

An Empirical Study on Factors Influencing Rural Consumer Behaviour in Select Districts of Telangana

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Abstract

Indian urban and rural consumer markets exhibit high degree of variations with regard to consumer behaviour. Many of the urban markets have high density of population, well-developed infrastructure and high connectivity due to communication networks and transportation. The awareness levels of urban consumers are believed to be far better as compared to their rural counterparts. Though about 70% of the Indian population still live in rural areas, the traditional rural markets are mostly un-integrated, small in size and mostly primitive in nature. The objective of the present study is to evaluate the factors influencing consumer behaviour and purchase decisions with regard to consumer durables in select districts of Telangana.

Keywords: Consumer behaviour, purchase decision, rural and urban markets

INTRODUCTION

The rural population is widely scattered among six lakh villages and the rural consumers are characterized by lower purchasing power, low levels of literacy, immobility and lack of awareness in comparison with their urban counterparts. "It is found that the media habits in rural areas are poor. As a result, rural consumers are unaware. It is also observed that retailers influence the rural consumers. To be successful in rural markets, one needs to be effective in management. Penetration of rural markets has become easier with the introduction of economy-oriented products with greater emphasis on the functional benefits". "The major reasons for small size of the rural markets are low purchasing power, slow rate of change in attitudes, widespread dispersal of villages, inadequate road networks and frail communication". "The rural market has a very bright future. Certain characteristics of this market make it difficult for marketers to capitalize on opportunities. These include low literacy levels, consumer ignorance, apathy toward quality standards, and a lack of cooperative spirit." "Very few marketers are found to be actually tapping the potential of rural markets. In the absence of branded

and quality products, rural people must make do with substandard or illegal products. Furthermore, the distinction between the process of grey products and legal branded products is a major deterrent. The tendency to move towards easy lifestyle will be a boom to the consumer durable industry". "Income is the major influencing factor in the consumption habits of the rural people. In addition, caste, religion, education, occupation and gender also influence buying decision in rural areas. Distribution channels should be made effective in reaching the necessary goods to the rural areas. Consumer awareness is to be created by imparting consumer education". Thus, the rural markets exhibit a wide range of contradictions and

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paradoxes making the marketers baffle to understand them.

REVIEW OF LITERATURE

- Venkateshwar and Rao have focused on tracing and identifying the elements in consumer decision-making. The study observed television as a major source of information, for 65.5% consumers. While group forces affect 50% respondents, 45% employed women still feel radio as a source of information. In purchase of consumer durables, 53% would decide for brand. Price is relatively more important factor and husband and wife take decision jointly [1, 2].
- Hundal and Grover concluded that the rural consumer considers consumer durables as a necessity as he perceives them to be a source of entertainment, education, information, and comfort. He suggested increase in the number of distribution channels, introduction of low-cost products with more focus on quality, brand image, family preference, and after-sales service to improve sales volume [3].
- *Rajesh Matai, Anil. K. Bhat, (2013)* stated that the results reveal five factors namely reliability and cost, ease of operation, memory, aesthetic and response features, brand performance and new features influence buying decisions of durables [4].
- Joseph found that the wife plays a major role in the purchase decision making in families, with the involvement of the family members as a team, influencing her behaviour. Children have no significant role in deciding the purchase of durables [5].
- Dasar *et al.* found that the consumer behaviour relating to consumer durables is strongly affected by economic, social, cultural, and psychological factors [6].
- Rajeshwari and Pirakatheeswari concluded that a marketer who understands the behaviour of the consumers and plans his marketing strategies to suit the needs and aspirations of the target market would definitely have an advantage over his competitors in the case of consumer durables [7].
- Rithvikaa and Ramachander observed that rural and urban consumers need to be segmented properly in order to derive sales and profits from both the markets in the case of consumer durables [8].

OBJECTIVES OF THE STUDY

To evaluate the factors influencing consumer behaviour and purchase decisions with regard to consumer durables in select districts of Telangana.

HYPOTHESES FOR THE STUDY

1. H_0 : There is no association between the location of the rural households and the general factors that influence their purchase decisions of consumer durables.
 H_1 : There is an association between the location of the rural households and the general factors that influence their purchase decisions of consumer durables.
2. H_0 : There is no association between the location of the rural households and the general factors influencing the level of satisfaction.
 H_1 : There is an association between the location of the rural households and the general factors influencing the level of satisfaction.

RESEARCH METHODOLOGY

The study is descriptive in nature, with primary and secondary data used. The primary data for the study were gathered by distributing a structured questionnaire to the sample respondents. The secondary data is collected from the reports of National Sample Survey Organisation, National Council of Applied Economic Research and various official and private websites. In terms of primary data, the study's scope is limited to three districts in the state of Telangana, namely, Nalgonda, Mahabubnagar and Nizamabad.

Sample Design

The sample required for the study are selected based on Multistage Random Sampling Method. In the first stage, three out of 10 old districts of Telangana viz., Nalgonda, Mahabubnagar and

Nizamabad, are selected based on simple random sampling method. In the second stage, one Mandal each viz., Miryalaguda, Bhoothpur, and Armur from the sample districts of Nalgonda, Mahabubnagar and Nizamabad, respectively are selected again based on simple random sampling method. In the third stage, one sample village each viz., Annaram, Gopalpur, and Chepur are selected from the three sample Mandals respectively. In the fourth stage, the sample households of 100 each from each of the three sample villages are selected again based on simple random sampling. Thus, the sample consists of 300 households. The summary of sample design is provided in Table 1.

Table 1. Summary of sample design.

Districts	Name of the mandal	Name of the village	Sample households
Nalgonda	Miryalaguda	Annaram	100
Mahabubnagar	Bhoothpur	Gopalpur	100
Nizamabad	Armur	Chepur	100
<i>Total</i>	<i>3</i>	<i>3</i>	<i>300</i>

Incidentally, there are wide variations in the per capita income among these three districts. As mentioned earlier, Mahabubnagar district is about 60% higher than that of Nizamabad and the per capita income of Nalgonda district is about 40% higher than that of Nizamabad district. In terms of per capita income, Nizamabad District ranks low among all the districts of Telangana.

FACTORS THAT INFLUENCE THE PURCHASE DECISIONS OF CONSUMER DURABLES

The general factors that influence the rural households is making the purchase decisions relating to consumer durables: From Table 2, it can be seen that the most important factor that influences the rural households regarding the purchase decisions of consumer durables appears to be the after-sale service provided by the seller. About 35% of the rural households in Nalgonda district and 32% of the rural households in Nizamabad district consider after sale service as the most important factor in purchase decisions regarding a consumer durable. In Mahabubnagar district, a slightly less percentage (30%) of rural households consider after sale service as the most important factor in purchase decisions regarding a consumer durable.

The second factor that influences the purchase decision of the rural households in Telangana state seems to be the convenience in terms of the nearness of the dealer/retailer. About 29% of the rural households in Nalgonda district and 28% of the rural households of Nizamabad district consider the nearness of a dealer/retailer as a factor that influences their purchase decisions of a durable [9, 10]. In the case of Mahabubnagar district, about 27% of the rural households opined that the nearness of a dealer/retailer influences their purchase decisions of durables.

The third factor that influences the decision of the rural households appears to be the attractiveness of the product. About 1/4th of the respondents in Nizamabad district considers attractiveness of the product as a factor that influences their purchase decision of the durable. In Mahabubnagar district, about 23% and in Nalgonda district about 19% of the rural households concurred with the same.

Availability of the product also influences the purchase decision of durables of rural households in a considerable number of cases. In Mahabubnagar district, about 21% of the rural households and in Nalgonda district about 17% of the rural households stated that availability makes a difference to their purchase decision of a durable. In Nizamabad district, about 15% of the respondents consider availability as a factor that influences their purchase decisions.

On the whole, after sales service and convenience in terms of the nearness of the dealer/retailer appears to be influencing the purchase decision of the rural households regarding durables in about 54% of the sample households in select districts of Telangana state. Hence, the manufacturers need to

focus on providing hassle free after sales service to the customers in rural areas and making the products available nearer to the rural customer either through offline or online.

Table 2. Factors influencing purchase decisions of consumer durables.

General factors	NLG	MBNR	NZB	Total
After sales service	52 (34.67)	45 (30)	48 (32)	145 (32)
Attractiveness of Products	28 (18.67)	34 (22.67)	38 (25.33)	100 (22)
Availability	26 (17.33)	32 (21.33)	22 (14.67)	80 (18)
Nearness of the dealer/retailer	44 (29.33)	39 (26.60)	42 (28)	125 (28)
<i>Total</i>	<i>150 (100)</i>	<i>150 (100)</i>	<i>150 (100)</i>	<i>450 (100)</i>
	<i>Value</i>	<i>Df</i>	<i>p-value</i>	
Pearson Chi-Square	1.412	6	.0057	

Source: Primary data.

To find out the statistical significance of this association the following hypothesis is formulated.

- H_0 : There is no association between the location of the rural households and the general factors that influence their purchase decisions of consumer durables.
- H_1 : There is an association between the location of the rural households and the general factors that influence their purchase decisions of consumer durables.

The chi-square test is used to test the above hypothesis, and the results support the null hypothesis. Hence, it is concluded that the after sales service and convenience in terms of the nearness of dealer/retailer are the most important factors for a majority of rural households in Telangana state in influencing their purchase decision of the durables.

Among the various other factors that influence the satisfaction of households with regard to food products, influence the availability, range, regularity and proximity. The rural households of select districts of Telangana on these factors. From Table 3, it can be seen that proximity of retail shop where the food products are available appears to be the factor that mostly influences the satisfaction of the rural households. This is with regard to 35% of the rural households in Nalgonda and 32% of rural households in Nizamabad district. In Mahabubnagar district, about 23% of the respondents opined that proximity of the retailer supplying the food products decides their satisfaction with regard to the product.

The second most important factor that decides the satisfaction of the rural households appears to be the availability of the food products when they required. About 32% of the respondents in Nizamabad and about 28% of respondents in Mahabubnagar considered availability as a factor influencing their satisfaction. In the case of Nalgonda district, for about 23% of the respondents' availability is a factor influencing their satisfaction. Overall, for about 28% of the rural households in select districts of Telangana, availability contributes to their satisfaction.

The third factor that influences the satisfaction of rural consumers is the range/variety of the products in the category of food items that influence their satisfaction. This is true with about 27% of the respondents in Nalgonda district and about 21% of respondents in Mahabubnagar. In Nizamabad, district, the corresponding percentage of respondents, who consider variety as a factor influencing their satisfaction happens to be about 19% (variety/range). On the whole, for a slightly higher than 1/5th of the respondents in select districts of Telangana, variety appears to be the influencing factor of their satisfaction. Hence, they can be bracketed under the category of variety seekers.

The last factor that influences the satisfaction of rural households with regard to food products appears to be the un-interrupted/regular supply of the product to them. About 27% of the respondents

of rural households of Mahabubnagar district and for about 17% of the rural households in Nizamabad district, the un-interrupted supply influences their satisfaction. In about 15% of respondents in Nalgonda district, the un-interrupted/supply of food products appears to be an influencer of their satisfaction. Mostly, the rural households are influenced by the convenience, such as the proximity and availability (about 58%) in their satisfaction with regard to food products.

Table 3. General factors influencing the rural household's satisfaction.

General factors	NLG	MBNR	NZB	Total
Availability	35 (23.33)	42 (28)	48 (32)	125 (27.78)
Range/variety	40 (26.67)	32 (21.33)	28 (18.67)	100 (22.22)
Un-interrupted/regular supply	23 (15.33)	41 (27.33)	26 (17.33)	90 (20)
Proximity of retail shop	52 (34.67)	35 (23.33)	48 (32)	135 (30)
Total	150 (100)	150 (100)	150 (100)	450 (100)
	<i>Value</i>	<i>df</i>	<i>p-value</i>	
Pearson Chi-square	.400	6	0.054	

Source: Primary data.

The following hypothesis is proposed to determine the statistical significance of this association.

- H_0 : There is no association between the location of the rural households and the general factors influencing the level of satisfaction.
- H_1 : There is an association between the location of the rural households and the general factors influencing the level of satisfaction.

The chi-square test is used to test the above hypothesis, and the results support the null hypothesis. Hence, it can be concluded that the convenience (proximity and availability) is the most important factor that influences the satisfaction of the rural households of Telangana state. It is also of interest to note that the significant number of rural households is variety seekers and manufactures of food products need to take this into account.

CONCLUSION

It may be of interest to the marketers to understand the factors influencing the decisions of rural households in purchase of their requirements including the durables. One important aspect that is revealed by the study is that the influencing factors of the decisions of the rural consumers are uniform throughout the select districts. Most of the rural consumers in Telangana state prefer to buy on monthly basis and on cash; their loyalty towards a shop is visible mainly because of the price, quality and convenience. It is of interest to the e-commerce firms to understand that the buying decisions in most cases are not influenced by credit.

The influence of family members and friends/relatives is visible in making purchase decisions. There is brand consciousness, but brand awareness is very low and not driving the consumers towards brand preference, indicating the need to create brand awareness among the rural households. The influence of the children in buying the durables appear to be very thin indicating the need for re-orienting the advertising strategy by focusing on the elder members of the family, whose preferences are influenced by factors other than that influence the children. The consumer satisfaction with regard to the food products and the durables reveal that the rural households are price and quality conscious as far as the food products are concern, their purchase decisions are also influenced by the convenience in terms of proximity and availability as far as the food products are concerned. With regard to durables, the rural consumers are mostly influenced by utility of the product followed by its price. The other factors that influence the purchase decisions of durables are after sales service and convenience in terms of nearness of the dealer/retailer.

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