

FACTORS INFLUENCING THE PURCHASE DECISION OF RURAL CONSUMERS: A STUDY IN THE RURAL MARKETS OF GUJARAT (INDIA)

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ABSTRACT

The paper is an attempt to understand the purchase behavior of rural consumers with reference to selected FMCG product. This is done by studying factors influencing their purchase decision, counterfeit products and their use, and the role of retailers in influencing the purchase decision of rural consumers of Gujarat. There is a wide availability of counterfeit products in the rural markets of Gujarat and the people are sometimes kept away from the genuine products.

The marketing implications got for the study contributes towards understanding the profile of the villagers. The demographic profile is very important to the marketers to study the needs and preference of the customers as per their gender, age, education and income. This helps the marketers to design the strategies which would be useful in selling the products to customer of different age group, gender, education and income. Price and value for money has been found the most important factors. The rural customers would prefer any brand which would be either low priced, may be in their budgets or may give them the value for their money. The rural customers are well aware of all the brands but they are unable to distinguish between the genuine and the counterfeits. Also the retailers are an important medium to influence them to buy the products.

Keywords: Rural consumer, Influencers, Counterfeit products, FMCG products, Rural Retailer

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1. INTRODUCTION

According to Census of India 2011, out of total population of 1.21 Billion (121 Crores), 0.833 Billion (83.3 Crores) are in rural areas. The spread of population in 4,200 cities and towns is to the extent of 25 %, and of the remaining 75% is in 5, 76,000 villages. Of these, 1,50,000 villages have a population ranging between 200 or less, 3,16,800 villages are in the range of 500 or less & more than 200, 6,300 villages in the range of 5,000 or more and the remaining 1,02,900 villages in the range of 5,000 or less but more than 500 (Dawar and chatopadhaya 2000). As per the 2011 census, out of a total population of 1.21 Billion, 68.84% live in rural India (see exhibit 1). Hence the marketers believe that the rural markets offer opportunities which are vast and yet relatively untouched (Narsimhan, 2005). The absolute size of the rural population will serve as a large potential demand base for a variety of products (Jatana, 2005). But there are few companies which have been successful in marketing their products in rural areas.

Fast Moving Consumer Goods companies are the fourth largest industries in India, and it creates career opportunities for more than people and it have market size of about Rs 110000 crores (Kavitha, 2012).

This study revolves around the villages of Gujarat. As Gujarat is a rich state the rural areas can be source of good income generation for the organizations. The rural population habitation is more than the urban population (See Exhibit 2). That proves that in Gujarat the organizations dealing in the FMCG products will have to concentrate more on this area. Here in Gujarat out of the total occupied census houses 86.2% (See Exhibit 3) are occupied this shows the need for the everyday needs to be fulfilled in the households

2. LITERATURE REVIEW

2.1 Rural markets and Rural Consumers

The consumers in the rural areas are different from that of the consumers in the urban market in terms of the attitudes, priorities, interests etc., they possess to be studied in various ways (Dhumal, Tayade &Khandkar, 2008). Loudon (1988) mentioned that consumer behaviour is the process that focuses how the groups or individuals make decisions in order to spend their own resources (effort, money and time) on the related consumption items. Probably the rural consumers indicate the much continuing cultural traditions those budding economies and might offer an unexplored cultural point of view of economic development (Martinez and Carbonell, 2007). On the other hand, in a village because of the reason of strong social pattern, comprising of low literacy level and the community decision making and caste consideration is making quite general (Srivastava & Kumar, 2011)

2.2 Consumer Behavior

Fast Moving Consumer Goods companies are the fourth largest industries in India, and it creates career opportunities for more than three million people and it have market size of about Rs 110000 crores (Kavitha, 2012).

2.3 Fake Products

The fake FMCGs could be categorized into two types, they are, second - pass - off products and the counterfeit products. The counterfeit product is a type of duplication in which even the unique producer would not be capable of discriminating among a fake and a genuine product. It is these fake

goods bear the indistinguishable name of the unique product, its graphics, design, packaging and color pattern and even the same address and the name as the authentic producer.

Counterfeiting continues to increase globally because of the high margins achieved through counterfeiting by manufacturers and the demand for trade name goods at value prices by consumers (Amine and Magnusson, 2007). These pass - off product come into the market with a motive of cheating and misleading the ordinary customers who are unqualified or in urgency in procuring products (Velayudhan, 2003).

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2.4 Rural Retailer

According to Prahalad (2009) if organizations want to succeed, they should start changing their outlook towards poor people and start looking at them as value driven clients rather than victims. It is according to Burt (1992), the theory of network arguments that the network comprises of information gaps. It is since the retailers' acts as a bridge among the markets and consumers; they could attain competitive advantages by networking. According to Dunne, Lusch and Carver (2010) retailing consists of the last tasks and steps required either to fix a product in customer's hands or to offer a service to the customer.

3. RESEARCH METHODOLOGY

The study uses both the qualitative and quantitative research approach. The use of both the descriptive and exploratory research designs is made. The sampling unit considered for this study is the people belonging to the villages of Gujarat state having the population of 2000-5000 people. For the quantitative study the village people and village heads have been taken into consider and for the qualitative study the rural retailers and the experts from the industry have been considered. The sample size for the study is 1600 people which have been derived from the following formula

$$S = \frac{Z^2 P (1-P)}{d^2} = \frac{(1.96)^2 0.5(0.5)}{(0.05)^2} = 385 \text{ customers.}$$

Following are the values for the equation

Z= Z VALUE = 1.96

P = Proportion value (0.5)

d= Precision Level = 0.05

The number of 385 respondents belongs to one zone. The data has been collected from the four zones of Gujarat: South, North, Central Gujarat and Saurashtra. This makes the sample size to be 1585. But for the safety reasons the data collected was from 1600 respondents (400 respondents from each zone).

For the design of questionnaire the experts from various FMCG companies were contacted and their opinion was taken to understand the mindset of the consumers in buying any product.

3.1 Objectives

1. To understand the factors influencing the purchase decision of selected FMCG products by rural consumers.
2. To determine the effect of demographic profile of rural consumers on the purchase decision of selected FMCG product categories.
3. To comprehend the ability of rural consumers towards differentiating original and counterfeit brands in the selected FMCG product categorie
4. To determine the role of retailers on spreading awareness of selected FMCG products, and its impact on the consumers' purchase decision.

3.2 Selected product categories

Skin Care Products:	a) Bathing Soap
	b) Face cream
	c) Talcum Powder
Hair Care Products:	a) Hair Oil
	b) Shampoo
Laundry Products:	a) Washing soap
	b) Detergent powder

4. DATA ANALYSIS AND INTERPRETATION

4.1 Demographic profile of Sample Surveyed in Gujarat

Table 1

Demographics		Frequency	Percent
Gender	Male	800	50
	Female	800	50
Age	18-25	320	20.0
	26-35	450	28.1
	36-45	556	34.8
	above 45	274	17.1
Education	Nil	104	6.5
	Less than 8th std	230	14.4

	till 8 th	408	25.5
	SSLC	414	25.9
	HSC	295	18.4
	Undergraduate	143	8.9
	Postgraduate	6	.4
Occupation	Working	1013	63.3
	Unemployed	587	36.7
Monthly family income	less than 5000	180	11.3
	5000-8000	438	27.4
	8001-15000	513	32.1
	more than 15000	469	29.3

Source: Spss output

Table 1 shows the demographic profile of the sample surveyed in the state of Gujarat.

4.2 Important Influencers

Attributes influencing the purchase **Table 2**

Factors	N	Minimum	Maximum	Mean	Std. Deviation
Nominal price	1600	1	5	4.13	0.975
Brand Image	1600	1	5	3.02	1.306
Quality	1600	1	5	3.03	1.236
Value for money	1600	1	5	3.9	1.163
Packaging	1600	1	5	2.91	1.35
Discounts and offers	1600	1	5	4.24	1.052
Availability	1600	1	5	3.15	1.339
More Quantity	1600	1	5	3.05	1.377

Source : SPSS output

From the above table we can observe that the mean was high for discounts and offers with a mean value of 4.24 and a standard deviation of 1.052 and packaging had low mean value with of 2.91 and standard deviation of 1.35. This shows that the respondents like to buy products with good offers as they are price conscious. The second important factor is the nominal price of the product. The mean value for this attribute is 4.13. The low price of a product would influence them to buy the product. All the factors related with the price benefit or value for money is more important to the respondents. Thus this shows that the respondents are ready to buy the products which are low priced or having discounts on them.

4.3 Attitude towards the Retailers

Table 3

Statements	N	Mean	Std. Deviation
I always buy FMCG products from the same shop keeper	1600	3.95	1.188
I blindly trust the words of the shopkeeper in buying a FMCG brand	1600	3.09	1.136
I believe that the retailer suggests brands to me only if they are really worth suggesting	1600	3.43	1.012
Buying brands based on the shopkeepers words has created problems to my health, in the past	1600	2.55	1.003
My experience with the products suggested by the retailer has been good so far.	1600	3.43	1.049
I feel that my retailer suggests me brands only out of the personal interest towards me.	1600	3.05	1.016

Source: SPSS output

From the above table we can observe that the mean was high for the statement stating the willingness of the customers to buy products from the same shop keeper with a mean value of 3.95 and a standard deviation of 1.188 and Buying brands based on the shopkeepers words has created problems in the past had low mean value with a mean of 2.55 and standard deviation of 1.003. This shows the trust and loyalty towards the retailers. The other two statements which show the show the loyalty for a retailer are statement number two, three and five which also show the importance of the trust and loyalty of the customers towards the retailers. This shows the importance of the retailers in the minds of the customers. Buying from the same shopkeeper may be due to the availability of the credit facility or may be because the shopkeeper's opinion.

4.4 Attitude towards Counterfeit products

Table 4

Statements	N	Mean	Std. Deviation
I know very well to differentiate between original and counterfeit product	1600	3.13	1.191
I do not have the ability to differentiate between original and counterfeit product	1600	3.17	1.094
In the past I have been sold with counterfeit products and fooled by the retailer.	1600	3.13	1.251
I do not have any experience of buying a counterfeit brand in the past	1600	2.71	1.258
I buy a counterfeit brand purposely in order to save money	1600	3.07	1.286
I always buy original brand rather than a counterfeit brand	1600	3.41	1.064

Source: SPSS output

From the above table we can observe that the mean was high for Statement 3 with a mean value of 3.41 and a standard deviation of 1.064 and Statement 4 had low mean value with a mean of 2.71 and standard deviation of 1.258. Yet it has been found during the research that the respondents have used the counterfeit products as the products are the look alike or spell alike of the genuine brands, it is difficult for the respondents to differentiate between the two types of the products.

4.5. Hypothesis Testing

4.5.1 Hypothesis 1.

In order to determine whether there is a significant association between the income of the respondents and price being the factor to buy fake products, Correlations test was applied by using SPSS. The null and alternate hypotheses are as follows,

H01: There is a association between the income of the respondents and price being the factor to buy fake products

H11: There is no association between the income of the respondents and price being the factor to buy fake products

Table 5

Variab les	Values	monthly family income
Buying of counterfeit products by the sample to save money	Pearson Correlation Sig. (2-tailed) N	.080** .001 1600

From the table above we can observe that the correlation coefficient between the monthly family income and price being the factor to buy fake products was 0.08 and its corresponding p value is $0.001 < 0.05$. Since the p value is less than 0.05, we can conclude that there is a positive and significant association between the income of the respondents and price being the factor to buy fake products. This shows that the low income people may be having more preference for the counterfeits. This also shows the price being an important factor considered to purchase the products by the rural people.

4.5.2 Hypothesis 2

In order to determine whether there is a significant association between the educational qualification and price being the factor to buy fake products, Correlation was applied by using SPSS. The null and alternate hypotheses are as follows,

H02: There is association between the educational qualification and ability of respondents to differentiate between fake and genuine brands

H12: There is no association between the educational qualification and ability of respondents to differentiate between fake and genuine brands

Table 6

Variables		Eduqual
I buy a counterfeit brand purposely in order to save money	Pearson Correlation	.119**
	Sig. (2-tailed)	.000
	N	1600

From the table above we can observe that the correlation coefficient between the educational qualification and price being the factor to buy fake products was 0.119 and its corresponding p value is $0.000 < 0.05$. Since the p value is less than 0.05, we can conclude that there is a positive and significant association between the educational qualification and price being the factor to buy fake products. Thus the null hypothesis is not rejected. This shows that people with no or minimal education would be buying the counterfeit products as they would be finding it difficult to differentiate between the genuine and the counterfeits. Educated people better understand the importance of purchasing the genuine products. It's due to lack of proper education that people just buy any product in order to save money. The education level of the people in this area is vernacular in nature.

4.5.3 Hypothesis 3

In order to determine whether there is a difference between the opinions of the respondents regarding the purchase behavior towards the selected FMCG products is dependent on retailer's suggestions, a chi square test for equal proportions was applied by using SPSS. The null and alternate hypotheses are as follows,

H03: Purchase behavior towards the selected FMCG products is dependent on retailer's suggestions.

H13: Purchase behavior towards the selected FMCG products is not dependent on retailer's suggestions.

Table 7

Chi-square test (purchase behavior and retailers suggestion)

	Retailer Recommend
Chi-Square	613.544 ^a
Df	4
Asymp. Sig. (p)	0.000

Source: Primary

From the table above we can observe that the value of chi square statistic was 613.544 and its corresponding p value is $0.000 < 0.05$. Since the p value is less than 0.05, we can conclude that there is a significant difference between the opinions of the respondents regarding the purchase behavior towards the selected FMCG products is dependent on retailer's suggestions. Trust is also a very important factor for the purchase decision. As we have already studied that the educational qualification plays an important role in the purchase decision. And there are around 7% respondents who are uneducated. Definitely they would be relying on the opinion of the retailers for the purchase of the selected FMCG. Even people with lower education would be relying on the opinion of the retailers for their purchase.

4.5.4 Hypothesis 4

In order to determine whether there is a difference between the opinions of the respondents regarding rural consumers have an ability to differentiate between original and counterfeit products in the selected product categories, a chi square test for equal proportions was applied by using SPSS. The null and alternate hypotheses are as follows,

H04: Rural consumers have an ability to differentiate between original and counterfeit products in the selected product categories.

H14: Rural consumers do not have an ability to differentiate between original and counterfeit products in the selected product categories.

Table 8

Chi-square test (ability of respondents to distinguish)

	Respondent not having ability to distribute between Genuine and Counterfeit product
Chi-Square	627.775 ^a
Df	4
Asymp. Sig.(p)	0.000

Source: Primary

From the table above we can observe that the value of chi square statistic was 627.775 and its corresponding p value is $0.000 < 0.05$. Since the p value is less than 0.05, we can conclude that there is a significant difference between the opinions of the respondents regarding rural consumers having an ability to differentiate between original and counterfeit products in the selected product categories. We do not accept the null hypothesis as the consumers think that they can distinguish between the genuine and the counterfeit products but actually they can't and rely on the opinion of the retailers for the purchase.

4.5.5 Hypothesis 5

In order to determine whether there is a difference between the opinions of the respondents regarding purchase of counterfeit products in selected FMCG products is dependent on the suggestion of the retailer, a chi square test for equal proportions was applied. The null and alternate hypotheses are as follows,

H05: Purchase of counterfeit products in selected FMCG products is dependent on the suggestion of the retailer.

H15: Purchase of counterfeit products in selected FMCG products is not dependent on the suggestion of the retailer.

Table 9

Chi-square test (Fooled by the retailer to purchase counterfeit)

	Fooled earlier by the retailer and have purchased Counterfeit products
Chi-Square	450.844 ^a
Df	4
Asymp. Sig.	0

Source: Primary

From the table above we can observe that the value of chi square statistic was 450.844 and its corresponding p value is $0.000 < 0.05$. Since the p value is less than 0.05, the null hypothesis being accepted, we can conclude that there is a significant difference between the opinions of the respondents regarding purchase of counterfeit products in selected FMCG products is dependent on the suggestion of the retailer. There being a trust factor between the respondents and the retailers, the opinion of the retailers becomes an important factor. Thus the rural consumers depend a lot on the opinions of the retailers.

5. CONCLUSION AND MARKETING IMPLICATION

After studying the literature and taking the expert's opinion on the inclusion of all the items in the questionnaire the data was collected from 1600 respondents in the selected villages across Gujarat (India). The data was then analyzed through the software (SPSS) and various findings were made by the same. The findings give understanding of the dynamics of the rural consumers. Also interviews were taken of the retailers to understand the rural retail. The findings suggest that the rural women are more actively involved in the purchase of the products and they have their own opinion in the shopping of products.

Maximum of the respondents ranged between the age group of thirty six to forty five, which means the earning member of the family is making decision about the purchase. Most of the respondents were having some kind of education taken though it would be in the local language only as most of the villages were having schools in vernacular language only. It was found that the monthly family income of fifty percent respondents was in between the range of INR 5000-15000.

The demographic profile is very important to the marketers to study the needs and preference of the customers as per their gender, age, education and income. This helps the marketers to design the strategies which would be helpful in selling the products to customer of different age group, gender, education and income.

It is found in the study the important factor considered important for the rural customers for buying certain types of products. Price or value for money has been found the most important factors. The rural customers would prefer any brand which would be either low priced, may be in their budgets or may give them the value for their money. Here the companies in the FMCG need to understand the income of the customers and their readiness to buy the brands in the prices set by the companies. People in the rural areas prefer to buy low priced products, thus they end up buying either the local brands or the counterfeits. As more than seventy percent of the population resides in the rural areas the marketers of genuine brands can design product which can be easily purchased by the rural customers in their pay-budgets.

The rural customers are well aware of all the brands but they are unable to distinguish between the genuine and the counterfeits. Also the retailers are an important medium to influence them to buy the products. As price seems to be an important factor for the purchase of a product, the pricing strategies should be worked on well by the marketers to attract more rural customers towards the genuine products. Discounts and offers are also very important to the rural customers. The marketing technique to attract the villagers through discounts and offers can also be considered.

From the study it was observed that respondents or rural people would like to prefer to use the branded products in the selected product category. Though the respondents are not able to make a difference between the genuine and the counterfeit brands, yet they feel that they are using the genuine brands.

These counterfeit brands are the look-alikes and spell alike of the genuine brands and look exactly like the genuine brands. This may be the reason that the villagers are not able to distinguish between the genuine and the counterfeiters. The roles of the marketers become very active here as they need to work on strategies which would make the rural customers aware of the difference between the genuine and the counterfeit products. Also the rural customers should be made to know the terrible consequences of using the counterfeiters. The villagers need to learn that the counterfeiters can deteriorate their health in many ways. And this is possible only if the marketers are able to reach the village people and show them the differences in the products.

The villagers trust the retailers blindly and purchase the products on the retailers' recommendation. The marketers should concentrate on this channel and give retailers their share of profits and other facilities in the way that they are motivated to sell the genuine brands. It was observed in the studies that the availability and the price of the counterfeiters is a major reason for the villagers to buy these products. On interviewing the retailers it was found that the distributors of the counterfeit products give them products on credit and the profit margin on these products is very high. The reason for selling these products is the margin factor and the credit facility. The retailers are the most important links between the producers and the customers. This link needs to be utilized in a better manner. The retailers' opinion is very important to the rural customers. They trust the retailers blindly and believe that the retailers would suggest buying a product which is good for the customer. If the marketers keep good relations with the retailers than the marketers can gain good market share for their products. This can in a big way encourage the retailers to sell the branded products to the villagers

Annexures

Exhibit 1. Overall population (In crores) of India

	2001	2011	Difference
India	102.9	121.0	18.1
Rural	74.3	83.3 (68.84%)	9.0
Urban	28.6	37.7	9.1

Source: census of India 2011

Exhibit 2 Gujarat population

Density	Rural	Urban	Total
308/sq km	34694609	25745083	60439692

Source: census of India 2011

Exhibit 3 Number of Census residential Houses in Gujarat

	Total	%	Rural	%	Urban	%
Number of census houses	12446995	100	7525173	60.5	4921822	39.5
Vacant Census Houses	1715375	13.8	866222	11.5	849153	17.3
Occupied Census Houses	10731620	86.2	6658951	88.5	4072669	82.7

Source: census of India

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