Abstract

1. Introduction

India is a fast emerging economy, which supports the second largest population of the world. The rural population stands at around 70% of the total country’s population and 12% population of the entire globe. But despite rising urbanisation, 63% of India's population will continue to live in the rural areas even in 2025. According to Ved Prakash (2013) in IndicConnect.com, the number of consumers earning over $5 a day is projected to catapult from 50 million today to 150 million by 2020. The rural consumer market, which grew 25 per cent in 2010-11, is expected to reach US$ 525 billion in 2014-15 with 720-790 million customers. That will be double the 2004-05 market size of US$ 220 billion.

India's rural economy contributes nearly half of the country's GDP (ETIG 2002-03). It is basically agriculture driven and more dependent on the monsoon. More than 50 percent of sales of the FMCG and Durable companies come from the rural areas. The McKinsey report (2007) on the rise on consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today and almost four times the size of today's urban Indian market. Though a marketer desiring to make foray into the rural areas face many challenges with issues like geographic spread, low population density, low purchasing power and limited disposable incomes, there has been a notable shift in this trend in the
last few decades because of agricultural growth rate growing faster in the 1980's and 90's than in the 1970's (CMIE 1996).

The notion of urban marketers that they can just repeat the same success story in the rural front is no longer valid. This has given marketers the opportunity to rethink and research as to how to serve the rural mass. Rethinking in this area calls for viewing every vital aspects of marketing in the rural areas in a newer perspective with a rural orientation. With the above aspect in mind, a need was felt to undertake a study on rural markets on certain identified product categories (i.e. FMCG and Durables) which are quite popular and making inroads. The research work has been undertaken with six objectives, four hypotheses and two questions, the details of which are given below.

2. Research Objectives:

Objective 1: To analyse the buying behaviour of the rural consumers' in terms of family role structure in decisions with respect to FMCG and Consumer Durables in a few selected districts of Assam.

Objective 2: To study the demographic profile, values, attitude and lifestyles of rural consumers so as to enable marketers to create distinctive segments (based on Values, Attitude and Lifestyles) in rural markets.
Objective 3: To identify the factors taken into consideration while purchasing the identified products (i.e. with respect to FMCGs and Consumer Durables) by the rural consumers in a few selected districts of Assam.

Objective 4: To identify all available product categories in both FMCGs and Durables sector and to evaluate the penetration level of the identified products in the few selected districts of Assam.

Objective 5: To examine the possibility of identifying fewer segments among rural consumers (based upon Socio Economic Classification) which make segmentation process easier for marketers in the rural areas.

Objective 6: To evaluate a suggestive Rural Consumers Buying Behaviour Model based upon the findings of the entire research.

3. Research Hypotheses:

Hypothesis 1: Rural consumers give equal importance on each element of the Marketing mix. This leads us to the belief that rural consumers are satisfied equally by Product Levels, Pricing, Availability and Communication.

Hypothesis 2: Rural consumers purchase decisions are affected by preferences for national and local brands. This holds true for both FMCG and Consumer Durables.
Hypothesis 3: There is positive influence of Income level and Education level on the behaviour of rural consumer in terms of purchase of consumer durables in general.

Hypothesis 4: Income level and Education level have significant impact on important purchase criteria that consumers take into account in the purchase of consumer durables.

4. Research Questions:

Question 1: What type of role does a Retailer play in the rural markets?

Question 2: What type of role does Gender play in the rural markets?

5. Methodology:

(i) Research design: The research design comprises of both exploratory and descriptive research.

(ii) Sampling frame: The sampling frame includes the consumer’s and the retailers of the rural areas in the four districts of Assam.

(iii) Sampling technique: Since a few selected geographical areas have been taken, the method of multi-staged sampling is being used for the collection of primary data. Initially stratified sampling followed by judgemental and convenience sampling has been used.

(iv) Sample size: For conducting the survey, two districts each both in upper Assam (Tinsukia and Jorhat) and lower Assam (Kamrup and Nalbari) has
been selected. Altogether four districts has been selected for the study and for each district, a total of 200 respondents have been taken.

(v) **Scales of measurement:** All the four primary scales namely nominal, ordinal, interval and ratio scale have been used in the development of the questionnaire. The scales have been tested using Cronbach's Alpha.

(vi) **Primary data collection techniques:** Interview Schedule is administered and in-depth interview is used in selective cases. Close observation personally (at retail stores, melas, haats and other weekly bazaars) was another technique to get information on the behaviour of consumers.

(vii) **Secondary data sources:** Secondary data has been collected from journals, books and reports and websites.

(viii) **Scope & Limitations:** The study has been confined to two districts each in lower Assam and upper Assam. Due to low level of literacy and conservative nature of the rural folks, the eagerness of the respondents to respond was low. The female sections were not very forthcoming with the responses when the questionnaires were administered.

(ix) **Questionnaire construction:** The questionnaire prepared for conducting the field work consists of 12 questions based upon the objectives and hypothesis and the questions framed.

(x) **Translation of the Questionnaire from English to Assamese:** The questionnaire which was originally developed in English was translated into Assamese language to make it more rural friendly.
6. Analysis Techniques used:

For the analysis of the collected data, multiple techniques have been used. Details of the techniques used for the respective research Objective, Hypothesis and Questions are given below:

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7. Major finding and conclusions:

(i) **Family Role Structure**: In the FMCG Sector, it has been found that in Rural Kamrup, significant roles have been played by Husbands and Elderly Persons in the various family role decisions. Wives basically play the role of homemakers and a minor role as Influencer and Decider. Majority of the goods purchased are for the family consumption. Rural Nalbari is basically a male dominated society. It has been found
that Husbands have an overall domination in the various family role decisions. Wives basically play the role of a homemaker. In Rural Tinsukia, Elderly Persons and Husbands play significant role in all aspects of family role structure decisions. Husbands play a major role as Financer. In Rural Jorhat, decisions taken are very democratic where Husbands, Wives, Elderly Persons and Children play equally important part in all aspects of family role decisions.

In the durables sector, the Financer and the Decider in the family happen to be Husbands in all the four districts. The Husband is also involved in doing the purchases of the durables in a significant way as he tries to ensure that there is value for money received on the investment in the durables. This is in stark contrast to FMCG sector where other members of the family is also seen involved in purchase transactions. Wives are found to play significant roles as Initiator and Influencer in the family in the four districts. However Wives also play significant roles as Decider and Purchaser in Kamrup, Tinsukia and Jorhat district. Elderly Persons play minor role as an Influencer in all the districts. Lastly Children are found to play a significant major role as Initiator and a minor role as Influencer and Purchaser in the family in all the districts.

Marketing implications: In the light of the above findings, marketers may need to give priority equally to Husband, Wife and Elderly Persons in product promotions and advertisements in the FMCG sector. In the Durables sector, marketers can go for persuasive advertisements to target the Husbands as they are the main Financers and Deciders. Moreover informative advertisements can be targeted on Wives and Children.
(ii) **Rural Values Attitudes and Lifestyles:** The study has been able to contribute new findings regarding Values, Attitudes and Lifestyles (VALS) of rural consumers. These findings could create three distinctive clusters in each district. In *Kamrup district*, the Clusters are named as (i) Conservative, Family Oriented and Peace Loving, (ii) Independent, New and Variety Seeking and (iii) Adaptable, Self-sufficient and Optimistic. In *Nalbari district*, the Clusters are named as (i) Conservative, Family Oriented and Peace Loving, (ii) Socially Conscious, Culturally Strong and Variety Seeking and (iii) Dynamic, Self-sufficient and Optimistic. In *Tinsukia district*, the Clusters are named as (i) Conservative, Family Oriented and Peace Loving, (ii) Socially Conscious, Hard Working and Variety Seeking and (iii) Adaptable, Self-sufficient and Optimistic. In *Jorhat district*, the Clusters are named as (i) Traditional, Family Oriented and Social, (ii) Independent, Cultured and Variety Seeking and (iii) Dynamic, Industrious and Optimistic. The findings reveal that rural consumers can be broadly classified into (i) Traditional or Conservative, who are included in the 1st Cluster (ii) Moderate, who are included in the 2nd Cluster and (iii) Modern or Liberals, who are included in the 3rd Cluster. A comparative analysis shows that in Kamrup, Nalbari and Jorhat district (except in Tinsukia district), the number of members belonging to Cluster 1 is less and as we move to Cluster 2 and Cluster 3, the number of members increases.

*Marketing implications:* From marketing perspective, it may mean that there is a gradual shift of the mindset in the rural areas from traditional to modern outlook. The current popular definition of “rural” cannot be properly fitted in to describe the rural people. This may be because of the rapid inroads of different forms of mass media, mobile phone and cable networks into the life of the rural consumers which have made
them more choice oriented. In brief there is a gradual shift in the VALs of the rural consumers towards liberalism and modernisation. It poses a challenge to the marketers who are fighting hard to penetrate the rural markets.

(iii) **Important Purchase criteria:** In *rural Kamrup*, in the purchase of FMCGs, it has been found that Quality, Easy availability and Emotions attached with the product play a vital role in influencing customers towards a product. In the purchase of Consumer Durables, it has been found that Performance, Reliability, After Sales Service and Value for Money derived from the product play a vital role in influencing customers towards a product. In *rural Nalbari*, in the purchase of FMCG, it has been found that Quality, Value for Money and Easy Availability of the product play a vital role in influencing customers towards a product. Among the various factors in the purchase of Consumer Durables, it has been found that Reliability, Performance, Durability and Value for Money derived from the product play a vital role in influencing customers towards a product. In *rural Tinsukia*, in the purchase of FMCG, it has been found that Quality, Advice from Retailers and Emotions attached with the product play a vital role in influencing customers towards a product. In the purchase of Consumer Durables, it has been found that Reliability, Performance, Emotions, Warranty and Durability of the product play a vital role in influencing customers towards a product. In *rural Jorhat*, in the purchase of FMCG, it has been found that Quality, Personal Selling and Emotions attached with the product play a vital role in influencing customers towards a product. In the purchase of Consumer Durables, it has been found that Reliability, Performance, Durability, Life Time Cost and Emotions attached with the product play a vital role in influencing customers towards a product.
Marketing implications: In the sale of FMCGs marketers can highlight on the products of meeting the needs of Quality, Availability, Emotions and Value for money. In the sale of Durables marketers can highlight on the products of meeting the needs of Reliability, Durability, Performance, After Sales Service, getting Value for money and having Warranty.

(iv) **Product Penetration:** In *Kamrup District* in the FMCG sector, Body Care and Kitchen wares have recorded high penetration, Food & Home maintenance items have medium penetration and Miscellaneous items have low penetration. In the Durables sector, Bicycles and Mobile phones have recorded high penetration, Home maintenance items and Entertainment Gadgets have medium penetration. It has been also found that White goods, Miscellaneous items, Individual items and Farming equipments have low penetration level.

In *Nalbari District* in the FMCG sector, Body Care and Kitchen wares have recorded high penetration, Food items & Home maintenance items have medium penetration and Miscellaneous items have low penetration. In the Durables sector, Bicycles and Mobile phones have recorded high penetration, Entertainment Gadgets have medium penetration and Home maintenance, White goods, Individual items and Farming equipments have low penetration level.

In *Jorhat District* in the FMCG sector, Body & Hair care and Home maintenance items have recorded high penetration, Food products have medium penetration and Miscellaneous items have low penetration. In the durables sector, Mobile phones have high recorded penetration. Entertainment gadgets, Home maintenance items, Electric
items and Bicycles have medium penetration whereas White goods, Individual items and Farming equipments have low penetration level.

In *Tinsukia District* in the FMCG sector, Body & Hair Care and Home maintainence items have recorded high penetration, Food products have medium penetration level and miscellaneous items have low penetration. In the durables sector, Bicycles and Mobile phones have recorded high penetration. Home maintenance items have medium penetration whereas White goods, Farming equipments, Entertainment gadgets and Individual items have low penetration level.

*Marketing implications:* Marketers who want to penetrate the rural market in the FMCG sector may try out in the Body & Hair care category and Kitchen items for which demand is already there and it need not be created again. Food items and home maintenance items which have medium penetration offer marketers scope for more demand creation by use of various promotional mix and these items have more potential for penetration. At the same time, food items may be made more affordable by making the packs smaller in size. Marketers eying the rural areas in the Durable sector may initially try out with the items having the highest and medium penetration level. Moreover in case of durables, if the prices are made more rural friendly (i.e. affordable) by reducing them with the basic product offering, it may work out well and record more penetration.

(v) **Marketing Mix:** In the FMCG sector, under *product level*, basic product does not play any significant role in any of the districts. Packaging only plays a significant role in Jorhat. Lastly quality plays a highly significant role in Tinsukia and Jorhat. Under
pricing, affordable price plays a highly significant role in Kamrup District, Tinsukia, Nalbari and Jorhat. And price discounts play a significant role in Jorhat. Under availability, haats & melas play a significant role in Kamrup, Tinsukia, Nalbari and Jorhat. Moreover ‘easy accessible’ of products play a highly significant role in Kamrup and Jorhat district. Under promotions, sales promotions play a highly significant role in Tinsukia, Nalbari and Jorhat. On the other hand, advertisements play a significant role in Kamrup, Tinsukia and Nalbari.

In the Durables sector, under product level, basic product plays a significant role in Kamrup. But functionality plays a significant role in Jorhat only. Packaging is not significant in any of the districts. And quality plays a significant role in Nalbari and Tinsukia only. Under pricing, affordability plays a significant role in Kamrup, Nalbari, Tinsukia and Jorhat. But price discounts play a significant role in Kamrup only. Under availability, retailers’ guidance plays a significant role in Jorhat. Haats & melas play a highly significant role in Tinsukia, Nalbari and Jorhat and easily accessible plays a significant role in Kamrup only. Under promotions, sales promotions play a significant role in Kamrup, Nalbari, Tinsukia and Jorhat. But word of mouth is insignificant in all the districts. Lastly advertisements play a significant role in all the four districts of Kamrup, Tinsukia, Nalbari and Jorhat.

Marketing implications: Based upon the above findings, marketers can stress on the priority elements of the marketing mix in product marketing.

(vi) National Brands vs Local Brands: The study found that under the FMCGs in Kamrup District, consumers’ purchase decisions are affected by preference for both
National and Local Brands. In the purchase of National Brands, consumers lay importance on important elements like National Brand Quality and Esteem. And under Local Brands, consumers lay importance on elements like Local Brand Faith, Quality and Aesthetics in purchases. Under Durable category consumers’ purchase decisions are affected by preference for National Brands only. While choosing National brands, consumers lay importance on element like Brand Name. In Nalbari District, for FMCG (National Brands), purchase decision of rural consumers is not affected by preference for National brands. For Consumer Durables (National Brands), Brand Quality contributes positively towards purchase. Further for FMCG (Local Brands), Brand Quality contributes positively towards purchase. The study found that under the FMCG category in Tinsukia District, consumers’ purchase decisions are affected by preference for both National and Local Brands. In the purchase of National Brands, consumers lay importance on elements like Brand Name, Quality and Esteem. And under Local brands, consumers lay importance on elements like Brand Faith and Quality in purchase decisions. Under Durable category consumers’ lay importance on elements like National Brand Name and Quality in purchase decisions. In the Jorhat District, for FMCG (National Brands), Brand Esteem is the most significant and dominant variable contributing towards the purchase of FMCG. For Consumer Durables (National Brands), Brand Name, Quality and Esteem contribute positively towards purchase. Further for FMCG (Local Brands), Brand Faith contributes positively towards purchase. Lastly for Consumer Durables (Local Brands), purchase decision of rural consumers is not affected by preference for Local Brands.

*Marketing implications:* In *National Brands*, marketers can highlight the rural consumers the message of getting better quality and assuring higher esteem. Here higher
the brand equity, higher will be the sale. Therefore marketers should go for ensuring brand equity. In *Local Brands* marketers can go for sales promotion where they can highlight to the rural consumers the message regarding quality and faith of local brands.

(vii) **Segmentation based on SEC-2011**: This study has been able to make another new finding by creating segments based on SEC- version 11. Using SEC-2011, ten segments in Kamrup, ten segments in Nalbari, ten segments in Tinsukia and eleven segments in Jorhat could be identified respectively. It has been found that Kamrup District is dominated by E1 (25%), which is followed by A3, B1 and B2 (comprising 13%, 11% and 10% respectively). Nalbari District, is dominated by C1 (26.50%), which is followed by E1, B2 and C2 (comprising 15.5%, 13% and 12.50% respectively). Tinsukia District, is dominated by D2 (21.50%), which is followed by D1, E1 and B2 (comprising 20.5%, 18.50% and 11% respectively). Lastly Jorhat District, is dominated by A3 (18%), which is followed by B1, C1 and B2 (comprising 14.5%, 12% and 11.50% respectively).

The present SEC makes use of only one demographic variable i.e education level as segmentation variable. The study found that in all the districts, there is positive relationship between Income / Education level and total number of Consumer durables possessed by the consumers. Therefore variation in the Income level or Education level of the consumers make an impact on the number of durables possessed by the consumers.
*Marketing implications:* Income can be used as another important demographic variable which can help in creation of segments or the combination of education level and income may be used for segments creation.

(viii) **Impact of Income level and Education level on important purchase criteria:**

The study identified important criteria like *Technical, Economical, Promotional and Social* in influencing the purchase behaviour of durables among rural consumers. Both income and education level are found to have varying degrees of impact on the purchase behaviour of rural consumers.

In *Kamrup District*, it has been found that Technical and Promotional factors have significant impact on purchase of consumer durables. For Technical criteria, both income and education level have significant impact but increase of education level has more impact that increase of income of consumer’s on purchase decision of durables. Economic criterion is found to be insignificant implying that rural consumers are not so influenced by discounts or variations in prices. Rather they are prepared to pay the indicative price provided quality products are available. Income and education level have significant impact on Promotion criterion. Increase of education level has more impact than increase of income of consumer’s on purchase decision of durables. Lastly income and education of consumers fails to have impact on the Social criterion indicating that the rural consumers of the district are not status conscious with possession of consumer durables.
In **Tinsukia district**, both income and education are found to have significant impact on Social Criterion. The impact of increase in education level is greater than the increase of income on purchases by consumers.

In **Nalbari District**, it has been found that Technical Economical and Promotional factors have significant impact on purchase of consumer durables. It has been found that on the technical side, only education has significant impact in the purchase of consumer durables. Secondly both income and education of consumers have impact on the Economic side where the impact of income is more than education. Therefore even if consumers are not educated, increase of income leads to increase in purchases. Lastly income and education of consumers fails to have any impact on the social side indicating that the people do not want to show-off and are not status conscious.

In **Jorhat District**, it has been found that Economic, Promotional and Social factors have significant impact on purchase. Secondly education and not income has impact on the Economic side. It has been found that as the education level increases, people become more economic minded. Rather they are prepared to pay the indicative price for quality products. It has been found that on the promotion side, it is income level rather than education that has significant impact on purchases. Lastly as the income of consumers increase, people try to show-off by purchase of more durables, which indirectly indicates the concern of the people to desire for more social status.

**Marketing implications:**

Marketers can go for *informative advertisements* to educate consumers about product features and qualities. Secondly *reinforcement advertisements* can be used where consumers may be assured about their products meeting social status or enhancing their
self esteem in the society. Thirdly marketers can make use of *unique promotional schemes* and *motivate dealers* to induce sale through personal advice. Lastly consumers can be assured of *value for money* in exchange of the products offered to them.

(ix) **Role of Retailers:** In rural India, retailers play certain important roles which are;
(1) Credible Adviser (2) Influence Leader (3) Brand promoter (4) Relationship builder and (5) Harbinger of Change.

(x) **Role of Genders:** In rural areas the role of either gender includes as below;
Men play the roles of (1) Sole bread earner (2) Link to the external world (3) Financer and Purchaser of goods (4) Decision Maker. Women play the roles of (1) Dedicated housewife (2) Childs’ up-bringer (3) Influencer and Initiator in family decisions (4) Participator in various self employment schemes (5) An empowered woman (6) Decider in household matters.

(xi) **Model:** Based upon the findings of the entire research, a suggestive Rural Consumers Buying Behaviour Model has been constructed. The model has been divided into three parts namely Input, Processing and Output part. The Model’s Input and Processing part has been designed taking into account, a micro and macro view of the entire findings from the research work. The detailed model with explanation is given in Chapter 13.