

Paper –CONSUMER BEHAVIOUR

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Topic- Case Study on Rural Buying Behaviour

Excessive competition and saturation in urban markets is driving many FMCG and consumer durables companies the rural markets of India for survival and growth

Hindustan Lever Ltd has undertaken two projects-Bharat I and II-to take its products deeper into the rural areas This is in spite of the fact that they are pioneers in rural marketing in India. Henkel Spic India has started a project called Hariyali Safar, or 'green journey, aimed at rural marketing Maharaja Appliances Lid has launched a range of no-frills home appliances meant specially for the rural and semi-urban markets.

Sony has entered the rural market without reducing its prices or even offering lower-end models for potential Mobile handset companies and mobile service providers have also started wooing rural consumers in a big way.

All are confident that these strategies will definitely work. It may not bring in quick results in the short-term period. But in the long term there is no doubt that rural purchasing power has steadily expanded over the past decade with the help of large increases in rural plan outlays, higher agricultural production and higher support prices for farm produce. The rural market potential is growing by leaps and bounds. During the decade, the procurement price of paddy and wheat has doubled, and there has been a four-fold increase in outlays for rural development between the seventh and ninth plan periods. Moreover, the proliferation of television has changed rural lifestyle and spending habits. The higher disposable income has made rural consumers go for urban products to improve their quality of life.

Marketers have mostly been limiting their concentration on supplying goods that are needed for the entire rural family or rural household. However, a few of the marketers have also been launching products aimed at individual needs and desires of rural consumers. A survey was conducted by a research team in rural Pondicherry to find out how well some of these products have been marketed, and to gather insights on buying behaviour. Though the survey focused on only two products-wristwatches and footwear-some of the insights gathered could be of a broader relevance, capable of generalising

The conclusions of the study are that rural consumers consider only one brand, and visit only one shop before making a purchase decision. Titan was found to be the most preferred brand in watches. The imported Casio (grey market one). HMT and Citizens were found to be the other favourites. It was found that though most decisions about buying a watch are taken by the buyer himself, retailers and advertisements are important influences. Unlike urban areas where watches have become gift items and may, therefore, face seasonal spikes in demand, in rural areas, watches are bought as and when necessary. And many buyers think that price is an important factor to consider.

When it comes to footwear, however, brands appear to be less important than perceived quality and price. Many of the rural buyers are also not aware of the different brands of footwear. Most of the buyers buy chappal from a nearby town and tend to visit only one shop for making the purchase. They buy footwear when the last one wears out, indicating that utility and longevity are the prime consideration in purchase decisions. Fifty rupees were found to be the cut-off point up to which rural consumers would consider spending to buy footwear. This study covered only villages that had a population of more than 1000 Pondicherry region had 164 villages spread over six communes. Though the villages were randomly selected, respondents from a village were chosen based on quota.

the sample from each village was proportionate to the village total population) and convenience. The final sample size was 102 and 91 respondents for wristwatches and footwear respectively, spread over 70 villages. The study was based on both primary and secondary data, with primary data collected with the help of specially designed schedules to sun the selected products.

The main objectives of the study were:

1. To find out who influences the buying decisions of the products
2. To find out the various factors considered by rural customers
3. To find out the occasion / time of purchase of the products.

The limitations of the study are its relatively small sample size, its focus on one geographical area, and the fact that only two products were included for scrutiny.

Within these limitations of the survey, some broad conclusions emerge. One can say that the surveyed rural customers were found to consider brand name and price as important elements in buying wristwatches. They also attach importance to the quality of footwear. Rural customers are also found to prefer to shop only at one place. They buy wristwatches and footwear as and when they require them without waiting for any offer or festive season. The findings suggest that manufacturers should make available quality products at affordable prices in towns that are accessible to the maximum number of villages, to cater to the rural market.

Questions

1. Will the strategies of FMCG companies to go rural work? Justify your answer.
2. Discuss the adequacy and appropriateness of the research in the context of the given objectives.
3. Explain the findings of the study pertaining to watches and footwear.
4. Can the findings based on the two products be generalized? Justify your answer.