Chapter Two

Review of Literature

Research Methodology
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Present study is focused on the consumer behavior of people from rural areas of Himachal Pradesh specially from Kinnaur and Bilaspur districts. These locations have been selected due to the variations in socio-cultural and economic status of people residing in these areas. Due to these variations, people from these settings, differ in buying behaviors. The study is focused on the buying behavior in case of consumer durable goods specially Television, Refrigerator and Washing Machine. Factors influencing the buying behavior in selecting a particular brand, e.g. promotional strategies, advertisement and key decision makers, have been studied in the present research. Intensive efforts have been made to find the relevant studies in consumer behavior of rural people. For the research purpose, studies from Indian and foreign countries have been reviewed. Studies in consumer behavior and rural marketing strategies have also been considered for the research purpose. Limited research has been done in this field especially in Himachal Pradesh and therefore it calls for a focused research in this area. A summary of literature reviewed is mentioned below. This chapter also covers the research methodology used in present study.

2.1 Review of Literature

Research in the current field is presented in chronological order below:

Arndt (1967) found in his study the importance of word-of-mouth advertising. He advocated that it is, by and large, based on sharing and spreading information with people through verbal advertising, while the information being exchanged comprises of brand, product and service. His research indicates that customer interaction from word-of-mouth advertising has a strong influence on customer buying behavior.

Padberg, et al. (1974) revealed that a brand offers a way of information exchange in the marketing process. He further added that a brand is able to strengthen product recognition and provide the information for customers with a view to avoid the risks in buying unfamiliar brands. He revealed that brand helps in differentiating itself from other brands and also reinforces the image in customers’ mindset and provides purchase information.
Shimp (1981) in his study author has revealed that advertisements can also influence the attitude of consumers and affect the brand choices of consumers. He found that the advertisements are able to affect the attitude of consumers towards products. He advocated that if the advertisement conveys a positive impression to the products, consumers may be attracted by such products and result in purchasing. He concluded that buying behavior and purchasing intention will be influenced by advertisement. He found a positive relationship between advertisement and buying behavior.

Schaninger (1981) in his study concluded that income is very important in explaining the consumption of low social value products and services that are not related to class symbols, but require substantial expenditures. He further advocated that the income also tells about the purchase frequency for soft drinks, mixers and distilled alcohol. Social class is a better predictor than income in areas that do not involve high dollar expenditures, but reflect an underlying lifestyle, values, and home maker role differences, not captured by income. He further concluded that social class is superior for understanding the purchase of highly visible, symbolic, and expensive goods, such as living room furniture and the combination of social class and income is generally superior for highly visible products that require moderate or substantial expenditure and also serve as class-linked symbols.

Lumpkin, et al. (1986) have contributed a study on examining the shopping orientation profiles of rural consumers. In this study authors revealed whether segments of rural consumers that have unique shopping orientations exist or not. They founded that there are three shopping-orientation segments such as Inactive in shoppers (High level of loyalty towards local merchants), Active out shoppers (favourable attitude towards large city shopping) and Thrifty Innovators (Economic shoppers). These shopping segments are relatively unique with respect to attitudes toward various shopping-area attributes and patronage behavior. They laid stress on three shopping-orientation groups of rural consumers that represent a market segment, the “Active Out shoppers” and “Thrifty Innovators” seem to be the more viable segments for urban retailers attempting to attract shoppers from rural areas. Therefore for rural consumers, cleanliness is the most important factor in deciding where to shop.
and the other factors are convenience-related attributes followed by attractive décor and entertainment facilities.

Suk-ching Ho (1987) examined the implications of economic reforms in the countryside, and the families becoming the basic unit of production, that decides what work to do and where, who should perform which tasks, and how income and profits should be spent. Socialist principles should ensure that benefits accrue to women from the economic reforms but they are also creating new problems. Author has discussed women’s roles in the economy and the nature of the present reforms, the article gives detailed consideration to three areas of particular concern to women: obtaining education, relieving household chores, and restraining birth rates. The author suggests that the traditional preference for sons is a further factor working against women’s interests.

Valence, et al. (1988) in their study founded that on the basis of the levels of emotional activation, cognitive control and reactivity, four types of excessive consumption buyers are found: emotional reactive consumers (strong emotional activation), impulsive consumers (strong emotional activation and strong reactive behavior), fanatical consumers (strong emotional activation and high cognitive control) and compulsive consumers (strong emotional activation, high cognitive control and strong reactive behavior).

Rogers, et al. (1988) have focused on the socioeconomic aspect of the urban and rural populations and the expenditure pattern of the two populations. The income and expenditure pattern in terms of transportation, food, apparel, automobile and housing were compared with rural and urban population. The urban counterparts had the higher level of expenditures on food, housing and apparel where as the rural population average income was spent on transportation, health care, tobacco and other personal insurance. Therefore there are differences in the way that urban and rural consumers allocate their expenditures budgets with regard to socio-economic changes.

Gupta (1988) examined the factors motivating consumers to buy durables in his study titled, “Impact of sales promotion on When, What, and How much to buy”. The factors which he found responsible to buy a durable product and making brand choice were source of information, role of family members in influencing brand choice and consumer satisfaction.
Faber, et al. (1988) revealed that the psychological factors reported as possible causes of compulsive buying include low levels of self-esteem, anxiety, depression, high propensity to fantasize, desire for stimulation and arousal and desire for recognition and approval. Sociological factors that have a plausible role in compulsive buying behavior concern early family experiences, gender roles and general disintegration of modern life.

Schopphoven, et al. (1990) has identified the relationships between consumption patterns and values of different subcultures (a comparison between rural and urban consumers in western Germany). The ownership of selected products, the intent of purchase and the importance of these products for the individual consumer in rural and urban segment were explored in this study. Authors found that there is not much of difference between the urban and the rural sub cultures, but some demographics such as marital status, professional status, children in the household tend to have discriminating power on the consumer buying behavior.

Mc Elroy, et al. (1991) advocated that with respect to biochemical factors, serotonin plays a significant role in the occurrence of compulsive behavior. Authors revealed that abnormal serotonin levels were associated with impulse control disorders such as pathological gambling, eating disorders and kleptomania. Their study focused on the effect of serotonin therapy which gave additional support towards the idea that compulsive buying could be at least partially explained in terms of unbalanced levels of serotonin.

Hudson. J (1991), revealed the importance of the confidence others have in the individual’s opinions as well as their own opinions. The former will be based on the individual’s actual expertise. This is likely to increase with both the individual’s age and level of education. But perceived ability may also be subject to bias and their analysis showed that there is a gender gap in social voice with women being at a disadvantage to men, which education goes some way, but only some way, in reducing. They found that women’s mode of discourse is different to men’s and this too may lead to differences in social voice. People’s ability and hence their social voice should increase with age and in many societies this is the case. They concluded that group and individual priors probably strengthen with age, or, put another way, people become more entrenched in their views as they get older. To the extent that as people age, their social network also ages, i.e. they associate with people who also
grow older; this may lead to them having less success in persuading others. It also impacts on an individual's confidence in their own future.

Roberts and Lattin (1991) revealed in their study that it is crucial to realise how consumers perceive the brand tiers and make buying decisions. They proposed that consumers would take quality and price into consideration during purchasing. They believed that a high-tier brand represents high price and high quality, and a low-tier brand implies low price with lower quality. This promoted high-tier brand is anticipated to gain a higher sales volume than a promoted low-tier brand since consumers take quality into account. Therefore they concluded that consumers exhibit brand switching behavior when both quality and price are considered.

Fornell (1992) has laid emphasis on the significance of customer's satisfaction based on the results in the Swedish market. In his study he has given essential target for companies to increase the sales in order to reduce the switchers and increase customer satisfaction. He founded that brand switching behavior is fundamental in business market and it is noteworthy to understand the factors that influence brand switching behavior.

Flora, et al. (1992) laid stress on the viability of locally based economic systems is tied directly to the collective efforts of members of communities. In their study they laid stress on better understanding of relationship between entrepreneurship and rural development.

Tahori, S (1993) in their study have emphasised on rural industrialization. They found that the rural industrialization has been a vital issue for the country to ensure socio economic development of the nation. The experienced gained all over the world has amply shown that industrialization is essential for development as it ensures the supply of goods and services required for improving quality of life and provides opportunities for employment.

John H. Roberts, Gary L. Lilien (1993) found that in a vast and diffused field of consumer behavior and consumer markets, it is difficult to develop a single best synthesis. They have drawn from developments in the literature of the behavioral sciences, economics, marketing, statistics, and the like and have categorized according to the stage or stages in the decision process to which those developments appear most applicable. They followed framework from need identification to
information search to perception and evaluation and preference formation. They developed purchase and post-purchase feedback models. They summarised their study by demonstrating the power of developing models that combined several of the above stages in a single framework.

Keller (1993) advocated that the brand equity is considered to be consumer’s association with brand awareness, knowledge and image. He also laid stress on the two components of brand equity namely brand strength and brand value. In his study he revealed that brand awareness is related to the strength of the brand node in memory, as reflected by consumers’ ability to identify the brand under different conditions. He stated that brand awareness consists of firstly, brand recognition, reflecting the ability of consumers to confirm prior exposure to the brand and secondly, a brand recall, reflecting the ability of consumers to retrieve the brand, when given the product category, the needs fulfilled by the category, or some other type probe as a cue.

Deighton, et al. (1994) suggested that advertisements affect buying behavior in three ways. Firstly, brand switching i.e. consumers may be encouraged to change the brand. Secondly, advertisements encourage consumers to follow the same brand, and thirdly it may have no impact on the buying behavior.

Gelb and Johnson (1995) found a positive relationship between word-of-mouth advertising and customer buying behavior. They considered it as highly connected, and word of mouth advertising can influence customer behavior in case of repeat purchases and brand switching behavior. They further advocated that, word-of-mouth advertising have considerable impact on consumers' behavior, and therefore this means of advertising is worth examining.

Aaker (1995) in his study revealed that brand has different levels. He proposed that a brand is not only about the physical product, but it should combine with ‘brand attributes, symbols, brand-consumer relationships, benefits of self-expression, customer profiles, associations with the culture of the country of origin, and corporate identity’. He advocated that, a brand does not only stand for its physical design or term, but it also means the experiences from customers, the spirit and culture created by the brand itself.
Marcella, R et al. (1996) in their study had laid emphasis on the results of a Scottish Library and Information Council-funded project into the business information needs of companies in the rural areas of the north-east of Scotland. They advocated the problems rural people face in accessing information and their attitudes to Information technology. They highlighted the significance of information for business purposes, which are felt to require the support of expert advice. They found that many companies are poorly informed as to which agencies to approach and that these are less likely to approach libraries than “business” organizations, i.e. those providers which are seen as being more dedicated to the interests of the business community. Authors found that business information provision is a dynamic and constantly shifting environment, in terms of the appearance and demise of information providers; and suggests there are lessons to be learned from the experience of the traditional and long-established services.

Gonul and Srinivasan (1997) examine the effectiveness of price-cut promotion and coupons in case of brand switching behavior. In their research they studied the impact of price cut and coupons on the buying behavior. They also studied the impact of these two promotional tools on the brand switching behavior. Coupons become an effective promotional tool in the business market. They advocated that the sales volumes can be increased with coupons. They suggested coupons are capable of providing a more obvious image about the price cut for consumers in comparison with discount showed in price tags. They found that coupons provide a perception that consumers can have a good bargain.

Sullivan and Savitt (1997) have conducted a study on store patronage (grocery patterns) of rural shoppers. Authors in their study have given utmost importance in determining the proportion of shopping out for groceries and to identify the store patronage and psychographic factors associated with rural grocery shoppers and to determine if such factors correspond with the proportion of grocery expenditures spent elsewhere. They identified nine stores factors such as shopping environment (location, assortment, breadth and services), Price (advertising), leisure activities, convenience, shop around work, family shopping, good shopping, credit and name brands. In the end they concluded that each group has different store patronage practices, psychographic profiles, and income levels, suggesting that grocery retailers should work with communities to organize retail mix that appeal to different shopping
groups. Results of their study also suggested that the community and individual retailers in partnership can provide rural customers with an optimal merchandise mix and shopping experience.

Shoham, et al. (1998) advocated that the 'expectance-value model' provides insights of how customers make decisions regarding the selection of a particular brand. In the study, consumers were asked to mark the scores based on two parameters and calculations to be carried out prior to their buying decisions. The parameters which they used in their study were, the extent to which consumers anticipate a delightful outcome and the reason and value behind the consumers that contribute to a desirable outcome. The limitations which they faced in explaining consumer buying behavior were due to the fact that generally a consumer has insufficient brand information and restricted mental processing abilities.

Reardon, et al. (1998), found in their study that the success of rural industries crucially depends on two major functions i.e. effective marketing and internal resource generation including finance. Too much production orientation is a common fallacy and cause of failures of some entrepreneurship efforts. In their study they highlighted the importance of marketing which involves everything and important to remain and lead the market. They stressed on the constant interaction with all relevant stakeholders. It is crucial for both types of rural businesses i.e. Farm Sector and Non Farm Sector. They revealed that the rural households in developing countries typically obtain 30–45 percent of their total rural income from off-farm sources. The average figures differ by region and range from 29 percent in South Asia to 45 percent in Eastern and Southern Africa.

Martinez, E, et al. (1998), the authors in this article, have laid focus on the diffusion process of an innovation, whether it is a product, a service or an idea, will vary in function of the characteristics of that innovation, as well as of the agents to whom it is directed. In this study authors have laid stress on the behavior of the different adopter categories that emerge at the time of the adoption of new products. In his study, according to Bass model, that allows for a distinction to be drawn between five categories of adopters, namely innovators, early adopters, early majority, late majority and laggards, with reference to the acceptance process for new consumer durables. He found that an empirical application carried out with respect to the adoption of various consumer durables that are frequently found in the majority of
households, whilst the demographic and socio-economic characteristics of the individuals who make up each adopter category are used in order to differentiate their behavior.

Drabenstott, et al. (2000) have conducted a study on the rural entrepreneurs. They found that entrepreneurship has become a key strategy for rural development. They also laid stress on the growing need for finance for rural entrepreneurs.

Nowlis and Simonson (2000) in their study were interested in finding the factors responsible for brand switching behavior, marketing mix variables and brand choice. They developed Tier consideration set for the mention purpose with a view to examine how consumers perceive the relationship between quality and price and how they switch from a high tier brand to a low tier brand or vice versa. They suggested that promotions and context have compensatory effects on switching tier behavior.

Miller, et al. (2001) conducted a study on examining the determinants of rural consumers in shopping behavior for the product categories of apparel and home furnishings. The study was carried out among the consumers living in two rural Iowa communities. It examines whether reciprocal actions exist between community members as consumers and retailers and if these actions are persuasive in predicting the economic activity regarded as consumer in shopping. The results support the social capital theory evidence that consumers’ level of satisfaction with reciprocity was a significant determinant of rural consumer level of shopping with local retailers. Overall the study revealed that community attachment has a significant indirect effect on shopping behavior.

Home (2002) has observed the rural consumers’ patronage behavior in Finland, which was done by finding out the relations between consumers and grocery stores in the countryside. The study identifies the most relevant store choice factors of an ideal grocery store and the most important features which best describe the rural store. The objective of the study was to find new consumer buying behavior information that can help to improve the competitive capabilities of rural grocery stores. The study identifies the most relevant store choice factors of an ideal grocery store such as friendliness of sales people, findings of goods easily; cleanliness and neatness of the store and reliable shop keeper and the most important features which best describe the rural store. This study also identified the factors that have an impact
on the store choice of rural consumers and to identify the three different homogeneous buyer groups: supermarket customers, rural store loyalists and price conscious consumers on the basis of consumers’ shopping orientation. The consumers in each group have different criteria to evaluate grocery stores.

Broadbridge and Calderwood (2002) have uncovered the factors and attitudes that influence the customers’ store choice decision and their attitudes towards their local shops. The study has explored grocery shopping behavior of rural inhabitants in Scotland. The survey reveals that the trading future for small rural shops is difficult with the majority of the consumers using them only for supplementary shopping. The study also concluded that if local shops provide a differentiating and unique offer than supermarkets then it may increase the customers visit to local shops. Local shops need to have commitment and willingness to cater for the local community’s wants and needs. The relative proximity of alternative shopping facilities and the quality of local shopping provision combine to influence the degree of food out shopping from a community.

V du Plessis, et al. (2002) in their study the authors had advocated that several definitions of “rural” are available for national and provincial analysis using this different definition will generate different number of people as rural. They also advocated that as we have different definitions of rural areas but the conclusion given by each definition remains the same (e.g., rural people have lower employment rates and lower incomes than the Canadian average) but the level of each characteristic differs for each definition of “rural.” Authors have revealed that analysts first consider the geographic scale and dimensions of a “rural” issue and then select the definition with the best fit. Alternatively, an analyst may want to consider classifying the milieu in which a person lives according to numerous measures of “rurality”.

Zillur Rahman, S.K Bhattacharyya (2003) focus on understanding that the entry of a firm in a market is associated with its ability to create value. Their research suggests that it pays to be a first mover in an emerging market. It touches on the definition of an emerging market, discusses the importance of emerging markets in the global business and highlights how the infrastructure condition and consumer orientation in an emerging market favour a first mover. Finally, it recommends various strategies that a first mover should follow to have sustainable competitive advantages.
Dadzie K Q, et al. (2003) in their study examine the effects of normative social beliefs, customer satisfaction with service quality and demographic variables on the long-term savings behavior of rural households some 15 years after the 1981 large-scale promotion of the rural bank program in Ghana. The results show that considerations of these influences beyond income alone provide stronger predictive power, over and above that of income. In addition, it appears that the negative effects of social beliefs on savings behavior were ameliorated significantly as a result of the promotional program. They also suggested that customer satisfaction with the level of service quality was also positively correlated with the level of savings. However, the effects of the marketing approach used in Ghana differed significantly across state owned commercial banks, foreign multinational banks, and rural banks. The implications for enhancing the role of promotional marketing in changing savings attitudes in rural savings mobilization programs in Ghana and elsewhere in Africa are also given due consideration.

Byrom. I, et al. (2003) in their study have revealed that the issue of retailing in rural areas has received relatively little attention in recent years. This article considers retail businesses in a remote, rural area, the Uist chain in the Western Isles of Scotland. Drawing on the marketing and retail strategy literatures, a “finical” model of rural retail strategies is developed, and examples of independent retail businesses that have adopted both market-led and product-led strategies are positioned. These have ranged from a situation of “strategic stasis” within some retail organisations, where more “extensive” methods of running retail outlets have been adopted, through various new development strategies. Overall, it is evident that retailers may mix strategic directions for their business within the specific geographic context that they are located. The findings of this article consider the implications presented for retailers in other rural areas of the UK.

Tulay. G (2003) has advocated that most of the purchase decisions are made during the consumers’ search for product information. Retailers need to understand what type of products consumers would be willing to spend time and effort on, in order to find the information they need and what sources they would use to find the relevant information regarding the purchase of a particular product. To help marketers understand consumers’ information search process, this research study investigates whether consumers’ references to search for product information on the Internet vary.
by the product category, product category determines the amount of time consumers are willing to spend to search for product or service information, and the information sources from which consumers seek product information vary by the product category.

Sun, et al. (2004) have identified the impacts of economic development on consumer lifestyles. The objective of this study is to understand the Chinese rural and urban consumers who are in two levels of living standards (poor and rich) and are different in terms of their attitudes toward the whole marketing mix. The results suggest that there still exists a big difference in terms of ideal material possessions between urban and rural consumers. Rural consumers were more price-conscious, less product-innovative, and suspicious about mass advertising and not brand conscious when compared with urban consumers. Due to the disparate attitudes of the rural and urban consumer they were found to use different products to reflect the improvement of their living standards. The lifestyle differences between rural and urban consumers might suggest the impact of economic development on consumer behavior. On the whole the study reveals that there is a huge marketing potential in China’s rural markets for MNCs and other investors.

Shukla (2004) has addressed the importance of understanding the effect of product usage, satisfaction and involvement level on the brand switching behavior in several categories of products associated with different product usage, performance and satisfaction levels. Five categories of products were considered in this study namely: vehicles, television, soap, hair oil and ice cream. The results reveal that product usage and related satisfaction has very moderate impact on brand switching behavior. Also that there does not exist a simple relationship between product satisfaction, involvement and brand switch; rather, different facets of the customers’ involvement have different influences on brand switch. He advocated that the marketers will have to understand the product usage pattern and the satisfaction derived and also how customers involve themselves with the product should be studied to lessen the brand switching behavior.

Bawa and Shoemaker (2004) stated in their study that free sample act as a strong promotion too in order to increases sales volumes. They found that unlike coupons, free sample distribution could have created long-term influences on sales, and the impact can last up to twelve months. They categorized the effects of free
sample in three ways first, the acceleration effect, that is, consumers start to exhibit repeat purchasing when receiving free samples. Secondly, the expansion effect, which is associated with those the consumer who would not consider buying a product without free sample and lastly the continuous effect which demonstrates that free sample can increase the sales volume.

Tao Sun and Guohua Wu (2004) has done an exploratory study on rural and urban consumers in an emerging market like China. This study focuses on empirical evidence about the impacts of economic development on consumer lifestyles. Chinese rural and urban consumers were found to be statistically different in terms of their attitudes towards the whole marketing mix: product price, brand names, promotions and distribution. Possibly as a result of these disparate attitudes, rural and urban consumers were found to use different products to reflect the improvement of their living standards. All of these previous differences might be due to the fact that rural and urban Chinese consumers have different needs, as indicated by the words they chose to describe their ideal image. These lifestyle differences reveal huge marketing potentials for MNCs and other foreign investors, who will ultimately move into China's relatively untapped rural regions for marketing opportunities.

Shi, et al. (2005) measured the effectiveness of different promotion tools in supermarkets. For their study they considered five different sales promotion tools, which are price discounts, coupons, sweepstakes and games, buy-one-get-one-free and in-store demonstration with respect to consumer purchase decisions. They focused their research on the consumer which is brand switching, purchase acceleration, product trial, spending more and stockpiling. The experiments were conducted by examining 206 consumers in Hong Kong supermarkets. They found that buy-one-get-one free and price discount promotion are the most effective way to encourage consumers to spend more, i.e. purchase acceleration. Coupons are useful to initial purchase acceleration and stockpiling. They found sweepstakes and games are considered less effective in terms of consumer response. From their result, it can be concluded that promotion tools generally affect consumers’ buying behavior.

Bargal. H, et al. (2005) in their study found that the promotion of brand in rural areas require different strategies because of the social and backward condition of the rural areas. They found that in rural area word of mouth is an important message carrier and opinion leaders are the most influencing part of promotion strategy of rural
promotion efforts. They have also suggested that Indian companies have advantage over MNCs as they have been established over a period of time and they have better know how of Indian conditions. As the disposable income in rural areas is increasing and various financial schemes are available, the affordability of various products in rural areas has increased. They have suggested that while promoting a brand in rural area the language and content must be according to the suitability of rural environment. Background figures are also a deterministic factor. Admissibility of brand ambassadors plays an important role in this regard. Special promotion measures are strong applicable in this regard.

FICCI (2005). The Federation of Indian Chambers of Commerce and Industry (FICCI) have carried out a comprehensive survey of industries in the consumer durable goods sector. The study reveals that the consumer durable sector is poised for a quantum leap due to technological improvements, falling prices due to competition, aggressive marketing and declining import tariffs. This study also reflects the changing dynamics of consumer behavior – luxury goods are now being perceived as necessities with higher disposable incomes being spent on lifestyle products. There is a discernible shift in the consumers’ preference in favour of higher-end, technologically superior branded products, the demand being spurred by increasing consumer awareness and preference for new models. This shift is also explained by the growing trend of products being manufactured in the organized sector of the economy and the narrowing down of the price differential between branded and non-branded goods. According to this study, competition has forced companies to offer efficient after sales service and support and this, in turn, has swayed customer preference for branded products. The Survey highlights the positive growth trends in consumer durable segments –white goods and consumer electronics during April-March 2004-05 and points to sustained growth during 2005-06 because of emerging opportunities and strong fundamentals of the economy.

Rajan. R.V (2005) has revealed in his article that the companies are now focusing to rural middle class population as the population of rural middle class is increasing. In this article he has found that the 40% of the people who complete their graduation belong to rural areas and most of them prefer to stay back in their villages and work in nearby industries. He has advocated in this article that as jobs in manufacturing and services supplement farm incomes, the countryside is changing.
Nerys.F, et.al. (2006), in their study found that the growth of rural firm is limited by a number of factors, including limited scope of local demand and poor access to extra-regional markets, low density and consequent lack of opportunity for networking, inadequate access to and unfamiliarity with modern information technology, and difficulties in accessing capital.

Johnson, et al. (2006) have conducted a study on identifying whether some changes had occurred between 2000 and 2003 in the use of retail channel among the rural consumers for searching the product information and for purchasing food and fiber products and to investigate whether differences existed between channel use groups (that is, store only shoppers, store and catalog shoppers, and multi-channel shoppers). The results reveal that the rural consumers are shifting from use of store and a catalog for product information has decreased while the usage of internet for purchasing food and fiber products has increased. Especially to search for information on apparel, food, or home furnishing products, internet use increased slightly as did use of the internet to purchase apparel and home furnishings. The multi channel shoppers usage of new channels, being they are time pressed, dissatisfied with the local offerings, unattached to their community and unconcerned with financial security while shopping. Multi channel retailing strategy is the dominant format for the apparel retailing industry.

Tamlurkar, V (2006) in his study found that the rural India has lots of money with it and definitely offers a great potential for the companies to outnumber the urban areas in all aspects are very high. But only those companies would survive at these places and win over the rural consumers who can spend time and money on understanding their needs and come up with innovative ideas. The companies should also strive to give more focus to the rural market in order to make it a market leader. This can happen only with the firm commitment of the top management and extension of full support to the marketing personnel by each and every department of the organization.

Mohanty, S.K. (2006) in his study focuses on the census of India, 2001 in which for the first time data was collected on consumer durables such as radio, bicycle, scooter, moped and motorcycle, car, telephone and television for the country, states and districts, disaggregated by rural and urban. This information was also collected in successive round of National family and Health Survey of 1992-93.
and 1998-99. Using the above information, this paper attempts to understand the penetration of these consumer durables in rural and urban areas of the country. It also attempts to assess the market for the near future, i.e., till 2015 using the trends. This enables to assess the potential market for the country and have implications for domestic as well as global manufacturing of these assets. The results indicate that the potential market of the durables like scooter, motorcycle and moped, car and telephone is large while it is not so in case of radio and bicycle.

Poonam (2006) has focused on the promotion of brands in rural markets. According to her it requires special measures. Due to the social and backward condition the personal selling efforts have a challenging role to play in this regard. The word of mouth is an important message carrier in rural areas. In fact the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts. The experience of agricultural input industry can act as a guideline for the marketing efforts of consumer durable and non-durable companies. Relevance of Mass Media is also a very important factor. The Indian established Industries have the advantages, which MNCs don't enjoy in this regard. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. According to her rural markets are becoming more strong due to the fact that rural people are now in the better position with disposable income and low rate finance availability. It has increased the affordability of the costly products by the rural people.

Mihic M and Culina. G (2006) in their study have found that social class was proven to be more significant in eight of the analyzed products cases, and income in four products cases, social class compared to income has a greater influence over the consumption and purchase of a greater number of products. They pointed out differences in members belonging to lower and middle social classes than those from the higher class. Out of the 16 purchasing situations cases, where the superiority of social class over income was expected, social class did prove to be a more important indicator in eight of them. In their study the established class distinctions suggest that consumers of different social classes and income groups require separate marketing programs and strategies in terms of product and service development as well as advertising and communication. This enables producers to create different product lines meant for different social classes. Class differences can also be useful when
determining company positioning strategies. To be positioned in the best possible way, manufacturers and retailers need to be informed about the class membership of their target market and its needs, wants, purchasing motives and requirements in terms of product features and benefits.

Acharya. S.S (2006) concludes that Indian agriculture must address not only farm production (farmers) but also processing, marketing, trade, and distribution. He stressed on the need of linking farmers to markets. In this endeavour, marketing and rural credit systems are extremely important. Indian agricultural marketing and rural credit systems have undergone several changes during the last decade. However, in the emerging environment, these need many more changes for making the agricultural sector vibrant and responsive to the aspirations of the rural masses. The suggested agenda for reforms includes (i) revision in the state APMR legislation, (i) redefining the role of state marketing boards and market committees, (iii) repeal of ECA except under emergencies, (iv) putting in place a unified food law, (v) introduction of new instruments like contract farming and warehouse receipt system, and (vi) assurance to investors that regulations will not be re-imposed. The policy of price support needs to be rationalized and decentralized.

Aziz (2006) has revealed that entrepreneurs first emerged in the rural areas. They were basically traditional artisans, cultivators and businessmen engaged in production and distribution of goods and services required by the people.

Raju. J. S (2007) says that no consumer goods company can afford to forget the rural market as it is a very big part of Indian consumer market. The spending in rural areas is increasingly matching with the urban areas of India. According to him fast moving consumer durable companies and consumer durable companies are coming together in rural markets. He says that if companies want to generate more and more sales then they will have to cross the boundaries of cities. He also suggests that in rural area marketing involves building categories by persuading them to try and buy new products which they have not used earlier. He also says that to be successful in rural markets companies will have to empower underprivileged women and provide them with earning opportunities so that their living standard goes high and making them aware about health and hygiene.
Tuli, et al. (2007) have explored the Indian rural consumers’ patronage aspects of shopping behavior regarding two major retail formats i.e. village shops and periodic market in the rural market. The study also covers the factors which influence the decision of rural consumers in the selection of a particular retail format, from which a large part of their goods are purchased. The study concluded that rural consumers prefer and patronize village shops to meet their day-to-day needs and for their credit-based impulsive or unplanned requirements. At the same time they prefer periodic markets for bulk purchases, to avail “bargain”, and promotional incentives such as low cost, discounts, variety etc., which in turn motivate rural consumers. In case of village shops consumers look for low transactional cost on account of shopping activity cost and the credit facility provided to meet day-to-day needs.

Lee and Kim (2007) have investigated the effect of consumers’ shopping orientations as a consumer characteristic on their satisfaction level with the product search in a multi channel environment. The authors had also investigated the influence of multi-channel shoppers’ shopping orientations on their satisfaction level with the apparel product purchase made in a multi-channel shopping environment. The consumers were overall satisfied with the multi channels for information search about price, promotion, style/ trends and merchandise availability of apparel products. The findings suggest that consumers adopt and utilize various channels for searching different types of product information and in turn they purchase apparel products via the channel of their choice. The factors contributing to rural consumers’ shopping behavior and its effects on institutional environment and social capital have been studied.

Sahu. S. K (2007) has focused on the challenges and the opportunities which these Indian rural markets offer to the marketers. It can be said that the future is very promising for those who understand the dynamics of rural markets and exploit them to their best advantage. A radical change in attitudes of the consumers is expected in a short period of time and the marketers should be ready to quench the needs of the rural customers. If the products are cost effective with a marginal profit going to the manufacturer, then it will be a Win-Win situation for both the consumers and producers. FMCG companies focus on urban markets for value and rural markets for volume. As rural markets are extremely price-sensitive and vital for survival since the urban markets are getting saturated in Indian continent, products have a distinct future.
in the hinterland as CK Prahalad had rightly said “The future lies with those companies who see the poor as their customers.”

Rao. G.V (2007) advocated that the rural markets in India are vast, geographically dispersed and diverse. He revealed that with the growth in rural incomes and the higher purchasing power emanating from the same, rural markets have emerged as the new destination of marketers interested in improving their market shares. The opportunity, however, is not free from several daunting challenges. It is well understood that as a relatively untapped territory, the markets would reward the early entrants, especially those who move in with some understanding of the rural consumer and markets. This unit introduces one to the theme of what rural markets in India are all about, in terms of their size, scope, nature and diversity. It is against this backdrop that one would learn to plan and implement the marketing effort for the rural markets. The unit provides an overview of the subject, the various facets of which will be dealt at length in the successive blocks that follow.

Foret. M. and Prochazka P. (2007) analyses results of an inquiry performed in the Czech Republic on the turn of 2005-06. It has found how households buy foodstuffs, clothing, shoes, and home appliances and which factors influence this behavior. The obtained results showed that quality was the most important factor when buying foodstuffs and home appliances. When buying clothing and shoes, above all the product properties (i.e. de facto also its quality) were preferred. Price was mentioned less frequently as a factor influencing the buying behavior. Although it was not mentioned as a priority, there were also some differences, which depended mainly on the incomes of individual households. In contrast to foodstuffs, which were preferably purchased in discount shops, supermarkets, hypermarkets, and shopping centers, clothes, shoes and home appliances were purchased mostly in specialized outlets. As the purchase of home appliances is more complicated, the majority (85%) of customers looked for information from different sources of data, especially in different catalogues.

Alex. N. J and Raveendran P.T (2007) has found in his paper that the respondents in aggregate neither agree nor disagree to materialism and are rarely indulge in compulsive buying. The dilemma is— “Are we as consumers moving towards “high materialistic tendencies”? A prolonged longitudinal study alone may
find an answer, in spite of the fact that materialism and compulsive buying is positively related in the study. The respondents ‘moderately agree’ that they are high enhanced credit card spenders (ECCS), but at the same time they ‘rarely’ indicate compulsive buying, which is a positive outcome. They’ disagree’ to high credit card financing behavior, which again exposes to the fact that consumers’ spent moderately high and finance their spending’ cautiously, keeping track of mental accounts as a self control device against environmental factors, like retailing environment, availability of credit and so. The personality factors (Introversion, emotional stability, agreeableness and conscientiousness) individually is less significant, as from the present study, but for a few studies elsewhere, they had moderate directional relationship.

Anand.B.S. (2007) examined the comparative buying behavior of rural and their urban counterparts towards the purchase of refrigerator. They identified item of necessity, symbol of social status, advertising influence, brand reputation and time saving device as motivators.

Anand. S and Krishna. R (2008) laid down the stress on the measurement of brand preference at overall level for three product families namely FMCG (Fast moving consumer goods), consumer durables and agro inputs. Preference for various aspects of brands was also measured. They mainly focused on to establish the determinants of brand preference in rural India for FMCG, durables and agro inputs and to find out whether any differential exists across product families. They found that good quality, value for money and sense of identity with brand were likely to act as key determinants of a FMCG brand in rural India. Better finish and good looks, recommendations from retailers were found to be key determinants of a consumer durable brand in rural India. Only value for money emerged as significant determinant for an agro input brand in rural India. They discussed why a brand preference in rural India is limited to these attributes only and what rural branding means in the current context.

Khare .A (2008) has laid emphasis on the fact that global brand is targeting rural markets of India and they are providing special type of products to tap the rural market. In this study she has emphasized on that rural population constitute of people who are involved in farming, shopkeepers or traders, teachers, people working in banks and other offices but living in villages. Land-owning farmers comprise of one-
third of the population and their consumption habits are dissimilar to those of the shopkeepers and people employed in offices and teachers. This group is the major consumer of durables. Young population of rural areas in very much influenced by the urban youth and their purchasing habits are influenced by them.

Dhumal .M. N, et al. (2008), in their study have given stress on television and print media. They have also suggested that rural marketing has shifted its focus to modern promotional mix strategies from the traditional strategies. In this study it has been revealed that positioning done by these mediums has a positive impact on the buying decisions of consumers of rural areas. Perception that by using branded products social status changes is also having positive impact on the buying decisions of rural people to go for products which are used by famous personalities. They also revealed that rural area people are not brand conscious so products which are readily available can be easily sold to them. They found that suggestion given by peer groups, neighbours and pressure groups have great influence on their purchase decisions.

Kapoor .A and Kulshrestha. C (2008) have revealed that the media usage, personality traits, price perceptions, and selected demographic characteristics of affluent young female consumers can predict their fashion involvement. They found a significant positive relationship between media usage and fashion involvement in affluent female consumers. This indicated that media usage was a predictor of fashion involvement. The media analysed in this study were movies, television, magazines, catalogs, and the Internet. The results of this study indicated that the respondents made judgments about the relationship between the price of a product and the quality of that product, although the relationship between higher price and better quality was not very strong. The results indicated that respondents were concerned with the prestige associated with higher priced products.

Kofkin .D (2008) said that if India continues on its current high growth path, incomes will almost triple over the next two decades, and the country will climb from its position as the twelfth-largest consumer market today to become the world's fifth-largest consumer market by 2025. The combination of more income per person, more people, and moderating savings will fuel a quadrupling of India's consumer market over the next two decades. MGI forecasts urban consumption both to accelerate and to continue to grow faster than the overall economy. With almost half of the middle class being 'new consumers' at any point in time loyalties are up for grabs. An...
analysis of rural consumption shows that while its growth will continue to lag behind growth in wealthier urban areas, it will nonetheless accelerate from a compound annual rate of 3.9 percent during the past two decades to 5.1 percent during the next two. Many companies agree that Indian consumer markets are changing fast, with rapid growth in disposable incomes, the development of modern urban lifestyles, and the emergence of the kind of trend-conscious consumers that India has not seen in the past. Indians are traveling abroad a lot more. They get exposed to what is happening in other markets, they bring back new attitudes and preferences. But with those changes, companies are adamant that while there are growth opportunities for consumer companies, there are few easy pickings. He felt that to get success in India companies should provide value. It is simply not enough to be a foreign brand anymore. Companies expect that the next cycle of change in Indian consumer markets will be the arrival of foreign players in consumer retailing. He advocated that if retailing gets liberalized, company’s growth will be boosted, but so will competition. Indian companies know Indian markets better, but foreign players will come in and challenge the locals by sheer cash power, the power to drive down prices. That will be the coming struggle. The key challenges for multinationals will be to meet middle class aspirations at Indian prices and adapt products and services to meet Indian needs and task points as well as building brands and overcoming infrastructure, regulatory, and distribution hurdles.

Singh. J (2008) in his article has laid stress on the most promising and fastest growing economy of the world i.e. India. Besides urban and semi-urban areas, rural India has a huge potential. Many foreign brands are dominating particularly in consumer durable category. The purpose of the study is to understand the comparative attitudes of rural and urban Indian consumers towards the foreign products against Indian products. Both rural and urban consumers have rated foreign products very high as compared to domestic products. Rural consumers were found to be more impressed than their urban counterparts with foreign products in terms of maintenance services, technical advancement, prestige, durability, quality/performance, and wide choice of size and model. No significant differences were observed between rural and urban consumers in terms of ‘good style and appearance’. Indian producers in the coming times are going to face a very strong threat from foreign brands, particularly in consumer durable category.
Mukhopadhyay A and Aithal R K (2008) have focused on utmost importance that private players move into the rural areas. It is also necessary that a proper market research be conducted to feel the pulse of the end users. Based on the research, they were able to pinpoint various drivers that the telecom service providers should explore to reach out to the bottom the pyramid. It is pretty evident, that unless proper customized marketing strategies need to be implemented, to create eagerness amongst the end users. The rural connectivity issues need to be addressed at the earliest. This will provide a platform for e-governance to flourish in the rural regions too.

Boonlertvanich K (2009) advocated the behavior of consumers who purchase digital still cameras in Thailand. The foundation of this study was the consumer style inventory. This research applied adapted consumer style inventory (CSI) by adding three more factors including media influence, social influence and lifestyle. In this research author has found ten factors to be the most appropriate representation of Thai consumer decision-making styles for digital camera. Therefore, an eleven-factor model clearly identified a ten-factor model: (1) price consciousness, (2) impulse consciousness, (3) fashion consciousness, (4) social influence, (5) habit/brand or store loyalty, (6) mass media influence, (7) quality consciousness, (8) lifestyle influence, (9) confusion consciousness and (10) recreation consciousness.

Ali M, et al. (2009) has investigated the relationship between independent variables which are shopping lifestyle of consumers, fashion involvement of consumers, pre-decision stage and post-decision stage of consumer purchase behavior with the attitudinal and behavioral aspects of impulse buying behavior. This study attempts to explore the association exists between the variables involved, by tapping the responses of 165 respondents from higher income group in the area of Rawalpindi and Islamabad. The major findings of the study demonstrated an overall weak association of the set of independent variables with the dependent variable but, the in-depth analysis found that pre-decision stage of consumer purchase behavior is the only variable that resulted into strong association with the impulse buying behavior. It’s true that young people more often get attracted to products displayed on store shelves and have greater tendency of impulse buying behavior but results of this paper showed no association of impulse buying in higher income group of young people having prevalent impulse buying tendencies. This study reported new evidences in the
field of impulse buying behavior of consumers pertaining to the local markets of the twin cities of Pakistan.

Sahu. P et al. (2009) here authors has found that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans. The study of this research work was focused over consumer’s perception on investment towards Life Insurance Services. The objectives of the study were to evaluate the factors underlying consumer perception towards investment in life insurance policies; and to compare the differences in consumer perception of male and female consumers. The factors that came out were Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, The major factors playing the role in developing consumer’s perception towards Life Insurance Policies are Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Company Image, and Company-Client Relationship. Insurance industry has to go ahead. A lot of opportunities are still waiting.

Ghasemaghaei. M, et al. (2009) in this study, authors have developed neutral networks and logistic regression models to predict the factors that influence consumers' behavior for different types of products to motivate them for shopping through the Internet which help companies to invest on these factors for reaching higher profit. In order to identify new predictors of customers' online buying behavior, authors have conducted an empirical survey for the study. Specifically, in the survey, purchases from web stores were contrasted with stores for six distinct product categories. The respondents' perceived attribute performance purchases from traditional were then used to predict the most important factors that effect on their choice between web and traditional stores. Authors have provided statistical evidence that neural networks significantly outperform logistic regression models for all types of products in terms of the predictive power.

Kim and Stoel (2010) investigated rural customers' in shopping behavior by looking at both social environmental factors and retailers’ social activities. The results revealed that location and proximity of the store did not have any significant influence on the rural consumers’ in shopping behavior. This study also found that when a retailer gains legitimacy, the retailer can justify its existence to community. The consumers’ decision about whether or not to support the local retailer depends on
their first evaluation about the institutional actions of the retailer, and if the retailer is a legitimate entity for the community. This study reveals that when a high level of social capital exists, local retailers can focus on their institutional activities and gain legitimacy from local shoppers.

Trivedi. P (2010) focuses on the new economic policy based on privatization, globalization and liberalization adopted by Government of India. Introduction of asset classification and prudential accounting norms, deregulation of interest rate and opening up of the financial sector made Indian banking sector competitive. Encouragement to foreign banks and private sector banks increased competition for all operators in banking sector. Banks in India prior to adoption of new economic policy was protected by Government and was having assured market due to almost state monopoly in banking sector. However, under the new environment, Indian banks needs to reinvent the marketing strategy for growth. In India geographical development is not even throughout the country, there are full fledged urban areas covering the metropolitan cities and other big cities. On the other hand there are underdeveloped rural areas too. For effective bank marketing different approach for different areas is required. In urban areas customer service is of paramount importance as the level of literacy and therefore awareness of the people is more. Also technology based marketing would have higher degree of success due to typical urban life style of the people. Universal banking providing all financial services under one roof will have more success in urban areas. In the rural areas for bank marketing personalized banking will go a long way. Also banks need to offer innovative tailor made deposits and advance products to suit individual customers. Delivery of advances of right amount and at right time is essential in rural marketing.

Dave. K and Saxena. K (2010) have revealed in their study that rural marketing is an essential ingredient for the overall rural development. The study describes the importance of flow of goods and services from rural areas both rural as well as urban areas for sustainable rural growth. The above study also elaborates problems and prospects of marketing of rural products with specific reference to tribal region of south Rajasthan, India. Suggestive framework for improving the present marketing scenario of these rural products is the highlight of the study.

Singla. S (2010) in her article concluded that the most terrible thing about having a cell phone is that no matter how good the service provider claims service,
there are still places your phone would not work or will cut out on you. Indian Market has still not reached to its saturation level, but it has to still make inroads in rural areas. Companies should divert their attention to rural areas to cater to the rural market. Government should also provide the companies secure environment so that they should invest in India. This will ultimately benefit the consumer. In order to utilize the immense potential in rural or semi urban market India, companies need to make marketing strategies & action plans in such a way that they are able to influence consumer's behavior. Marketing can succeed by adopting integrated strategies by companies.

Muthe. P (2011) advocated that the consumer durables market mainly consists of television, refrigerators, air conditioners, mobile phones, computers and home appliances like DVD players, microwaves etc. He advocated that the key factors which have huge impact on Indian consumers are high marketing spend by companies, increased spending, me too attitude, new high tech gadgets and globalization.

Thiripurasundari .U, et al. (2011) revealed that how brand knowledge, brand applications, brand relationships, brand preferences and brand loyalty impacts on building up of brand equity. In trying to create strong brand equity, company should be interested in assessing the degree of customer brand dependence. The brand strength depends on the perception of customers. Authors found that the satisfied and loyal customers indicate positive perceptions of brand. They advocated that in time when competition is getting powerful, it is imperative for the firm to seriously evaluate factors that are not only important in creating strong brand equity but also assist them in achieving customer satisfaction and loyalty. Result of their study showed that brand preference and brand loyalty play an important role in creating brand equity. These components of brand equity must be coherent in their actions so that consistent image of the firm is realized and valued by customers.

2.2 Need of the Study

There are various reasons for conducting this research, social and cultural differences being one such reason. India, with its wide diversity, offers a fascinating scope to study the host of changes that new policy initiatives have brought about in its socio-cultural and economic framework. While it is possible to get some estimates on
the impact of these changes at the macro level, it is equally desirable to get a feel as to how these changes are translating themselves into consumer action at the micro level. Such an exercise enables the marketers to know precisely the subjective experiences that preceded and accompany such changes. Therefore, it is imperative on the part of the marketers to keep a vigil on the changes and monitor them on a continued basis to comprehend correctly the consumer’s aspirations and competitive actions. As entry barriers crumbled, thanks to the opening up-of the economy, new players both from India as well as from abroad are quite active in the Indian markets. They are fighting an intense battle to get a foothold. The battle is on across all the product categories—be it manufacturing or the service sector, though the intensity of competition may vary from business to business. Some of the macro level marketing variables that have a bearing on the marketing front may be examined under the following heads. They are demographic, economic, social and cultural, and psychological/personal variables related to consumers. Though, all these factors are generally viewed as non-controllable variables by any marketer, it is highly desirable to study the influence of each of these variables on consumer purchasing pattern.

In India, still 70 per cent of the population lives in villages. This shows the potential for various consumer durable companies which Indian markets offer. If the rural population becomes rich and literacy rate increases, demand for products will increase and markets will become lucrative for the marketers.

With the economic growth in India rural middle class population in rural areas has also increased. As it is evident from the studies discussed earlier that the people in rural areas are becoming rich and their life style is changing, they are becoming educated now, so is their choice and they demand better quality for the Indian consumer. As rural women are being empowered now there is more scope for durable companies to sell their products. Youth of rural area is becoming educated and it has been found that they try to imitate the purchasing pattern of urban youth. Therefore companies see them as their potential customers.

Technology has exposed rural people to new products which are coming in the market in very short span of time. They are becoming aware about the various products available in the market. Now they know which products are better for them and they have the choice to choose products from various available options. Technological advancements have given people the options to choose a product which
suits the needs and wants of the customers. With falling prices of the consumer
durable products they are in the buying reach of the rural people.

2.3 Objectives of the Study

1. To identify the factors those influence the purchasing of consumers in rural
areas.

2. To measure the effectiveness of various marketing strategies adopted by
consumer durable companies.

3. To compare the purchasing pattern in Bilaspur and Kinnaur districts of
Himachal Pradesh.

2.4 Research Design

Research Design refers to blue print for the research. It is a plan through
which observations are made and data is assembled. It provides an empirical and
logical basis for drawing conclusion and gaining perfect knowledge. To accomplish
the above objective of the study both primary and secondary data will be needed.

To fulfill the stipulated objectives, study will be undertaken in Himachal
Pradesh. Two districts namely Bilaspur and Kinnaur were purposely selected after
dividing Himachal Pradesh in four agro climatic regions. Region I consists of (Sub-
Montane and low hills) Una, Hamirpur, Bilaspur and parts of Sirmaur, Solan, Kangra
and Chamba districts. Region II consists of (Mid Hills) Kangra tehsil of Palampur and
Shimla district and parts of Mandi, Solan, Kullu, Chamba and Sirmaur. Region III
consists of (High Hills) Shimla district except Rampur tehsil and parts of Kullu,
Solan, Chamba, Mandi, Kangra and Sirmaur district. Region IV consists of (Very
High Hills) Kinnaur, Lahul and Spiti and Pangi, Bharmaur tehsils of Chamba. For
study purpose Bilaspur and Kinnaur are purposely selected from Region I and Region
IV. For study three consumer durables television, refrigerator, and washing machine
have been purposely selected.

2.5 Sampling

The study focuses on purchasing pattern in the mentioned two districts of
Himachal Pradesh. There are 12 districts in Himachal Pradesh, at the first stage; 2
districts were selected by dividing Himachal Pradesh in agro climatic regions. Those
two districts were Bilaspur and Kinnaur. Bilaspur had 3 development blocks namely
Sadar, Ghumarwin and Jhandutta. In Bilaspur data was collected from Sadar Block. In Kinnaur 3 development blocks are Pooh, Kalpa and Nichar. For study purpose Blocks were selected by convenient sampling method from both the districts. Purposely those households were selected who were having at least two products out of three consumer durable products taken for the study.

A sample of 500 households were surveyed, in total 250 households from each district were covered in order to fulfill above stated objectives. While selecting the sample, all social, cultural, political, economical and geographical variations have been given due representation.

2.6 Data Collection

To fulfill the study objectives both primary and secondary data was collected. Primary data was collected from each household with the help of pre-tested questionnaire. The secondary data was collected with the help of various books, journals, web site and census data.

2.7 Tools Used for Analyses

To fulfill above mentioned objectives appropriate mathematical and statistical tools were used. Demographic, Socio-Economic, Psychological and Cultural, factors were taken (D Ashok 2007). Under economic factors, variables undertaken were increase in family income, availability of cheap sources of borrowing funds, availability of attractive sales promotional schemes, the changes in the rate of taxes and duties levied by the government, availability of surplus funds (saving), and availability of additional sources of income. Psychological factors had variables differentials among various brands, resale value of an item, and life expectancy of the product. Social and cultural factors were having variables, education and occupation and dominance of elderly person in family etc. In order to fulfill the first objective of the study these factors were studies with regard to consumer durable purchase and Chi Square Test was applied.

Chi-square is a statistical test commonly used to compare observed data. With data we would expect to obtain according to a specific hypothesis. The formula for calculating chi-square is:

$$2 = \frac{(o-e)^2}{e}$$
Chi-square is the sum of the squared difference between observed (o) and the expected (e) data (or the deviation, d), divided by the expected data in all possible categories.

Hypotheses which were tested by Chi square test in order to study the relationship between the variables and brand selection are mentioned below:

- **H_0**: Type of family has no significant relationship in brand selection
- **H_A**: Type of family has significant relationship in brand selection
- **H_0**: Economic status has no significant relationship in brand selection
- **H_A**: Economic status has significant relationship in brand selection
- **H_0**: Caste has no significant relationship in brand selection
- **H_A**: Caste has significant relationship in brand selection
- **H_0**: Gender has no significant relationship in brand selection
- **H_A**: Gender has significant relationship in brand selection
- **H_0**: Age has no significant relationship in brand selection
- **H_A**: Age has significant relationship in brand selection
- **H_0**: Marital status has no significant relationship in brand selection
- **H_A**: Marital status has significant relationship in brand selection
- **H_0**: Education has no significant relationship in brand selection
- **H_A**: Education has significant relationship in brand selection
- **H_0**: Occupation has no significant relationship in brand selection
- **H_A**: Occupation has significant relationship in brand selection
- **H_0**: Type of dwelling has no significant relationship in brand selection
- **H_A**: Type of dwelling has significant relationship in brand selection
- **H_0**: Income has no significant relationship in brand selection
- **H_A**: Income has significant relationship in brand selection
- **H_0**: Mode of payment has no significant relationship in brand selection
- **H_A**: Mode of payment has significant relationship in brand selection
Factor analysis and frequency distribution tables were also used in order to fulfill the above mention objectives. Frequency distribution tables were used to know the importance of role played by different people involve in the brand selection of the durable product. Factor analysis was used to find out the most effective factors regarding the purchase patterns of rural consumer in mentioned areas.

**Factor Analysis**- Factor analysis is a method of data reduction by seeking underlying unobservable (latent) variables that are reflected in the observed variables (manifest variables). Factor analysis is a statistical method used to describe variability among observed variables in terms of fewer unobserved variables called factors. The observed variables are modeled as linear combinations of the factors, plus "error" terms. The information gained about the interdependencies can be used later to reduce the set of variables in a dataset. Factor analysis is a method for investigating whether a number of variables of interest $Y_1, Y_2, \ldots, Y_k$, are linearly related to a smaller number of unobservable factors $F_1, F_2, \ldots, F_m$.

$$Y_1 = x_1F_1 + x_2F_2 + \ldots + x_mF_m,$$

Where $Y$ = a variable with known data

$x$ = a constant

$F$ = a function, $f(\ )$ of some unknown variables.

There are different methods that can be used to conduct a factor analysis (such as principal axis factor, maximum likelihood, generalized least squares, unweighted least squares). There are also many different types of rotations that can be done after the initial extraction of factors, including orthogonal rotations, such as varimax and equimax, which impose the restriction that the factors cannot be correlated, and oblique rotations, such as promax, which allow the factors to be correlated with one another. In the present study varimax rotation were used. To determine the number of factors to be extracted communalities were also used and factor having Eigen values greater than one were retained in initial extraction. Loading having values greater than or close to 0.6 were retained and considered to be high in final factor matrix construction. Component matrix, rotated component matrix and Scree plot criteria were used for final extraction. Final factor matrixes for both districts were compared in order to find out the effective factors responsible for the consumer behavior prevailing in rural areas with regard to purchase of consumer durable products.
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