2. REVIEW OF LITERATURE

This chapter makes a brief review of the literature relevant to the study. There were only limited studies, which were directly relevant to the study concerned. The researcher had made an attempt to present a brief review of literature available which consists of articles, publications and Ph.D thesis in the related area. The researcher has taken both National and International reviews for his research.

2.1 International

Preeti Mehra (2011)\(^1\) in her article noted the UN report information’s (The progress of the World Women – 2011 – 2012). She said that the maximum 60 per cent of the women in India have no say in simple decision making in the rural family, but working women have distinct advantage over non working or unpaid working women decision making for purchasing of consumer durable goods.

Ministry of Commerce (2011)\(^2\) released the data that the sales of home appliances in rural China rose 128 percent during the first four months, boosted by a nationwide subsidy program for Chinese rural consumers, The sales value of home appliances covered by the rural subsidy program reached 94.43 billion yuan (14.3 billion U.S. dollars) from January to April, according to a statement on the MOC. During this period, the sales of home appliances in the countryside reached 39.515 million units, an increase of 91 percent from one year ago.

Lu Yongxi (2010)\(^3\) has pointed out in his report that, Indian markets are ready to accept white goods even the price are changing at the global level. But, it is very


difficult to compare with the international market. He also said that Indian rural consumers are also eager to buy goods for their self satisfaction.

**Andreas Beerli (2010)**\(^4\) examined in his article that the durable goods ownership is commonly seen as a ‘defining gauge’ for the stage of development of a country. Apart from changes in income and durable prices, it was found, that improvement of public services had particularly strong effects for urban poor and in rural areas. A forecast exercise up to 2030 revealed that growth in ownership rates is expected to be particularly strong for durable goods like refrigerators and cars for which households already show. For other durables, like CTVs, that are already well spread in the population there are signs of saturation with lower expected growth rates of ownership.

**McCollough John (2010)**\(^5\) says in his article that the America has often been labeled a "throw-away" society due to the large amount of products that could have been reused but are discarded from a typical household on a daily basis. When given two consumers with the same income level and socio-economic background, does one consumer choose to replace an older, malfunctioning household product while the other chooses to have the product repaired for further reuse. This analysis can be extrapolated to the macro level where one economy with a higher societal discount rate might be more strongly characterized as a "throw-away society" than a similar economy with lower societal consumption discount rates.

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Junxiu Jia et. al., (2010)\(^6\) they examined a new durable goods appearing, the price of old model tends to decrease and the performance of the new one tends to be improved. Thus, a consumer who has purchasing desire could make decision of buying a new one or the old one. The purchasing problem is presented as a Discrete Time Markov Decision Process (DTMDP) model with consumer reserve prices to different durable generations as the states, and the objective is to maximise consumer's purchasing value. Then, a modified MDP model and several assumptions are given. With a new concept of perceived coefficient introduced, purchasing value reward in a stage could be described by durables' physical and perceived values. It is shown that the optimal purchasing points exist in a special case with two generations attracting the consumer in one stage and optimal purchasing decisions vary with the consumers' preference, which are shown with a numerical example.

Joseph Guiltinan (2010)\(^7\) revealed in his article it demonstrates the value of expanding a rational consumer decision-making perspective on replacement decisions to accommodate insights from consumer behavior. These insights are especially relevant for understanding voluntary replacement decisions that are not motivated strictly by economic trade-offs. Unfortunately, while broad in scope, this scholarship is limited in depth, and lacks a comprehensive model for portraying the relationships among the constructs that have been examined. It attempts to integrate the existing research base by offering a framework for conceptualizing the replacement decision process.

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Tilson et. al., (2009)<sup>8</sup> says in their article that the manufacturer can maximize their profit by segmenting consumers according to their willingness to pay. Selling and leasing are the mechanisms used for price discrimination in the retail market. They also indicated that the production costs increase the manufacturer increases prices, reducing volumes across all channels. When transaction costs increase, the manufacturer reduces leasing in both corporate and retail channels.

Boyle et. al., (2009)<sup>9</sup> examined in their article that the consumers have been observed to be poorly calibrated in their knowledge of precisely which categories exhibit the strongest association between PQ for products. They collected 313 US consumers using a questionnaire format to estimates the actual PQ association of the same products. Results indicate that consumers today continue to perceive a modest positive relationship between PQ (more so for durables, less for non-durables) and are modestly calibrated for durable products. But they are much less well calibrated in the realm of non-durables, where consumers expect a positive link between price and quality in precisely those product categories in which the relationship is actually negative.

Qimei Chen et. al., (2008)<sup>10</sup> revealed in their article that the findings of the recent survey of 1115 respondents from 34 rural counties/ villages in 11 Chinese provinces. It investigates consumers' reaction towards the advertising market by incorporating the use of information sources and perceived source credibility into the

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advertising effectiveness literature. This is the first time that information about long-overlooked Chinese rural consumers based on probability sampling has become available to western readers. The results show that rural Chinese consumers utilize a variety of information sources when making their purchase decision, and for different product categories different information sources are preferred. While television is by far the most frequent source of information for any type of product, Chinese rural consumers may trust different sources differently, depending on the type of product.

**Jagwinder Singh (2008)** reveals that both rural and urban consumers had given huge importance to foreign products over domestic products in terms of all the factors studied. Overall ‘good style and appearance’ was given the highest ranking. ‘Prestige’ and ‘wide choice of size and model’ were given second highest rating overall. ‘Maintenance services’ was given the lowest rating among all the factors studied. This is probably due to the outsourcing of maintenance services by the foreign firms with the local firms. Rural consumers had given the highest rating to ‘prestige’ whereas urban consumers had given the highest rating to ‘good style and appearance’. Rural consumers have given the highest rating to all the factors studied than their urban counterparts in terms of superiority of foreign products over Indian products. This implies that rural consumers are more attracted to foreign products than urban consumers.

**Sehrawet Mahavir and Kundu Subhash C (2007)** in their study aims to establish whether the residential background of consumers has a varying influence on

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their buying decisions. A survey of 1090 urban and rural respondents was carried out of which 523 were rural and 567 were urban. The gathered data were analyzed by applying counts, percentages, means, and analysis of variance. Rural residents found that packaging is more helpful in buying, that better packaging contains a better product and that they are more influenced by the ease of storing a package than their urban counterparts. Ease of carriage, package weight, simplicity, transparency and similarity of packaging have comparatively less impact on purchase decisions of rural consumers than urban ones. However, rural consumers are more critical about packaging as they strongly consider that it contributes to misleading buyers and is also an environmental hazard.

Koh (2006)\textsuperscript{13} examined in his article to examine the optimality of inter-temporal price discrimination for a durable-goods monopoly in a model where infinitely-lived households consume both durable goods and a stream of non-durable goods subject to different inter-temporal budget constraints. He also considers the multi-dimensional setting where households differ in both inter-temporal budget constraints and the utilities they derive from the consumption of the durable goods.

Aithal Rajesh K and Vaswani L K (2005)\textsuperscript{14} stated in their article that the successful market products in rural areas, distribution is a critical barrier which needs to be overcome. An understanding of the structure of distribution in rural areas would help in the development of an efficient distribution system.


Venkateshwarlu (2004)\textsuperscript{15} revealed that age and education could explain the variation in perception of preference functions in terms of price, quality, service, status style significantly in relation with other land sizes with an exception of perception of preference towards the style. The lower the lands size, greater is the sensitivity in terms of perception towards parameters like price, quality, service, status and style and as the land size increased lesser the degree of said sensitivity. The varimax rotation factor analysis identified the major determinant of rural customers preferences are land size and education and age of the respondents.

Lokhande (2004)\textsuperscript{16} identified the importance source of information regarding different goods as radio and newspaper. It was observed that Television advertising has a deep impact on the minds of the consumers in the villages. The important factor affecting the purchase decision or loyalty. Majority of rural women consumers use cheaper, low quality goods while men consumers use comparatively high quality products. Rural consumers gradually are getting accustomed to eating at dhabas, small hotels and imitating their urban counterparts. Consumption pattern of rural consumers is dependent on their income levels, occupations, education and social status.

Rohini Gupta Suri (2003)\textsuperscript{17} revealed that the rural consumer normally do not make brand discrimination but once induced to buy and use a product, they become loyal to the brand provided they are satisfied about its functional utility and such a loyal user may even make efforts to get the whole village use it. The advertisement is effective when it could speak in the idioms of rural people. Brand differentiation is in


village tact’s where big marketers are fighting global brands on the price front and where duplicate or spurious brands are all pervasive.

Francis Gnana Sekar (2003)\textsuperscript{18} revealed that the consumers compare and evaluate their brand attitudes and purchasing behavior in the content of the reference groups to which they belong. Reference group may be relative, friend, neighbor, family member, wife, husband, children and celebrities like cinema actor, actress, player, and leader and so on. Culture, a factor consisting of religion, race, occupation, income and communication, education and reference group types influences buyer behavior in Canada and India.

Paula Bennett et. al., (2003)\textsuperscript{19} revealed in their article that the study tested the effects of price order, price range and number of price points on the average price respondents are willing to pay for selected durable products. For each product category (household appliances), three factors were tested: order of prices; number of price points and price range. Separate regression models were computed for the household appliances to examine the relative contributions of the elements. A notable finding was that for both sets of products the models accounted for only about 10\% of the variation.

Chen and Roger (2003)\textsuperscript{20} stated in their article that the competition between Chinese consumer goods, home appliance and personal computer companies and multinational corporations in the Chinese market. Strategy of MNC which prevent them from capturing opportunities in middle- to low-end market segments in China;

\textsuperscript{18} Francis Gnana Sekar, “Culture – A Factor that Influences Buyer Behavior in Canada and India”, Indian Economic Panorama, 13 (3), October 2003, pp. 42-49.


Chinese companies which are upgrading and improving their products to increase their foothold in upper-middle to high-end segments; Reason behind the difficulty for MNC to reduce costs and set competitive prices.

Sarwade and Ambedkar (2002) revealed that the level of brand awareness among the rural is comparatively lesser. The importance sources of brand awareness among them are word of mouth, advertisement, retailers. The availability and price of the products are the main factors which influenced the rural consumers to select a particular brand.

2.2 National

Pradeep Kashyap (2011) opined that the research industry has to innovate with research methodologies appropriate to understand this emerging market. He also stressed that marketing research fraternity has to move towards offering business solutions to their clients who plan to go rural. India is a young country with 50% of the population below 25 years and it is the youth which consumes new products and brands. Rural India constitutes three times the urban population and it is projected that by 2017, rural will consume equivalent to urban consumption today.

Pankaj Muthe (2011) examined in his article that the Indian consumer spending has increased from US$ 133.60 in 1992-93 to US$ 650.74 in 2009-10, a compound annual growth of 10.13 per cent at current prices. There is a change that is evident in the consumer behavior that is seen across all categories of products and

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there are numerous factors that are affecting the same. The changes that are seen are in the form of increase in consumption, change in consumer preferences, buying behavior, social influences, the reasons behind that, etc. All these trends are important and show the path as to how the consumer’s behavior is impacting their product purchase. This research was conducted across interdisciplinary areas such as animation and gaming, consumer durables and retailing to study the change in consumer behavior in these areas.

Rupali Mukherjee and Samidha Sharma (2011)\(^\text{24}\) says that Consumers may have to shell out more on electronics, appliances and fast moving goods. It looks almost certain that excise will be hiked in the auto sector. The consumer durable industry growing at strong double digit in 2010. Consumer goods, including durable firms, have implemented price hikes across the board over the last few months.

Jeyakumar S (2010)\(^\text{25}\) has analyzed in his article that India is witnessing the creation of many new markets and a further expansion of the existing ones. With over 300 million people moving up from the category of rural poor to rural lower middle class between 2005 and 2025, rural consumption levels are expected to rise to current urban levels by 2017. Indian incomes are likely to grow three-fold over the next two decades and India will become the world’s fifth largest consumer market by 2025, moving up from its position in 2007 as the 12\(^\text{th}\) largest consumer market.


Moon B Shin (2010)\textsuperscript{26} said in his felicitation that Consumer Electronics industry with estimated revenue of 35,000 crores in 2010 is set to grow 20% every year for next five years. The year 2010 for consumer durable industry witnessed upcoming trends in the market with advanced and smart technologies for consumers. The premium products are future growth drivers in consumer durables and electronics industry. The Indian consumer has refined his buying behaviour. Consumer just does not want availability, they also demand better experience, services, eco-environment, look, design of the products.

Ravikumar and Vinay Kamath (2009)\textsuperscript{27} observed in their article that in the rural market, the demand has always been greater for entry-level colour TVs and low-end twin-tub washing machines. However, due to the prolonged summer, most durables-makers have not only exceeded their sales targets but have also found “surprisingly good demand” for top-end models of durables.

Christopher L House and Emre Ozdenoren (2008)\textsuperscript{28} says through their article that the consumer's demand for a durable good is governed not only by his individual preferences but also by preferences of other market participants. This interdependence of preferences arises from the inevitable resale of durable goods. The incentive to conform is strongest for long-lived durables and for people who trade frequently. If average preferences are sufficiently strong, there is always too little conformity in equilibrium.

\textsuperscript{26} Moon B Shin, “Man of Electronics” Award at CEAMA’s 31\textsuperscript{st} Annual Function, New Delhi, November 26, 2010.


Anand and Hundal B S (2007) examined the comparative buying behavior of rural and their urban counterparts towards the purchase of refrigerator. The factors considered by them; item of necessity, symbol of social status, advertising influence, brand reputation and time saving device.

Balaram Dogra and Karminder Ghuman (2007) explained rural marketing is a distinct specialized field of the marketing discipline that encompasses a customized application of the marketing tools and strategies to understand the psyche of the rural consumer in term of needs, tailoring the products to meet such needs and effectively delivering them to enable a profitable exchange of goods and services to and from the rural market.

Kumar and Bishnoi (2007) reveal that rural consumer is very much brand-conscious and awakened as he possesses almost all the national leading brands as far as durables are concerned. Rural consumers do not possess these items merely for show off or for status symbol but value these products primarily for their utilitarian aspects. In their view, brand image, reliability and company’s image play a significant role while purchasing these items. Marketers need to understand the social dynamics and attitude variations within each village though nationally it follows a consistent pattern.

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31 Kumar S and Bishnoi V K, "Influence of Marketers’ Efforts on Rural Consumers and Their Mindset – A Case Study of Haryana", IIM, Ahmedabad.
Sethi C K (2006) revealed in his article, as per the data released by Haryana’s Directorate of Census, 53% of total households in the state had televisions, while only 44.5% had toilets. Therefore, the priority of needs is determined by routine and the lifestyle of the rural consumers.

Gopalaswamy T P (2005) Rural Marketing is planning and implementation of marketing functions for the rural areas. It is two-way marketing process which encompasses the discharge of business activities that direct the flow of goods from urban to rural areas (for manufactured goods) and vice-versa (for agriculture produce), as also within the rural areas.

Shukla R (2005) examined in his study that some parts of the rural India simply outlined many A class metros. Rural Haryana had more super – rich than not just the urban Haryana, but also more than total crorepati homes of Bangalore and Hyderabad put together. Rural Haryana had 482 such homes compared with 340 in urban Haryana, while Bangalore had a much lower 137 households and Hyderabad 226 households by 2001 – 02. Punjab had the highest number of super – rich households at 501 homes, while Maharashtra had 295 such households.

Subramanian N (2005) mentioned in his article the manufacturers of consumer goods, rural markets are the one to look out for. While the 1980s saw a boom in class I towns, with the spread of television, the class II towns showed strong

growth in the 90s, propelled by reforms. Today, real growth is taking place in the rural-urban markets or in the 13,113 villages, with a population of more than 5,000. Of these, 9,988 villages are in seven states: Uttar Pradesh, Bihar, West Bengal, Maharashtra, Andhra Pradesh, Kerala and Tamil Nadu. Rural folks in Punjab are spending almost as much on consumption as an urban Indian.

Hitendra Bargal et. al., (2005)\textsuperscript{36} in their study pointed out that taken the literacy scenario into consideration the promotion of brands in rural markets requires the 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 the promotion strategy of rural promotion efforts. Relevance of mass media is also a very important factor. Now the cable and other channels have also penetrated in rural households. The newspaper and other printed media is also gaining importance but their role is still secondary in this regard.

Ashish Kumar Srivastava (2005)\textsuperscript{37} in his study revealed that with reference to marketing communication in rural areas, the company should use organized media-mix like TV, radio, cinema and POP (point of purchase) advertising. Television is gaining popularity in rural areas but due to the poor supply of electricity, radio is performing significantly better than TV. Since the rural market people have a need for demonstration, short feature films with disguised advertisement messages, direct advertisement films documents that combine knowledge and advertisements will perform better rural communication. Hence the companies may also use audiovisual


publicity vans, which may sell the products with promotional campaign. To attract the rural consumers, companies can organize the puppet shows, village fairs, dance and drama shows, group meetings to convince the rural consumers regarding the products and services.

**Amit Baneriji (2005)**\(^{38}\) in his article pointed out that rural markets have already overtaken urban markets in many categories of mass consumption branded goods in terms of both volume and growth. He observes that a rural business organization in India is expected to communicate with various cultural and language groups, multilingual abilities therefore become necessary. He adds that many business executives in India often fail to be successful because of the language barrier. He states that Haats provide a good opportunity for promotion after brand building has been done at melas.

**Sushma (2005)**\(^{39}\) in her article concluded that those markets which are not able to face the stiff competition posed by MNC’s can restore their profits in the rural sector. She also highlighted that if rural markets are bought into the limelight of development, they gave way to prosperity. Prosperity of India lies in the prosperity of every Indian, hence no rural segment should be left untapped.

**Amit Jain and Raju (2005)**\(^{40}\) in their article observed that one of the major issues for distribution in rural market is the need for large number of tiers. These multiple tiers and scattered location increase distribution cost to a great extent and


also make this task complicated for the companies. The study further reveals that most of the promotional offers by companies never reach rural consumers. The retailers sell most of the promotional items separately. The study provides good insights into the psyche of the rural consumers and their preferences.

Rakesh Singh (2005)\textsuperscript{41} in his article pointed out that as many as 48.6 percent of the rural households in India is in debt. Andhra Pradesh leads in indebtedness with 82 per cent of rural households in loan arrears. Next comes Tamilnadu with 74.5 per cent. Punjab is not far behind with 65 per cent of households in debt. He concluded that economic development is a prerequisite in order to make rural India prosperous. He adds that prosperous rural India with greater reach will provide the volume and economies of scale to sustain their entrepreneurial activities.

Naresh Patel and Reshma Prasad (2005)\textsuperscript{42} undertook research in six districts and 20 Villages of Gujarat State. The data was collected from 250 rural consumers and 45 retailers. Data on rural consumer buying behavior indicates that the rural retailer influences purchase occasions. Therefore sheer product availability cannot determine brand choice, volumes and market share. The study reveals that the role of retailer is also important in rural markets, because he would be one who provides information regarding quantity of pack, promotional schemes, influences of advertisement, consumer feedback, etc to company. So the retailer plays a very big role here.


Ashish Pareek (2005)\textsuperscript{43} in his article pointed out that there are several reasons for companies to target rural market which include their enormous untapped potential, the rising levels of income and purchasing power of people in these areas, and the increasing amount of competition in urban markets. He further revealed that the days are gone when a rural consumer went to a nearby city to buy “branded products and services”. He concluded that rural markets are critical for every marketer be it for branded durable goods.

Pradeep Kashyap (2005)\textsuperscript{44} in his article presented 5 point mantra to crack rural markets (1) the buying pattern of the rural consumer is different from the urban consumer (2) in an effort to upgrade the quality of their life, the rural consumer generally goes for value for money products (3) rural consumers are cost conscious and frugal in their spending habits (4) the rural youth are a major influencing factor in purchase decisions, especially in consumer durables (5) it is important to undertake serious in-depth studies to understand rural consumers in each region before developing a communication strategy for any given product.

Dalip Sehgal (2005)\textsuperscript{45} in his article expresses that rural marketing is not about reaching consumers. Corporate may be able to set up distribution outlets and be adept in managing the supply chain, but what is more crucial is to access and understand the real rural consumer. It adds that the medium to market the message is important but what is more important is to achieve interaction with the target segment. He pinpoints that achieving contact with the consumer may be important but what is more

\textsuperscript{44} Pradeep Kashyap, “The 5 rural mantras”, IIPM 4Ps, Volume 2, Issue 3, October 2005, pp. 70-71.
important is to impact the behavior of the end consumer in terms of getting the consumer to buy the products and services that the company is offering them.

Parthasarathy V (2005)\textsuperscript{46} speaks of initiatives implemented by various firms in developing countries. The major areas covered are power, banking, telephony and consumer goods. The author says that marketing to the rural folk has to be innovative. It is up to the various companies to explore the market potential. He emphasizes that innovation is not only packaging and other elements of marketing mix, but also a complete approach to meeting the needs of rural customers. He quotes that the rural population in developing countries is 80\% of the world’s rural population and the key issues for marketers in developing countries are: pricing issue of affordability, reach-distribution and transportation of the goods to far flung areas, product awareness-using non-conventional media, apart from the traditional media. He suggests that efforts have to be made to fit the products to rural consumer’s lifestyles and local relevance has to be brought in the market communication.

Iyengar H (2004)\textsuperscript{47} in his article entitled rural India is generating more than half of the national income. India’s 58\% disposable income comes from its rural parts where 41\% of the country’s middle class homes are located. The 55.6\% contribution to the national income by 74.6 crore rural population is higher than urban India’s contribution of 44.6\% by 25.4 crore people. But, the per capita income turns out to be significantly lower in rural areas because of the large population base. A study by the National Council for Applied Economic Research (NCAER) revealed that the annual


household income for rural areas in 2002 was Rs. 56,630 as compared to Rs. 1,02,963 in urban areas.

**Raghbir Singh and Parleen Kaur (2004)**\(^{48}\) found that husbands in urban families wield maximum influence for purchase of two wheelers whereas wives have greatest influence in purchase of a refrigerator. Both spouses together have the strongest influence for all durables. Children exercise little influence individually over durable purchases while all members together use greatest power for purchase of TV and two wheelers. More control is wielded by both spouses for purchase of all durables in rural area.

**Purba Basu (2004)**\(^{49}\) explained the need of understanding the rural consumers among the marketers and fine tune of their strategy to reap benefits in the coming years. In fact, leadership in any product or service is linked to leadership in the rural India except a few life style-based products which depend on urban India mainly. The greatest hindrance to reap the opportunities in rural India is an understanding of the consumer behavior.

**Dilip Roy and Saikat Banerjee (2004)**\(^{50}\) found the causes behind the purchase decision on consumer durables are price, guarantee, after sales services, colour and design, previous experience of usage, recommendations by dealers, advertisement and sales promotion. The branded players are enjoying different brand equity under different parameters. Price-wise, non-branded or other small players are


enjoying a competitive edge over branded players. Dealers are interested in pushing non-branded products due to higher margins offered by them.

Nagarajan B (2004)\textsuperscript{51} identified the importance factors influencing the purchasing of the goods among rural consumers. They are quality, price, easy availability, advertisement, use by the neighbor consumers and experience of the own family members. In rural areas, cinema dialogues, pictures, and names of famous heroes and heroines, flowers, symbols, entertainments, quickies, short theatre commercials, TV spots, cricket themes, road shows, row programmes are used extensively to influence the consumer behavior. The rural consumer is very much attached to and influenced by ‘touch and feel’ aspect of any promotional activities.

Tathod and Pandiya (2004)\textsuperscript{52} emphasized that marketers must understand the psyche of the rural consumers and then act accordingly. To effectively tap the rural market, a brand must associate itself with the same things the rural people do. It can be achieved by utilizing the various rural folk media to search theme in their own language and in large numbers. So that the brand can be associated with the myriad rituals, celebrations, festivals, melas and other activities where they assemble. They identified that problem of physical distribution, channel management and promotion and marketing communication adversely affect the service as well as the cost aspect. They concluded that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

\textsuperscript{51} Nagarajan B, “Consumer Behaviour in rural areas”, \textit{A micro level study on Buying Behaviour of rural consumer in Kavali Mandal}, Indian Journal of Marketing, 34(11), November 2004, pp.30-36.

Rande S (2004) in his study revealed that in October 2003, Andrew Foster and Mark Rosenzweig of the Brown University and Harvard University, respectively, conducted a study based on the data of 30 year survey studies conducted by the NCAER in selected households of 240 villages in 16 large states. They found that the growth of non-farm economy in rural India has been substantial. Between 1982 and 1999, the per capita village incomes increased by 70%, population increased by 47%, and the share of non-farm income in total village income rose to almost 50%.

Supriya Shrinate (2004) in her article examines that India’s rural market is estimated at 128 million households is the Holy Grail for most marketers. Few companies embark on the path LG did in 2002. She further adds that the urban market for LG products was growing at a sleepy 6 percent, and LG decided to look to the semi-urban and rural markets for exclusive growth. She commented that products of LG are customized in terms of pricing and features to suit local requirements.

Darsan Parikh (2004) in his article revealed that the growth of consumer products was slowing down not because the markets were getting saturated in terms of penetration as in the US, but because most consumer markets were getting cluttered. While overall volumes continue to grow reasonably well, there are too many players eating into each other’s market share. It was estimated that an average rural Indian household will have five major appliances by 2006 almost double of what it had five years ago. Therefore, better communication and promotional strategies

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targeted towards the rural market were imperative and crucial for the future success of any organization.

Deepak (2004) in his article revealed that one key to understand consumer behaviour is to assess the consumers underlying culture, sales culture based on age, religion, geography and language, ethnic edge, beliefs, attitudes, values, customs, symbols and rituals, the final outcome of the study states that MNCs manage to entice a few Indians away from their culture, but they can never make all Indians completely strangers to their own culture. Society as group is a stronger entity than any brand or product.

National Council of Applied Economic Research (2004) highlighted in the income demographics report, there could be an explosion in the number of rich households, the fact that rural areas and small towns had rich people. If they were thinly spread, a lot more marketing effort would be required as compared to a situation in which they were generously spread. Prosperous states like Punjab, Gujarat, Maharasthra and Haryana had prosperous rural areas as well. It was well known that much of India lived in its villages. But now we know that a significant of its rich household also live there. The huge market for more expensive products has not been tapped fully.

Nagaraja (2004) in his study investigated the impact of socio-economic influences on rural consumer behavior in terms of their buying practices and to throw

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light on the pattern of decision making agents with specific attention to the social status and level of income. The study revealed that rural consumer was more rational as a buyer and exhibits a higher level of rationality compared to the urban consumer. 56 sample buyers of sample size 110 belonging to the income group of less that Rs. 10,000 opined that easy availability as an influential factor, 27 sample buyers belonging to the income group of Rs. 10,001 to 25,000 opined that the price as an influential factor. Finally 18 sample buyers belonging to the income group of 25,000+ opined that quality as the most influential factor.

**Malini Reddy (2004)** in her study points out that a marketer had to face an entirely different set of conditions and problems when marketing in rural areas as compared to urban areas. Rural marketers need to have an open mind, and sensitize themselves to understand the rural consumers. Apart from understanding the consumer, communication in the language that the rural consumer comprehends, was a challenge that the marketer had to face. Creative approaches to providing a satisfactory offering, in terms of adoption to consumer needs of the rural market reflected in products offering, as well as message used, were absolute essentials to achieve success in the Indian rural market.

**Mithileshwar Jha (2003)** identified that the rural buyers are relatively simpler. More forthright, with low to medium aspiration levels, influenced by social pressures, rituals and norms, with moderate to high risk taking ability and gullible to dream merchants. With the success of the Green Revolution, the White Revolution (Milk), the Yellow Revolution (Oil Seeds) and the Micro-Credit Revolution (SHGs),

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the discretionary income in rural areas will further increase. This will require developmental marketing efforts with a constructive mindset.

Losarwar (2003) found that the maximum number of brands of consumer durable products namely Television, Washing Machine, Refrigerator, Mixer and Fan were available in both urban and rural market. There is a considerable positive correlation between urban and rural populations with reference to selection brands of Television, Washing Machine, Refrigerator and Mixer. There is negligible positive correlation between urban and rural population with reference to selection of brands of fan.

Ganesan P (2003) identified that consumers from rural markets exhibited relatively a new set of guidelines that short-term promotional exercises were found to be in effective. Two important variables namely advertisement and discounts were found not significant due to lack of reach of media in rural areas and lack of dissemination of information to them. In the variables namely taste, price, package, there exists significant difference in the respective means of pre and post purchase satisfaction levels. The taste and price turns out independent for brand switching. Normally, the price which is often a variable considered for brand switching turns out being an independent one.

Rohini Gupta Soni, (2003) revealed that the rural consumers normally do not make brand discrimination but once induced to buy and use a product, they are

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satisfied about its functional utility such as loyalty to the brand. The user may even make efforts to get the whole village to use it. The advertisement is effective when it could speak in the idioms of rural people. Brand differentiation is in village tracts where big marketers are fighting global brands on the price front and where duplicate or spurious brands are all-pervasive.

Ganeshmoorthy V S et. al., (2003)\textsuperscript{64} in their study aimed to analyze the brand loyalty of the products and the influence of mass media in rural markets. The study revealed that mass media had a significant role in the sales promotion of the select products. In mass media, TV has played a dominant role in both the selected villages when compared to other media. It adds that consumers wanted to buy good quality products, that too at reasonable price. Consumers give more preference to the quality. The next preference was given to factors such as price and availability.

Ruche Trehan and Harmandeep Singh (2003)\textsuperscript{65} in their study analyze the specific attributes of Indian rural consumer when compared to urban consumer while purchasing television sets. The study revealed that urban and rural consumer behaviors is significantly different in considering brand image, guarantee, warranty, credit availability, foreign collaboration, latest technology and after sales service. The three most important factors in the rural market are price, credit availability and durability whereas in the urban market the first three are price, latest technology and durability.


Rajan R V (2003) in his article observed that the rural consumers may be illiterate as per the census definition, but they were not unintelligent. With the proliferation of television channels, they were being bombarded with messages, which had greatly added to their knowledge on various subjects. Their consciousness for value for money was very high as they accounted for every paisa they spend. They expected good value for money. Rural consumers had to be 120 percent satisfied before they pull out the cash from their underwear pocket, to pay for a product.

Mithileshwar Jha (2003) in his article pointed out that compared to the urban counterparts; rural buyers are on an average low on brand awareness and exposure. However, this is changing with improved communication, more frequent contact with urban world and improving literacy. He further adds that rather than names, the rural world still values logos, colours and mnemonics for brand identification. The low awareness and exposure is also linked with the supply side constraints namely poor physical availability efforts on part of the markets.

Rohini Gupta Suri and Amrik Singh Sudan (2003) in their study revealed that marketers view of rural area as conventional was actually non-traditional. There was a huge spending on van operations, village haats and wall paintings. MNC’s were directly signing contract with village for vantage wall space. The railways were now offering everything from passenger trains to booth and entire station for branding. The Indian postal service was also offering inland letters, post offices and postboxes to companies for pin code based targeting.


Dhobal S (2002)\(^6\) in his study revealed that rural India accounts for 92 lakh middle-income households which have annual income in the range of Rs. 30,001 to Rs. 1,25,000, and their consumption follows the urban pattern. As compared to 1.0 crore high and upper-middle income households in urban India, rural India has 76 lakh households in the same category. The importance of rural market can be understood from the fact that if India’s rural income grows by 1%, there will be a corresponding increase of about Rs. 10,000 crore in the villagers buying power.

Keshav Sharma et. al., (2002)\(^7\) found the rural consumer in joint buying decision making in consultation with the elders and the ladies of the house. However, the youngest purchase items of their personal use according to their own independent buying decisions. Advertisement with rural culture and regional / local language attracted the audience. All the responsibilities felt strongly about their customs and traditions. The responsibilities were aware of the availability of the products. They preferred quality to price.

Keshav Sharma and Deepak Raj Gupta (2002)\(^8\) in their study attempted to analyze Rural consumer against Urban consumer. Various factors determining the buying decision and who makes the buying decisions from two villages in Jammu & Kashmir state (i.e) Nagrota & Rattian. The findings of the study reveals that rural consumer wants to acquire the urban life style but when it came to buying decision making, it was entirely different from its urban counterpart. Culture had a great influence on their buying decisions. Rural consumer is simple and virgin. Upholding


\(^7\)Keshav Sharma et. al., “Rural Marketing Challenges in the new Millennium”, Pranjana, 5 (2), July – December 2002, pp. 77-81.

the dictum that consumer is the king, if marketers try to approach him through his culture he will feel respected and honored and will be forever yours.

**Losarwar S G (2002)** in his study makes an analysis of rural consumer behavior towards selected durable goods in the Marathuvade regions of Maharastra State. Some of the findings of the study in the region, state that, 427 respondents were involved in agriculture where as 587 were involved in business. Regarding media habits, newspaper readership was small, only 167 of the rural consumers read magazine but 587 of the respondents listened to the radio. Behavioural pattern of consumers had a deep relevance with their life styles. The life style of the people depicts their thought, pattern and attitude.

**Kohok M A (2002)** discussed in his article the characteristic of rural market that makes it different from other segments was that, it was all about a lot of people consuming a little rather than a few people consuming a lot. Rural consumers were always conscious about the worth of money. They do not believe in extravagant expenditure. The consumer had a definite ceiling on how much they can spend and were looking at the best available prices. He emphasizes that even today there was a greater value in terms of potential demand in the segment than in other segments.

**Pradhan B K et. al., (2000)** in his article entitled that the rural and urban incomes were more evenly distributed in 1994-95 as compared to 1975 -76, the all-India inequality has shown a marginal increase. In 1975 – 76, the rural contribution in

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the national income was 66.8%. According to the MIMAP survey of 1975 – 76, the urban households’ income averaged 1.82 times that of the rural households. This urban – rural income gap, as per the MIMAP survey of 1996, further widened to 2.1 times.


examined and revealed that urban buyer behavior is individual – driven whereas in rural areas, decision-making was a collective process. Rural buying process may start from the village headman who represents the pinnacle of the collective decision maker. He also observes that rural buyers take a long time to decide on a particular brand, but once they were convinced, their brand loyalty was more than their urban counterparts. It is an urban myth that rural people don’t buy quality goods. Rural buyers were equally quality-conscious, but value for money was of paramount importance and functionally of the product, rather than the frills attached to the product.


in his study pointed out that the purchase, though, depends upon the rational utility of the product, it was again a well known fact that purchase decisions in rural areas can be highly influenced and opinion driven.

**Pareek V (1999)**

in his study revealed that the sociological segmentation of the rural market can be effective for marketing of consumable and durable items. The proprietors of land and rich farmers are affluent and have a lifestyle and consumption pattern, which is similar to the people living in urban areas. Others, at the bottom of

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the pyramid, look for economical products. Such is the socio-cultural diversity in India that Ogilvy rural has divided India into 56 distinct socio-cultural regions.

**Bansal S et. al., (1999)** revealed in their study that the rural market for Group I consumer durables (priced less than Rs. 1000 in value: transistors, pressure cookers, wrist watches, bicycles) was bigger than the urban markets in as early 1999. Rural market was likely to be bigger than the urban one by the year 2001 – 02 itself for Group II durables (Rs. 1000 – Rs. 6000 in value: items like B & W TVs, Sewing Machines, Mixers, Cassette recorders). Even with the large population base in the rural areas the growth rate for the Group I and Group II durables is faster than the urban areas.

**Ashish Bhasin (1999)** examined and revealed that in Rural India, products sell more via a mix of distributor and dealer push, as opposed to a focused campaign aimed at the village – folk. He also opined in his study that advertising mix for Rural India had many pitfalls. Television and radio fare better than print media.

**National Council of Applied Economic Research (1999)** in the study has pinned down four basic criteria that have influenced the market size of various products in rural India between 1991 – 92 and 1995-96, (1) the growth in penetration of a product category, (2) the rise in income among rural folk, (3) the increased usage of certain commodities and, (4) the growth in population. In their study a sample of 1,000 villages (a village from every district), wide discrepancies were found between villages in different states. Seven Indian states, for example, account for 76 percent of

the country’s rural retail outlets, the total number of which was placed at around 3.7 million.

Sophie Joseph (1999)\textsuperscript{81} in her article pointed out that the urban market is getting increasingly competitive and saturated. There is less scope for growth in the urban markets, especially for the already established categories. Today, the rural market is blooming, due to increase in the disposable incomes of the households. She further added that the rural market, however, is not restricted to mass consumption products. Even premium brands are gaining wide acceptance among the rural consumers. She concluded with the changing dynamics of the Indian market situation, now it is the turn of the rural consumer to dictate terms.

Sanal Kumar (1998)\textsuperscript{82} found that the rural consumer uses multiple sources of information with TV as one of the important sources. The actual purchase in rural markets is by the male member of the household, though the decision maker depends on the type of product. The rural buyer is less aware of brands of new products and he is more of a habitual buyer than a variety seeker. The brand choice among them is influenced by social groups. Rural buyers are willing to switch when discounts or gifts are made available.

Kaur J (1998)\textsuperscript{83} reported that television viewing enhanced social mobility and social maturity among rural adults. She has also reported that these influences are related to literacy, status, sex and viewing time. From the findings of the present study, it can be argued that despite big technical leaps, there is still a wide socio-

\textsuperscript{81} Sophie Joseph, “Growing brand awareness;” The Hindu Survey of Indian industry, 1999, pp. 384-386.


economic gap between rural and urban markets. This could be an important reason for differences in attitudes between rural and urban consumers.

Jasjit Kaur et al., (1998)\textsuperscript{84} identified that there is an improvement in the personality of rural women. They were being considered important in money matters as they were consulted at different levels for improvement. In case of children’s marriage and their career, educated women play a great role. The uneducated women did not care much about all. The education had played a greater role in making the women aware regarding different matters in society. The women had started their involvement regarding self, husband and children, participation in decision making regarding the home and society.

Ghosh Joydeep (1997)\textsuperscript{85} remarked that the cohesive social grouping in rural areas suggests purchase of similar brands by members within the group. This affects the number of brands used in the village and within a family. In rural markets there are fewer brands and one brand tends to dominate. The benefits sought by rural consumers are mostly economy and overall quality, than specific features or determinant of quality.

Renu Arora (1995)\textsuperscript{86} in her study entitled “Consumer Education and awareness” added that consumers are confronted with numerous problems due to lack of knowledge or awareness of his rights and enactments made by the Government. He does not exercise his rights as a consumer. To eradicate such ignorance and make the consumer a better buyer and safeguard his interest from the consumer a better buyer


and safeguard his interest from the malpractices of businessmen, no measure can be more effective than consumer education. He opined that it is the first right and the duty of the consumers of every citizen as much as consumer protection in his fundamental rights.

**Anitha H S (1995)** stated in her study entitled, “A paper on consumer education” stated that the consumer movement is still confined to urban areas and hence the immediate needs is to reach a majority section of consumer community, which by and large has remained in rural and semi-urban areas. The solution she recommends is making consumer education mandatory right from primary to higher level. Consumer education in the long run will certainly yield good results. She further added that an informed and educated consumer is the sign of a developed and awakened society with the concept of consumerism involving complicated inter-disciplinary matter it will be imperative to impact consumer education on a large scale.

**Kuchi sayulu (1994)** in his study analyzed that retailers should develop strategy based on their own circumstances and understanding of the needs of rural consumers. He also emphasizes that low price product will be more successful in rural areas because of low per captia income of majority of rural consumers. Moreover manufacturer should take a lead in opening up channels of communication with rural outlets as an extension of their promotional activity and sales representatives should visit the rural stores regularly.

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Rajagopal (1993) in his analysis revealed that rural people were economically backward because of uncertain markets and lack of adequate income from their occupation. The pattern of behavior on purchase of goods was established with long standing custom, inter-class, inter-factor dependences or beliefs. Moreover, the community rural areas had a strong dependence on elite group. His analysis also reveals on four types of rural settlements found in this country. They are (i) nucleated villages, (ii) linear villages (iii) irregularly clustered villages and (iv) scattered homesteads.

Rajendra K Aneja (1993) has examined qualitative reactions of the rural consumers to a new product, it is useful to meet the opinion leaders in the village, like the ‘Sarpanch’, the school teacher, the doctor or the village development officer. Admittedly, their reactions would not necessarily be entirely responsible of the rest of the villagers. Nevertheless, the qualitative feedback from these opinion leaders provides some pointers to fine-tuning products for rural markets with the increased prosperity among villages, the consumption of durable and non-durable consumer products in the rural areas will increase steadily in the future. Even though test-marketing of new products in the rural areas is an expensive proposition, in the ultimate analysis, test-markets in the villages contribute significantly to fine tuning the products and the marketing mix for the rural consumer.

The above chapter deals with the various researches carried out by the professors, research scholars, business corporate, marketing experts and concepts relating to rural market; it highlighted the problems and solutions for the various activities of rural

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89 Rajagopal,”Rural Marketing”, Indian Journal of Marketing, October 1993, pp.157-158.
market. The next chapter of this research study will have the Market Scenario of Consumer Durable Goods in India – An Overview, Profile of the Research Area and Profile of the Product.