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Determinants of Buying Behaviour of Rural Consumers- with Reference to Food & Beverages

KEYWORDS: brand preference, consumer behaviour, consumer awareness

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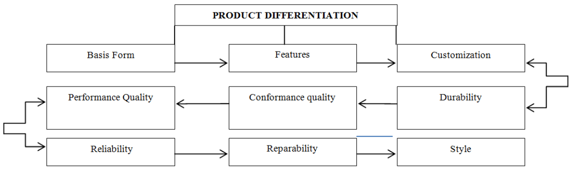
ABSTRACT *Indian food and beverage market has observed strong growth during the past few years. Economic liberalization and rising income of middle class population have had a positive impact on consumer spending and consumption in both rural and urban areas. Burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to manufacturers of branded products to convert consumers to branded products. The study conducted followed both explorative and descriptive research design. Rural area around Coimbatore city is chosen as the sample population. For the study two blocks out of eight were selected and from each block two villages were chosen as the sample regions. And from each sample village thirty sample subjects were chosen for the survey, in total 60 respondents were interviewed. The study concluded that there exist differences between the perceived Thus it suggested to the FMCG manufactures & marketers to frame strategic marketing plans specifically for rural consumers.*

Introduction.
Indian food and beverage market has observed strong growth during the past few years. Economic liberalization and rising income of middle class population have had a positive impact on consumer spending and consumption in both rural and urban areas.. Food and Beverages segment comprises of the food processing industry, health beverage industry, bread and biscuits, chocolates & confectionery, Mineral Water and ice creams. India represents potential untapped market for FMCG products like tea, snacks biscuits and health drinks. Burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to manufacturers of branded products to convert consumers to branded products.

Conceptual Framework
Product differentiation is a business level strategy in which firms attempt to create and exploit differences between their products and those offered by competitors. These differences may lead to competitive advantage if customers perceive the difference and have a preference for the difference. Marketers can differentiate products by making them customized to an individual say conformance quality, durability, reliability reparability, style etc. Many products can be differentiated in form – the size, shape, or physical structure of a product. Mass customization is the ability of the company to meet each customer's requirement – to prepare on a mass basis individually designed products, services, programs and communications.

EXHIBIT: 1
BASIS OF PRODUCT DIFFERENTIATION



Objectives of the Study
The objectives focused in this article are:

- To understand the socio-economic status of consumers, influences of various media/medium on their buying behaviour and their buying attitude in the rural areas of Coimbatore city.
- To critically evaluate the determinants of product selection and consumers' level of satisfaction towards food and beverages products available in the market.

Research Methodology
The study conducted followed both explorative and descriptive research design. Rural area around Coimbatore city is chosen as the sample population. For this study, the researcher has adopted convenience sampling techniques in collection of primary data. As on 2013 March, this district has seven administrative blocks (Annur, Coimbatore (North), Coimbatore (South), Mettupalayam, Pollachi, Sulur and Valparai) and 295 revenue villages. For the study, two blocks were selected and from each block two villages were chosen as the sample region. And from each sample village, thirty sample subjects were chosen for the survey, in total 60 respondents were interviewed.

Results and Discussion
Sheth's (1981) model on merchandise buying behavior explained retail buying through general explanatory factors such as price, quality, company image/brand and delivery reliability. He says consumer interest is centered on the final decision (to buy or not) and factors influencing that specific moment in a buying process. According to Holm-Hansen and Skytte (1997) factors like price quality etc., are obviously important but persistent focus on these types of variables does not seem to be able to catch the complexity of retail buying in the 21st century and also lends a rather static nature to the models. The results and discussion of the empirical survey has been presented in this section of the research article.

TABLE: 1
SOCIO-ECONOMIC PROFILE OF THE RESPONDENT

Sl. No	Variables	Source	No. of the Respondents	Percentage
1.	Gender	Male	28	46.00
		Female	32	54.00
		Total	60	100
2.	Age	Less than 18	2	4.00
		18-25	28	46.00
		25-35	7	12.00
		Greater than 35	23	38.00
		Total	60	100

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3.	Occupation	Private employee	13	22.00
		Govt. employee	10	16.00
		Powerloom Entrepreneurs	16	26.00
		Agriculture	22	36.00
		Total	60	100.00
4.	Qualification	Higher secondary	6	10.00
		Graduate	26	44.00
		Post graduate	23	38.00
		Others	5	8.00
		Total	60	100
5.	Family members	<3	7	12.00
		3-5	40	66.00
		5-6	8	14.00
		>6	5	8.00
		Total	60	100
6.	Type of family	Nuclear	29	48.00
		Joint	31	52.00
		Total	60	100
7.	Place of purchase	Local	17	52.00
		Departmental	31	28.00
		Hypermarket	12	20.00
		Total	60	100

Source: Primary Data

Demographic distribution of the population indicates that 54 per cent of sample subjects are women and the rest of the 46 per cent are male. Majority of the samples respondents were in the age group of 18-25 years and 35 years & above category and 90 per cent of the sample populations are observed to well qualify by means of education. Primary occupation of the rural consumers' in Coimbatore district is found to be either power looms based job work or agriculture. It has evidences from the survey that 52 per cent consumers live in joint families and most of the families' size constitutes of 3-5 members. Retail goods are brought from the local shops situated near the respondents' residents i.e., 52 per cent.

TABLE: 2
RURAL CONSUMERS' AWARENESS TOWARDS BRAND AVAILABILITY IN THE MARKET

Category	>3	4-6	>6
Health Beverages	26(43.33)	19(31.67)	14(25.00)
Tea	18(30.00)	22(36.00)	20(34.00)
Coffee	20(34.00)	28(46.00)	12(20.00)
Snack Food	0(0.00)	11(18.00)	49(82.00)
Biscuits	3(5.00)	10(16.67)	47(78.33)

Source: Primary Data

In this survey it has been observed that majority of the sample population were able to recognize 4-6 brands of tea/coffee sold in retail markets and they are able to classify both local and national sellers. Similarly the sample subjects have said that they are aware of three or less health drink brands. The table clearly reveals that 82%and 78.33% of the consumers were aware of more than six brands in Snack foods and biscuits respectively.

TABLE: 3
SOURCES OF INFORMATION ON FOOD AND BEVERAGES

Sl. No	Sources of Information	No. of the Respondents	Percentage
Personal Sources			
1	Family Members Friends	36	60.00
2	Sales people	5	8.00
3	Shop owners	19	32.00
	Total	60	100.00
Media influenced			
1	Radio/Television Commercials	41	68.00
2	Newspaper	8	14.00
3	Internet	11	18.00
	Total	60	100.00

Source: Primary Data

Generally marketers' attempts to educate customers regarding various aspects of the product/brands which do influence the rural purchase decisions. It is found from this study that majority (68%) of the rural consumes are influenced by TV commercial and 60% are influenced by the primary group like family members/ friends.

TABLE: 4
PURCHASING BEHAVIOUR

Sl. No	Particulars	No. of the Respondents	Percentage
1.	Buy the new one	26	44.00
2.	Remain with the old one	10	16.00
3.	Wait till it become popularized	13	22.00
4.	Buy when offers and discount is introduced	11	18.00
	Total	60	100

Source: Primary Data

Among the sample subjects, 44 per cent of the consumers' prefer buy new or innovated product of particular brand (i.e., when new products are introduced in the market). On the contrary 22 per cent of rural subjects have said that wait till the products get popularized in the market, 18 per cent exercise buying when offers /discounts re announced and only 16 per cent are observed to be brand loyal consumers.

TABLE: 5
REASONS STATED BY THE CONSUMERS FOR SHIFTING OF BRANDS

Particulars	Sum	Mean	Rank
Taste	218	4.36	2
Quality	231	4.62	1
Brand	197	3.94	8
Price	200	4.00	6
Quantity	205	4.10	5
Health Benefits	214	4.28	4
Price	217	4.34	3
Promotional Offers	197	3.94	8
Brand Reputation	179	3.58	10
Product Availability	199	3.98	7

Source: Primary Data

From the survey it is found that majority of rural educated consumers prefer quality product, so they tend to shift from one brand to another. The second rank is assigned to taste as the consumer want to try new/innovative taste, sample consumers are found to be price conscious and is given rank 3 and on the contrary people of rural masses place importance to health benefits criteria. Similarly, consumers also give importance for quantity of the product, brand, promotional offers, product availability and brand reputation, so they incline to shift from one brand to another.

H1: There exist no differences between the adult and young consumers' perception towards tea, coffee, health drinks and snacks products marketed in rural India.

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TABLE: 5
PAIRED t TEST
DETERMINANTS OF DECISION MAKING AND DECISION MAKER IN THE FAMILY

Variables	Adult (> than 18)		Young(< than 18)		t value	Sig
	Mean	SD	Mean	SD		
Health beverages						
Taste	2.303	1.015	2.177	0.883	.436	.025
Flavor	2.121	0.696	2.235	0.752	-.534	.596
Nutrients	2.333	0.854	2.177	0.728	.646	.022
Price	2.061	1.435	1.375	0.500	1.849	.071
Promotional Offers	2.212	1.364	1.563	0.512	1.835	.073
Brand Reputation	2.364	1.194	1.625	0.619	2.319	.025
Product Availability	2.000	1.299	1.438	0.512	1.663	.103
Tea and Coffee						
Taste	1.939	0.864	1.824	0.529	.505	.616
Flavor	2.485	1.004	2.059	0.556	1.621	.111
Aroma	2.182	0.846	1.765	0.562	1.830	.073
Strength	2.515	0.870	1.941	0.659	2.385	.021
Colour	2.152	0.834	1.588	0.712	2.372	.022
Price	1.970	0.918	2.000	0.632	-.119	.906
Promotional Offers	2.061	1.029	1.500	0.632	1.998	.052
Brand Reputation	2.061	0.899	1.875	0.719	.720	.475
Product Availability	1.727	0.674	1.438	0.512	1.517	.136
Snack Food						
Good for Health	3.588	1.064	2.667	1.451	2.314	.025
Tastier	1.636	0.895	1.588	0.712	.192	.848
Crispiness	1.818	0.950	2.235	0.831	-1.531	.132
Quantity	2.273	1.257	3.294	1.404	-2.616	.012
Price	1.970	1.045	2.000	0.632	-.107	.916
Promotional Offers	1.909	0.805	2.250	0.683	-1.457	.152
Brand Reputation	1.788	1.139	1.000	0.000	2.752	.008
Product Availability	1.849	1.093	1.563	0.814	.927	.359
Biscuits						
Adequate nutrient content	2.152	1.004	2.471	1.007	-1.063	.293
Flavor	1.636	0.549	1.941	0.556	-1.853	.050
Wheat Based	2.242	1.001	2.412	0.870	-.591	.557
Malt Based	2.303	1.015	2.647	0.996	-1.142	.259
Multigrain	2.091	0.914	2.294	0.686	-.806	.424
Crispiness	1.970	0.951	1.588	0.507	1.539	.130
Price	2.030	1.104	1.688	1.014	1.046	.301
Promotional Offers	2.030	1.104	1.625	0.500	1.396	.169
Brand Reputation	2.121	0.960	2.063	0.680	.219	.828
Product Availability	2.121	0.893	1.938	0.680	.726	.472

Level of Significance: 5 per cent

The empirical survey results elucidate that adult and young consumers' perception towards tea, coffee, health drinks and snacks products differed significantly. Adult consumers prefer to buy those products that have more nutrient values and of reputed brands i.e., trusted products. Whereas, young prefer more flavored health beverages. In case of tea/coffee the strength and colour of the products determine the buying behaviour among the consumers'. In case of the snack foods and biscuits the young consumers are found ready to compromise on good health for the taste, crispiness, price, brand reputation, quantity and promotional offers. While, the adults do mind these factors while buying the product.

Findings and Suggestion

From the survey, it has been found that family members, shop keepers i.e., local retailers, radio, television commercials greatly influences rural consumers buying decisions. Sample consumers' prefer buying new or innovated product of particular brand (i.e., when new products are introduced in the market). Moreover, the survey results elucidate that adult and young consumers' perception towards tea, coffee, health drinks and snacks products differed significantly.. To unleash the existing and growing market potentials in rural regions the markers have to setup essentially marketing plans that include:

- Enhanced nutrient quality as consumer prefer eating / drink health foods,
- Offer more quantity at economic price,
- Introduction of product variants for different segment of adults and youth buyers,
- Introducing product categories based on socio-economic class and their buying preferences,
- Marketers are also suggested to strengthen their networks especially in rural areas and maintain a widespread distribution network for effective stock availability for the rural consumers'. At the same marketers' must make efects to know the price points at which the buying behaviour are influenced and the changes in buying size so that the prominent brands can conquer more market share in rural regions.

Conclusion

FMCG business in rural India is showing average annual growth of about 11per cent per annum. To take opportunity and build higher market share the top food & beverages brand Multinational companies and national brand companies have to act local (market/ region specified) as new terminology is emerged as 'Go local'. Those who could map the taste and behavioral pattern of rural consumers and adopted flexibility in their penetration policy, they succeeded in getting the major share of the rural pie. Thus many believe, the country needs 'Credible India' more than 'Incredible India Campaign' which will be oriented more to rural than urban India.

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