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INDEX

Sr. No.	Title	Author	Subject	Page No.
1	Current Issues In Indian Capital Market	Bhavin S. Shah	Accountancy	1-3
2	Accounting Standard (AS) 30 Accounting for Financial Instruments	Kalola Rimaben A, Chauhan Lalit R.	Accountancy	4-6
3	A Study on Lithology and Petrography of the Tipam Sandstones Exposed along the Tipong Pani River Section of Upper Assam Basin	Dr. Pradip Borgohain	Applied Geology	7-11
4	Study of Fluvial Geomorphic Features of the Lower Subansiri Basin, North-East India using Remote Sensing and GIS.	Dr. Uttam Goswami	Applied Geology	12-14
5	Sheared volcanics in the north of Pugging, East Siang District, Arunachal Pradesh	T. K. Goswami, P. Bhattacharyya, D. Bezbaruah	Applied Geology	15-18
6	Heavy Metal Biosorption Using A Biopolymer Chitin	D. Saravanan, P. N. Sudha	Chemistry	19-23
7	Impact of peripheral cues on rural consumer buying decision for FMCG products with special reference to Palitana (Gujarat)	Dr K.S. Vataliya, Bhavik .P. Parmar	Commerce	24-26
8	A Growth of Rural Postal Life Insurance in India [A Study with special Reference to Dharmapuri District]	Dr. A. Vinayagamoorthy K. Senthilkumar	Commerce	27-28
9	Promotional Strategies for International Markets with respect to Agricultural Products	Dr. B. B. Bhosale	Commerce	29-30
29	Business Risk And Financial Risk - Indian Corporate Sector	Dr. M. Dhanabhakyam, P. Balasubramanian	Commerce	31-33
10	"Customer Relationship Management"- In Banking Industry	G.V. Kori, Sri. Basavaraj Huggi	Commerce	34-36
11	Role of Investment Banks and Institutions in Economic Development	Jitendra Dhirajlal Karia, Dr. (Prof.) Vijay Kumar Soni	Commerce	37-38
12	Nature Of Information Shared And Communication Methods Used In Small Manufacturing Firms	Vipul Chalotra	Commerce	39-41
13	China's WTO Accession: An Empirical Assessment of Merchandise Trade with India	Anjali Tandon	Economics	42-45
14	Regional Disparities - Social Sector Expenditure in Rural-Urban India	Dr. Shankar B. Ambhore, Dr. Ashok S. Pawar	Economics	46-47
15	(Presenting Thought About Industry, Trade And Co-operation Of Rajarshri Shahu Maharaj)	Dr. Ashok Shankarrao Pawar, Dr.Sunita J. Rathod	Economics	48-49
16	An Assessment On Poverty Alliviation Programmes In Rural India-A Case Study	Dr. Parvathamma G. L.	Economics	50-55
17	Liveability in Guwahati: A Factor Analytic Approach	Dr. Daisy Das, Dr. Ratul Mahanta	Economics	56-58
18	Backward Class Disparities in higher Education in India	Dr. Shankar B. Ambhore, Dr. Pawar Ashok S.	Economics	59-60
19	Revenue and Expenditure Pattern of Municipal Corporations of Punjab	Naresh Kumar	Economics	61-66

20	Livelihood Security of Traditional Fishermen of Kerala: Analysing and Identifying the Roles of Self Help Groups	(Dr.) D. Rajasenan, Rajeev B.	Economics	67-70
21	Levels and Types of Questions Raised by EFL Teachers In Southern Al-Mazar Directorate of Education	Dr. Jihad Al-Turki	Education	71-74
22	Issues And Recommendations Of National Knowledge Commission In Higher Education System	Vidhi Bhalla	Education	75-77
23	Multiple Sequence Alignment of Different Species	Perna, Pankaj Bhambri, Dr. O.P. Gupta	Engineering	78-82
24	Analyzing the Phylogenetic Trees with Tree- building Methods	Jasmine, Pankaj Bhambri, Dr. O.P. Gupta	Engineering	83-85
25	Low Power High Speed with Improved Noise Margin for Domino CMOS Inverter.	Pushpa Raikwal, Dr.Vaibhav Neema, Dr.Sumant Katiyal	Engineering	86-88
26	Analysis of Drag for an Aircraft Wing Model with and without Winglet	Mitul Patel, Sharvil Shah, Dharmendra Dubey	Engineering	89-91
27	Cognitive Radio	Chauhan Jayesh R.	Engineering	92-95
28	Problems In Teaching English As A Compulsory Subject	Prof. Madhvi R. Acharya	English	96-97
30	Financial Banking Is The Science Of Managing Money: Indian Financial System	Dr. Shailesh N. Ransariya, Dr. Shailesh N. Ransariya	Finance	98-100
31	Carbon Trading a Step towards Green Environment	Ashok R. Bantwa	Finance	101-102
32	Effect of Supplementation of A Multinutrient Chocolate Bar on Nutritional Status and Athletic Performance	P. Muhtulakshmi, Dr. M. Sylvia Subapriya	Home Science	103-104
33	Imperatives of Inclusive Growth for Sustainable Development of Indian Economy Post Globalization	Dr Mahalaxmi Krishnan	Indian Economy	105-107
34	RIGHT TO INFORMATION ACT AND THE ROLE OF PRESS, MEDIA & NGO'S	Dr. Krushna Chandra Dalai	Law	108-109
35	``Thesis: A Powerful Source Of Information``	Arvind M Bhadrashetty	Library Science	110-111
36	Present Day English and Inflections	Dr Syed Mohammed Haseebuddin Quadri	Literature	112-113
37	Jigsaw II: An Effective Strategy To Develop Reading Comprehension Of High School Students	Dr. P. Nagaraj, Sindhu Thamba	Literature	114-115
38	CAPITAL STRUCTURE ANALYSIS (An Empirical Study of Paper Mills in India)	Ashok Mundhra	Management	116-118
39	Emerging Trends In Indian Rural Market	Dr. N. Ramanjaneyalu	Management	119-121
40	Credit Card Usage in Coimbatore	G. Murali Manokari, Dr. R. Ganapathi	Management	122-126
41	Micro Credit – Two Sides of the Same Coin	R. Durga Rani, J. Gnanadevan, Dr. R. Ganapathi	Management	127-130
42	Work Place Stress and Yoga Therapy	K. Revathi, Dr. R. Ganapathi	Management	131-132
43	Customer's Satisfaction Towards Modernized Petrol Stations With Reference to Coimbatore City	Dr. R. Ganapathi	Management	133-137

44	Evaluation Tactics: A tool to evaluate success of corporate training programme	Dr. Shobha Dedhia	Management	138-140
45	A Preliminary Study On Issues And Challenges Faced In Measurement Of Social Media Return On Investment	Khushbu Pandya	Management	141-142
46	Profitability Analysis (A Case Study of Selected Public and Private Sector Companies)	Manish Manglik	Management	143-144
47	Performance Management System	S.Jayakrishna, N.Sainath, M.V.Subbareddy, N.Raji Reddy	Management	145-147
48	A Study On Organizational Culture In Bharath Heavy Eletrical Limited, Ranipet	S.Sridhar, D.Yuvaraj, V. Kandasamy	Management	148-150
49	Cost Effective Transportation	Sarada Prasanna Patra Dr. Manjusmita Dash	Management	151-154
50	A Study On Efficiency Of Outbound Training With Reference to Titan Industries, Hosur	V. Kandasamy, D. Yuvaraj, S. Ragothaman	Management	155-157
51	Performance Improvement Enhance The Efficiency	Vidya L. Hulkund	Management	158-159
52	Packaging- The Salient Seller	Vidya L. Hulkund	Management	160-161
53	An Empirical Study Of Student Satisfaction With Reference To Gujarat Technological University (Gtu)	Dr. Vijay K. Patel	Management	162-163
54	Maximizing Customer Profitability in Retailing Industry (Durable Goods) - Role of Analytical CRM -A Case Analysis	Dr.A.R.Krishnan, R.Selvamani	Management	164-165
55	Financial Inclusion - Role Of Banking Industry	Dr. K. Marutha Muthu, Ms.T. A.Tamilselvi	Management	166-167
56	The Growth of Self Help Groups in India: A Study	S.Ravi, Dr. P. Vikkraman	Management	168-170
57	Role of E-Banking	K. K. Devi	Marketing	171-172
58	Reasons after the war of going Green –Green Marketing	Kavita A. Trivedi	Marketing	173-175
59	Strongly Minimal Generalized Boundary	K. Chandrasekhara Rao, P . Padma	Mathematics	176-177
60	ACCESSORY RENAL ARTERY: A CASE REPORT	Archana U Shekokar, Vandana A Tendolkardolkar	Medical Science	178-179
61	Fibrinous Pericarditis: A Case Report	Vandana A Tendolkar, Archana U Shekokar	Medical Science	180-181
62	Social life, Addictions and Subjective Wellbeing of the Transsexuals	Seemanthini.T.S, Manjula. M. Y	Psychology	182-184
63	Using E-Content In Science Class: The Effect Of Treatment, Gender, And Their Interaction On Science Achievement	Suman Rani	Psychology	185-188
64	Bullying - Societal Curse- A Serious Issue	Latha Janaki. R, Dr.Kalyani Kenneth	Social Science	189-191
65	Factor Influencing Foetal Wastage	Dr. Dipti Bhavsar, Dr. C. D. Bhavsar	Environment	192-195
66	Approach Of Universilization Educational And Women Empowerment Of Rajarshri Shahu Maharaj	Dr. Ashok Shankarrao Pawar, Dr. Sunita J. Rathod	Economics	196-199



Impact of peripheral cues on rural consumer buying decision for FMCG products with special reference to Palitana (Gujarat)

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ABSTRACT

Peripheral Cues can be defined as an object which drives attention of consumers about the particular thing which can be ad campaign, product shape, product size, packaging etc. Literacy rate among rural customer is very low compared to urban market. Hence strategic use of peripheral cues can be effective marketing tools to attract the customer.

The main objective of study is to find out impact of peripheral cues on rural customer buying decision process for Fast Moving Consumer Goods (FMCG). The scope of the study is limited to three villages Mokhadka, Gheti and Aadpar of Palitana. Primary data are collected through questionnaire including open ended and close ended questions. Result of the study reveals there is a strong association between peripheral cues and rural customer Buying decision (Chi-square-124.52>18.54) while the opinion of respondents from three different villages are not significantly different in case of all peripheral cues. 82.67% (out of 75) Rural consumers take buying decision on the basis of peripheral cues like colors of packaging while most of the peripheral cues identified in the survey includes shape of the product, posters and display Advertisement at retailer's store etc.

Keywords : Peripheral Cues, FMCG, Palitana, Rural Customer

Introduction

The present study focus on how the Peripheral cues affect to the rural customers in making buying decisions especially Fast moving Consumers Goods (FMCG). Peripheral cues can be defined as an object which drives attention of consumers towards particular tangible things which affect consumers to make buying decisions.

As the literacy level among the rural consumers is low, they make buying decision on the basis of such peripheral cues such as Packaging colors, Shape of the product etc. Rationale for considering FMCG product is that such product includes wide product range and mix which are identified with large no of peripheral cues. The study was being conducted during November and December 2011.

Scope of the study:

Scope of the study is limited to three villages of Palitana namely Aadpar, Mokhadka & Gheti. Population of such villages are ranging from 5000 to 10000.

Objectives:

- To find out impact of peripheral cues on rural customer buying decision process for Fast Moving Consumer Goods (FMCG)
- To identify different peripheral cues affecting rural consumer buying decision
- To compare and contrast opinion given by respondent from three villages

Hypothesis:

1. H0: There is No association between peripheral cues and Rural customer buying decision

H1: There is association between peripheral cues and rural customer buying decision

2. H0: There is No significance different among the opinion given by respondent among three different villages regarding peripheral cues

H1: There is a significant difference among the opinion given by respondent among three different villages regarding peripheral cues

Research Methodology:

The design of the study is exploratory in nature. Relevant peripheral cues are explored during the study through open discussion and structured questionnaire with respondents. Sample size consists of 75 Rural customers from three villages (25 each) Aadpar, Gheti & Mokhadka of Palitana using Quota sampling (Non-probability Sampling). The Impact of Peripheral cues on rural customer buying behavior are analyzed by Chi-square test using Ph-state software to meet primary objective and F-test are applied to find out variances ratio among opinion given by respondents from three different villages to meet secondary objective. All the responses are measured by using 5-point likert scale.

Data collection:

Table - 1

1. How the packaging color in the peripheral cues affect the consumer buying decision in the below mentioned three villages.

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	25	0	0	0	0	25
Gheti	20	1	2	1	1	25
Mokhadka	17	4	0	4	0	25
Total	62	5	2	5	1	75

(Source: self compiled from primary data collected through questionnaire)

Table - 2

2. How the labeling of the products in the peripheral cues affect the consumer buying decision in the below mentioned

three villages.

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	3	7	5	4	6	25
Gheti	7	8	5	2	3	25
Mokhadka	4	10	3	3	5	25
Total	14	25	13	9	14	75

(Source: self compiled from primary data collected through questionnaire)

Table – 3

3. What will be the effect of the poster in the consumer buying decision in three villages described here?

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	2	12	3	3	5	25
Gheti	4	10	4	4	3	25
Mokhadka	5	8	4	4	4	25
Total	11	30	11	11	12	75

(Source: self compiled from primary data collected through questionnaire)

Table – 4

4. How the retail store outlook will affect the consumer buying decision in the three villages described here.

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	2	12	4	5	2	25
Gheti	5	11	4	4	1	25
Mokhadka	4	15	1	2	3	25
Total	11	38	9	11	6	75

(Source: self compiled from primary data collected through questionnaire)

Table – 5

5. What will be the effect of television advertisements to the consumer buying decisions in the three villages described here?

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	2	12	4	5	2	25
Gheti	5	8	5	6	1	25
Mokhadka	3	9	6	3	4	25
Total	10	29	15	14	7	75

(Source: self compiled from primary data collected through questionnaire)

Table – 6

6. How the shape of the product will affect the consumer buying decisions in the three villages described here.

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	6	8	5	4	2	25
Gheti	4	11	4	5	1	25
Mokhadka	2	14	4	3	2	25
Total	12	33	13	12	5	75

(Source: self compiled from primary data collected through questionnaire)

Table – 7

7. How the size of the product will affect the consumer buying decisions in the three villages mentioned here.

Peripheral cues	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total
Aadpar	6	8	4	3	4	25
Gheti	4	9	5	5	2	25
Mokhadka	5	12	2	3	3	25
Total	15	29	11	11	9	75

(Source: self compiled from primary data collected through questionnaire)

Hypothesis testing:

· Chi-square Test

Table – 8 “table showing observe frequency regarding peripheral cues”

Observed Frequencies					
	Column variable				
Row variable	Packaging colors	Labelling	TV Ads	Shape of Product	Total
SD	1	14	7	5	27
D	5	9	14	12	40
Avg.	2	13	15	13	43
A	5	25	29	33	92
SA	62	14	10	12	98
Total	75	75	75	75	300

Results	
Critical Value	18.54934779
Chi-Square Test Statistic	124.5233901
p-Value	7.72203E-21
Reject the null hypothesis	

(Source: extracted from spreadsheet calculation)

Interpretations: As the calculated value (124.52) is higher than critical value (18.55), Null hypothesis was rejected. Hence Peripheral cues affect rural customer buying decision significantly.

· F-Test:

Table – 9 “a table showing variance among opinion of respondents (F-Test)”

Peripheral cues	Between Aadpar & Gheti	Between Gheti & Mokhadka	Between Aadpar & Mokhadka	F-Test Result
Packaging Colors	0.592674	0.733037	0.386492	Reject H ₀
Labeling	0.377229	0.801185	0.26296	Reject H ₀
Posters	0.500472	0.365139	0.127447	Reject H ₀
Store Outlook	0.828624	0.415668	0.545654	Reject H ₀
Tv Ads	0.374387	1	0.374387	Reject H ₀
Shape of the product	0.359307	0.541162	0.139304	Reject H ₀
Size of the Product	0.649606	0.388921	0.19872	Reject H ₀

(Source: self compiled from spreadsheet calculation)

Interpretations:

Opinions of the rural customer among three villages are significantly different as H₀ was rejected for all peripheral cues.

Main findings:

- Result of the study shows that Peripheral cue is one of the most important factor considered by rural customer for buying FMCG product as the Chi-square calculated value (124.52) is higher than critical value (18.55), Null hypothesis was rejected
- 82.67% Rural consumers take buying decision on the basis of peripheral cues like colors of packaging
- Opinions of the rural customer among three villages are significantly different as H0 was rejected for all peripheral cues but
- However strong similarity in opinion can be seen between Opinion given by Aadpar & Mokhadka Respondets (F-Test:0.12) in case of Poster as peripheral cues.
- While opinion of Gheti & Mokhadka Respondent are significantly different (F-test:1) in case of TV Ads.
- There is a mix response regarding labeling but still 33.33% respondents agree with labeling as peripheral cues affecting their buying decision

- 33.33% respondents agree with shape of the product as peripheral cues affecting their buying decision.
- Size of the product, Retail store outlook and poster at retailer's store are explored during the study as significant peripheral cues considered by rural customer.

Conclusion:

Survey can be concluded that there is a strong impact of peripheral cues on rural customer buying decision (Chi-square-124.52>18.54). Opinions of the respondents are different in nature regarding impact of peripheral cues among three villages. Packaging color found to be most important peripheral cues affecting as 82.67% respondents are strongly agree. However strong similarity in opinion can be seen between Opinion given by Aadpar & Mokhadka Respondets (F-Test: 0.12) While opinion of Gheti & Mokhadka Respondent are different (F-test: 1) but not significantly in case of TV Ads

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