an icon like Dharmendra, with a by line to explain the product aptly, "Ek Jaandar Safari, Ek Shandaar Safari". These attempts by marketers



unlike in urban context are not merely to create noticeability and cut through the clutter of messages. Reference group appeal continues to be very strong and helps in carrying with it credibility of the message and product. Traditionally, most social organisations have been using reference group appeal as a means to deliver messages, specially pertaining to birth control, AIDS awareness, Pulse Polio drive or any simple vaccination programme. These efforts have been fairly successful in the past. HLL, Dabur, Escorts, Eveready, are some of the bigger players in the rural markets using reference group influences successfully.

The existing users of the product are also strong influences for the rest of the village. On account of volatility of agricultural earnings, the rural buyer is a more risk averse buyer. Lack of adequate product information and perceived consequences of a wrong decision, further escalate the risks associated with buying specially expensive or capital intensive products. Personal sources of information, specially those who are already using the product, therefore become a very highly utilized and influential determinant of buying decisions as they help the buyer to reduce the perceived risk in buying a tractor or pump or motorbike which have long been considered to sell on the endorsements of existing users. Refrigerators, TV or any other durable bought in the neighbouring house are also another strong influence. These influences are evident not just in durables purchases but even in cases of brand switching the customer looks for endorsements from current users. To summarise some of the reference groups important in the rural markets are:

- (i) Existing users
- (ii) Company or trade spokesperson
- (iii) The village head
- (iv) The opinion leader, who could be internal or external Activity 5

You have just gone through inputs on reference group influence on rural consumers. From the section above what in your opinion would be the most influential reference groups in the following product/service categories in a rural market and why?

- a. Tractors
- b. Higher education
- c. Insurance policies
- d. Washing soap/detergent

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3.7 FAMILY LIFE CYCLE AND LIFESTYLE

In a nuclear family the differences in the purchase patterns are more distinct and symmetrical. However, age in the rural markets in recent times has become a critical factor to be considered. In the past most rural youth as a segment was were considered homogenous. This is not so in today's context. Punjab has always been regarded as more progressive of the lot. An average rural household will have one of the sons in the defense sector, one an immigrant to the West, but roots firmly in place and the remaining continue to be involved in assisting the parents in the primary occupation of farming. This has meant that



rural Punjab has displayed economic indicators superior to those compared to other rural rejoiners. With the spread of education among the younger generation, the lifestyle patterns of the rural households are undergoing a shift. The typical FLC studied by you for urban markets may not suffice. There are significant variations in life cycle related consumption and ownership pattern in rural and urban lifestyles. An indicative table comparing the consumption by age and lifecycle in both urban and rural market which self-explanatory is given below for reference.

Table 3.8: Lifestyle comparison by age and lifecycle stage: Rural versus Urban

Age	Life Cycle Stage	Products/Services/Activities	
		Urban	Rural
Below 18	Child	Video Games, Toys mostly electronics, Cycles like ATB, MTB, Comics, Chips, Candies, cold drinks, cricket	State, Pencil, Kanji, Community schools
18-25	Teenage	Eating out with friends, bikes, movies, computers, career, mobile, part-time jobs	Cycles, Visiting melas, fairs, festivals, marriage and children
25-40	Young	Eating Out, Credit cards, small families	Bikes, no. of children increases, but smaller than earlier generation
40-60	Middle Aged	Annual holidays, Family Dinners	Daughter's marriage, Tractor or Jeep, participation at the block level politics depending on the social class
Above	Old	Clubs, Parks	Gram Panchayat, active participation in local politics

Source – Table based on the book Rural Marketing by C.S.G. Krishnamacharyulu and Lalitha Ramakrishna, Chapter 4, Page 99, Pearson Education (Singapore) Pte. Ltd., 2002

Overtime it has been observed that the rural markets have been demonstrating a gradual shift from the existing purchase patterns. As purchase options and awareness grow, they are exhibiting more of variety seeking behaviour' and in some markets and categories they are willing to experiment with new brands that provide better value. However, the context of the family and life cycle related consumption seem to have a direct correlation, with; (i) population migration (ii) socio-economic strata and (iii) patterns of family life cycle in the locality.

The influence of politics in a village is high because the policy initiatives in respect of agricultural, rural infrastructure, banking and credit systems all critical to rural well being all emanate from the government policy and local implementation of policy. These in turn have far reaching influence on rural lifestyle and determine the Activities, Interests and Opinion (AIO) profile and the way they might differ in a rural context.

Migration to the cities and suburban towns also plays a crucial role in the lifestyle and economic background of the villagers. There are also widespread instances of parents sending children to cities for higher education and their eventually settling in the city itself. Eastern U.P. and Bihar are two states where both the cities and the villages have seen continuous population migration. A lot of it has to do with huge parental debt traps, which have become difficult to repay. Second, these villages suffer from poor economic conditions and a worsening lack of opportunities in the vicinity. Rajasthan is another state, where sizeable population has been migrating out to the adjoining states of Delhi and



Haryana. In states like Punjab and Maharashtra such phenomenon are relatively lower owing to their more prosperous background in comparison to the other states.

However, all this has definitely created an impact on the economic background, and lifestyle of families in the villages. The first is the disintegration of the rigid hierarchical structure, seemingly with low impact on the core family values. Some marketing implications of these changes:¹⁹

- (i) The education and prosperity levels have percolated top to down with resultant widening of strata with market potential.
- (ii) The youth's education levels have meant more awareness and a definite impact on the lifestyle.
- (iii) Decision making process has largely begun to move from the bastions of elders in the family to the youth too. Interestingly, the elders in the family have begun to assign credibility to the soundness and perceived validity of such decisions, specially where the youth have become better educated and gainfully employed.

Activity 6

Talk to a farmer, a rural shopkeeper and a rural youth. Prepare a list of their Activities (what do they do, how do they spend their time) Interest (what occupies their interest) and Opinions (what do they think about in term of their environment, politics economy, aspirations products brands etc. Prepare a list. of w AI() statements. In what way are they similar to an urban consumer and how they are different?

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3.8 PSYCHOLOGICAL FACTORS

The questions of motivation levels for the urban and rural consumers being different or same depends on the motives. The felt or innate needs in both the cases will largely remain the same. It is the acquired needs where the differences may happen. The acquired needs are shaped through exposure, experiences and the process of socialization in a given environment. With the visible differences in the urban and rural settings, the aspiration levels related to acquired need do differ. Evaluation of Table 3.9 depicts how the differences in the lifestyles of the rural and urban are so apparent and they have direct correlation to the need set. A youth in the age group of 18-25 in the rural area is married and with significantly higher levels of responsibility in comparison to his urban counterpart who might still be a bachelor and dependent on his parents. In the Maslow's Need Hierarchy model, while there might be relative homogeneity on basic need levels but as the need set moves to safety or social or esteem, there are visible differences between the aspirations of urban and rural sets. In the urban markets, aspiration in respect of the safety needs will largely comprise of savings in the bank, insurance policies and long-term investments. Alternatively, for the rural counterpart it is the size of liquid and bullion reserve with the local bank or stored away privately that may be solution for his security needs. Similarly, aspirations for esteem needs may vary between the two segments. The key influences affecting aspiration levels in respect of various levels of need hierarchy are chiefly:



- (i) Level of Education
- (ii) Exposure to Mass-media (vernacular)
- (iii) Infrastructure development in the region
- (iv) Vicinity to the urban townships
- (v) Banking and Rural Credit infrastructure
- (vi) Reach of TV/Radio/Cinema

3.8.1 Attitudes and Beliefs

You are aware of the significance of attitudes for buying behaviour. As learned predispositions, to behave consistently favourably or unfavourably with respect to any give object, attitudes direct buying decision. You have also studied that attitudes are comprised of the three components, the cognitive (knowledge), the affective (emotions, feelings) and the conative (leading to action) components. Attitudes of rural consumers are strongly governed by their levels of awareness, belief systems affecting their evaluation and resultant feeling they may develop towards a given object, a product or a brand.

Overcoming basic attitudes and habits in the rural markets are some of the difficult tasks for rural marketers. In its quest of the rural market share HLL has not only been concentrating on penetrative pricing and well-established retail presence, but also trying to overcome certain attitudinal problems especially relating to hygiene and healthcare. ²⁰Three out of 10 people in rural areas use toothpastes or talcum powders or shampoo and skin care products and only six use washing powders. In soaps, consumption is once per five bathing occasions, largely on account/of perceptions of soaps being chemical, therefore harsh, and sufficient for cleaning once in a while. Economy in usage is also an issue. Quantities consumed are also thus far less which makes it even more difficult to place the standard sizes and weights on the shelf. Smaller packs, pouches or sachets are the more popular versions here and companies are re-engineering their manufacturing line for the rural markets. Marketers have also realised the importance of educating the consumers to overcome the basic attitudinal barriers. Operation Bharat is one such initiative of HLL, to not only offer a low cost basket of products to the rural masses, but also simultaneously educate them about the benefits of such products. Participation in the local festivals, melas, haats, fairs and using these forums to introduce the benefits of the product helps consumers fundamentally understand the problem of hygiene, its relationship with general well being and the possible solutions to the problem.

A simple issue like cleaning hands after every chore conducted, is a mental block. Especially after feeding the cattle or after washing clothes at the riverside, washing of hands should be imperative. Rural consumers, however, believe clean looking hands to be germ free hands so usually presume that a mere wash with water is hygienic enough. HLL through its various rural awareness programmes is trying to change the-basic attitudes regarding the desirability of germ free hands at two levels:²¹

- (i) On one end, to get people to switch to soap
- (ii) On the other end, switch to a Levers brand.

The process of overcoming the mindsets will be a fairly long and arduous task , but already there are enough evidences showing some sporadic success, especially in the southern region where the drive has been more successful. Population migration and rise in literacy levels has a direct relationship to the overcoming of basic attitudes and habits too, as visiting youth who have either been studying or working in the city, bring with them awareness of different concepts and consumption and are able to influence attitude change.



3.9 SUMMARY

No marketing effort can be envisaged without an understanding of the dynamics of the behaviour of consumers in a given market. This is as true of rural market as any other market. This unit makes an attempt to bring to you the buying behaviour processes as observed in the rural markets in India. The various factors that influence buying decision, for example, attitudes, motivation, lifestyle and life cycle stages have been discussed to clearly bring out the differences between urban and rural consumers so as to help you to plan differential marketing effort. In view of their specific significance, reference groups and their influence in buying decision has also been discussed.

3.10 SELF ASSESSMENT QUESTIONS

1. Identify the key differences in the environmental factors affecting buyer behaviour for rural and urban markets.
2. In the age group of 18-25 years are there any differences in the value systems endorsed by the rural and urban youth, if so, what are they?
3. Visit any nearby village in the vicinity of your town and spend half a day at any retail outlet. Identify the approaches of customer in buying and list them down based on the steps in the buyer behaviour process.
4. Explain the role of reference group in the context of rural markets and comment upon how does it differ from the urban markets?

3.11 FURTHER READINGS

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