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Penetration Of Mnc In Rural Markets Of Tamil Nadu

ECONOMICS

KEYWORDS :

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Introduction

Multinational Corporations (MNCs) are huge industrial organization which extend their industrial or marketing operations. They operate through a net work or their braches or their Majority Owned Foreign Affiliates (MOFAs). They are also known as Transnational Corporations (TNCs). They do not aim maximization of profit from one or two products alone, instead, they operate in a number of fields over a number products and over a number of countries. There are now 40,000 TNCs operating through 250000 overseas affiliates. There are various reasons for growth of MNCs are expansion of market territory, marketing superiorities, financial superiorities, technological superiority, product innovations, MNCs and their dominates in India, and foreign collaboration and MNCs.

MNCs have a very strong hold over Indian economy even two decades ago. These corporations held 53.7 per cent of the assets of the giant sector in India. A number of companies were also under foreign domination in one way or another. Western foreign capital dominated and control the country's big business in the mid 1960's. The exact position is that MNCs generate most of the capital from with in the country itself but repatriate large amounts of the profits to their home countries.

MNCs possess more relative and upto market information system, it enjoys reputation and faces less difficulty in selling its products, it can undertake more effective advertising and sales promotion techniques and also it has efficient warehousing facilities due to lower inventory requirements.

The main focus of this paper is to discuss the determinants of consultation with other family members of the selected rural consumers of MNCs goods (responses) and their general shopping pattern.

Objectives

The specific objectives are

1. To analyse the rural consumer attitudes towards MNCs products.

2. To examine the reasons for decision making to purchasing MNCs products.

Methodology

In order to analyse the consumer attitudes towards MNCs products and the reasons for decision making to purchasing MNCs products for 150 sample were randomly selected in various rural areas of Tamil Nadu. The selected respondents were contacted in person and the objectives of the study were clearly explained to them and their co-operation was ensured. The details regarding the general categories of the sample respondents their family characteristics, their opinion about MNCs products reasons for buying MNCs products, product choice of the respondents and the like relating to the overall objectives of the study were collected from the sample respondents through the direct personal interview method.

This paper an attempt has been made to analyse the following heads namely.

Determinants of Consultation with other Family Members

In order to find out the effect of these three factors, namely, age, education and family size to the amount of consultation by family members before the purchase of MNC goods, the following from of multiple liner regression models was used.

$\text{Log } y = b0 + b1 \log X1 + b2 \log X2 + b3 \log X3 + u$

Where,

Y = Degree of consultation (score value).

X1 = Age (in years)

X2 = Education (in years)

X3 = Family Size (in years)

b0, b1,b2, and b3 are the parameter to be estimated. The above model was estimated by the method of least squares.

Table 1 shows the results of the determinants of consultation by other family members for the purchase of MNC goods.

Table 1

Determinants of Consultation with other Family Members for the Purchase of MNC GOODS

Independent variable	Dependent variable: Extent of Consultation		
	Beta	Simple r	t- value
Age	0.28*	0.62*	3.79
Education	-0.21*	-0.52*	4.65
Family size	0.16*	0.51*	3.62
Multiple R = 0.55 R square = 0.62			

* Indicates the regressions co-efficient are statistically significant at 5 per cent level.

Table 1 depicts that these three independent variables (age, education and family size) have contributed significantly to the dependent variable (extent of consultation with other family members). The β value of age in the table (Beta = 0.28) shows that as the age of the decision-makers increase they tend to consult other family members extensively for the purchase of fast moving consumer goods. Secondary, as the education of the decision-maker increase there is a decrease in the rate of consultation of family members for the purchase of MNC goods. Thirdly, as the family size of decision-maker increase they tend to consult other family members extensively for the purchase of MNC goods by the rural consumers. The value of R^2 shows that the three variables (age, education and family size) contribute significantly to the dependent variable up to the extent of 62.00 percent.

Opinion of the Respondents

In this section an attempt has been made to analyze the opinion about domestic product reasons for buying MNC product and impact upon ruralities.

Table 2 shows the opinion about domestic product in rural areas.

TABLE 2

OPINION OF THE RESPONDENTS ABOUT DOMESTIC PRODUCT IN RURAL AREAS

Sl. No.	Opinion	Number of Respondents	Percentage
1.	Good	58	38.67
2.	Not bad	61	40.66
3.	Poor	31	20.67
	Total	150	100.00

Source: Primary Data.

It is inferred from table 2 that out of 150 respondents, majority of them (40.66 per cent) opined the domestic products selling in rural areas are 'not bad'. It is followed by the opinion 'good' (38.67 per cent) and poor (20.67 per cent). This it may conclude that the domestic products are also as good as the MNC products in the heart of the rural consumers in the study area.

Table 3 shows the opinion of the respondents about the quality of home appliances.

TABLE 3

OPINION OF THE RESPONDENTS ABOUT QUALITY OF HOME APPLIANCES MANUFACTAIRED IN INDIA

Sl. No.	Opinion	Number of Respondents	Percentage
1.	Good	66	44.00
2.	Not bad	71	47.33
3.	Poor	13	8.67
	Total	150	100.00

Source: Primary Data.

Regarding the quality, majority of the rural consumer opined the home appliances are not bad in quality followed by 'good' only a very percentage (8.67) have ticked as poor. Thus, it may be inferred that the home appliances are equality good as the MNC products.

Table 4 clearly depicts the opinion of the respondents about Indian mad appliances.

TABLE 4

OPINION OF THE RESPONDENTS ABOUT INDIAN MADE APPLIANCES

Sl No.	Opinions	Great Extent	Certain Extent	Not at all	Total
1.	Cost is high	84 (56.00)	24 (16.00)	42 (28.00)	150 (100)
2.	Do not sport a good look	31 (20.67)	36 (24.00)	83 (55.33)	150 (100)
3.	Do not have proper after sales service	89 (59.33)	43 (28.67)	18 (12.00)	150 (100)
4.	Not a popular brand	68 (45.33)	19 (12.67)	63 (42.00)	150 (100)
5.	Less number in places of purchase	96 (64.0)	32 (21.33)	22 (14.67)	150 (100)
6.	Not projected by sales man	85 (56.67)	37 (24.66)	28 (18.67)	150 (100)
7.	Not advertised property	68 (45.33)	19 (12.67)	63 (42.00)	150 (100)
8.	Do not have good resale value	101 (67.33)	8 (5.33)	41 (27.34)	150 (100)
9.	Difficult to handle	56 (37.34)	68 (45.33)	26 (17.33)	150 (100)

Source: Primary Data.

Note: Figures in brackets represent percentage to total.

According to table 4 out of 150 respondents, majority of them 84 (56.00 per cent) have asserted the MNC products which are high cost compared to home made appliances. Only 28.00 per cent of them have refused to accept the high cost of MNC product. Regarding the look of the product, majority of them 83 (55.33 per cent) have opined that the MNC products are sport a good look. But at the same time, namely 59.33 per cent have asserted that the MNC product have not any proper after sales service and also not a popular brand available in the study area. The MNC products are also available only a few places. These products have not been prosperity advertised and also projected by salesmen so as to boost the sale of such products. Namely 67.33 per cent (101) have opened that there is no resale value of MNC product and sometimes it is very difficult to handle.

Reasons for buying MNC products and impact upon ruralities are given in table 5.

TABLE 5

REASONS FOR BUYING A MNC PRODUCTS AND IMPACT UPON RURALTIES

Sl No.	Reasons	Agree to a Great Extent	Agree	Disagree	Total
1.	MNC good are superior in quality	69 (46.00)	56 (37.33)	25 (16.67)	150 (100)
2.	Goods purchased as foreign product	99 (66.00)	46 (30.67)	5 (3.33)	150 (100)
3.	Only told a bout MNC product in the shop	9 (6.00)	43 (28.67)	98 (65.33)	150 (100)
4.	MNC goods availed in the show room	89 (59.33)	38 (25.33)	23 (15.34)	150 (100)
5.	Available easy hire purchase schemes	7 (4.67)	17 (11.33)	126 (84.00)	150 (100)
6.	Second time purchase MNC product	7 (4.67)	13 (8.67)	130 (86.66)	150 (100)
7.	I st purchased MNC product satisfied	84 (56.00)	38 (25.33)	28 (18.67)	150 (100)
8.	MNC products are cheap	102 (68.00)	36 (24.00)	12 (8.00)	150 (100)
9.	MNC product have strong after sales service	6 (4.00)	7 (4.67)	137 (91.33)	150 (100)
10.	MNC products are easy to handle.	82 (54.67)	43 (28.67)	25 (16.66)	150 (100)

Source: Primary Data.

Note: Figures in Brackets represent percentage to total.

It is understood form table 5 that main reason for buying MNC products is due to its quality as agreed by 125 out of 150 respondents. Only 50 respondents have not accepted the superior quality of MNC products. Namely 145 out of 150 have purchased MNC products only because of the foreign goods. Out of 150, 98 respondents (65.33 per cent) have disagreed the statement that only told about the MNC products in the shop. But 89 of the respondents have agreed to a great extent the MNC products availed in the showroom. The hire purchase scheme is not attracted among the respondents as namely 84.00 percent of the respondents have negatively responded the statement "available under easy have purchase scheme". Out of 150 respondents, only 13.34 per cent have agreed to purchase second time also. Satisfaction of the purchased MNC produced induced nearly 81.33

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per cent of the respondents to purchase MNC product again. Out of 150, 102 (68.00 per cent) of them have agreed to a great extent that the MNC products are cheap. Nearly 92.00 per cent of the respondents have refused to accept the statement 'MNC products have strong after sales service. But at the same time, about 83.34 per cent have agreed that the MNC products are easy to handle.

Table 6 indicates the social reasons for the purchase of MNC products.

TABLE 6
SOCIAL REASONS FOR THE PURCHASE OF MNC PRODUCTS

Sl. No.	Reasons	Yes	No	Can't say/ Not at all	Total
1.	Friends/relative owns it	76 (50.67)	59 (39.33)	15 (10.00)	150 (100)
2.	Go as a family to purchase MNC product	34 (22.67)	107 (71.33)	9 (6.00)	150 (100)
3.	Due to the influence of family member	88 (58.67)	56 (37.33)	6 (4.00)	150 (100)

Source: Primary Data.
Note: Figures in Brackets represent percentage to total.

According to table 6, out of 150 respondents, more than 50 per cent have purchased MNC products because of their friends/ relatives owned the products. About 71.33 per cent refused to go with family when they purchase the MNC products. Nearly 59.00 per cent of the respondents have purchased MNC products due to the influence of family members.

Table 7 shows the status of family member influence to the respondents.

TABLE 7
FAMILY MEMBERS STATUS OF INFLUENCERS TO THE RESPONDENTS

Sl.No.	Members	No. of Respondents	Percent
1.	Husband / wife	99	66.00
2.	Children	24	16.00
3.	Grand father	13	8.67
4.	Grand mother	9	6.00
5.	Others*	5	3.33
	Total	150	100.00

Source: Primary Data.
*others include uncle, aunty, nephew etc.

It has been inferred from table 7 that out of 150 respondents, majority of them 99 (66.00 per cent) of influencers are husbands/wives followed by 24 (16.00 per cent) of them are children, 13 (8.67 per cent) of them are grand father, 9 (6.00 per cent) of them are grand mother and 5 (3.33 per cent) of them are others which includes uncle, aunty, nephew and the like.

Reasons for decision making to purchase MNC product are furnished in Table 8.

TABLE 8
REASONS FOR DECISION MAKING TO PURCHASE MNC PRODUCT

Sl No.	Reasons	Agree to a Great Extent	Agree	Disagree	Total
1.	After seeing the advertising	19 (12.67)	98 (65.3)	33 (22.00)	150 (100)
2.	For social status	21 (14.00)	105 (70.00)	24 (16.00)	150 (100)
3.	Brand influenced	26 (17.33)	89 (59.33)	35 (23.34)	150 (100)

Source: Primary Data.
Note: Figures in Brackets represent percentage to total.

Table 8 explains the reasons for decision taken by the respondents before purchasing MNC products in the study area. Out of 150 respondents, majority 98 (65.33 per cent) of them have agreed to purchase MNC products after seeing the advertisements either through T.V or news paper. Fourteen per cent have agree to a great extent to purchase after seeing the advertisement. Thirty three respondents (22.00 per cent) have disagreed to purchase MNC product after seeing the advertisement. Further, the analysis revealed that majority of the respondents 126 (84.00 per cent) have purchased the MNC product only because of social status 115 (76.66 per cent) of them have agreed to purchase MNC product due to brand influence. Thus it may be concluded from the analysis that majority nearly 84.00 per cent have purchased due to show their social status in the study area.

Table 9 clearly exhibits the choice of MNC product by the respondents.

TABLE 9
PRODUCT CHOICE OF THE RESPONDENTS

Sl. No.	Product choice	Yes	No	Sometimes	Not at all	Total
1.	Decided the product before leaving home	56 (37.33)	68 (45.33)	9 (6.00)	17 (11.34)	150 (100)
2.	Specify the product when purchase	90 (60.00)	42 (28.00)	16 (10.67)	2 (1.33)	150 (100)
3.	Buying product after salesman convincing	8 (5.33)	88 (58.67)	49 (32.67)	5 (3.33)	150 (100)

Source: Primary Data.
Note: Figures in Brackets represent percentage to total.

It is found from Table 9 that out of 150, only 56 (37.33 per cent) have decided the brand to buy MNC product before leaving have but, majority of them, 90 (60.00 per cent) have no such idea to choice the product before leaving home. Sixty per cent of them have already decided the MNC product to purchase while very few 8 (5.33 per cent) have been convinced by the salesman and 49 (32.67 per cent) have also been convinced by salesman to some extent. But majority of them 93 (62.00 per cent) have not considered the recommendation of the salesman.

Conclusion

For a marketer chasing a wining promotion, it is important to understand the influence of family members on MNC product purchase decisions. In the study area in various rural areas of Tamil Nadu, where joint and nuclear families exist together, the marketer seeking to seize the future, needs to focus not just on the individual but the respondents defined by their positions, relationships and roles in the context of their families. Therefore the real customer for the marketer is not the individual but the

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