



Review Article on Comparative Analysis of Rural and Urban Indian Consumers' Attitude towards by Foreign Products

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KEYWORDS

About the current article:

This article is a composite attempt of the present author to review a literary work of an already undertaken research and putting an effort on analysing and pointing to the further researches which could be carried on taking the base of the already researched phenomenon.

The abstract research work done by Jagwinder Singh (Corresponding Author) Lecturer (Senior Scale), Dept. of Management, Dr B R Ambedkar National Institute of Technology, is an important literature giving insight of the changing consumer buying mentality of the urban Indian consumers. It is an attempt to clarify the ethnocentrism or anti-ethnocentrism of an average Indian urban consumer towards multinational and domestic products.

The article is categorized in two parts. Part I gives the summary in form of abstract, methodology, findings and managerial implications of the original research work

Part II is the author's attempt to review the research paper in two fold consisting of 1) Justifications behind the findings and 2) further scope of research using the current research as base.

Part I

Abstract of the original research paper:1

India has been acknowledged as one of the most promising and fastest growing economy of the world. Besides urban and semi-urban areas, rural India has a huge potential. Many foreign brands are dominating particularly in consumer durable category. The purpose of the study is to understand the comparative attitudes of rural and urban Indian consumers towards the foreign products against Indian products. Both rural and urban consumers have rated foreign products very high as compared to domestic products. Rural consumers were found more impressed than their urban counterparts with foreign products in terms of maintenance services, technical advancement, prestige, durability, quality/performance, and wide choice of size and model. No significant differences were observed between rural and urban consumers in terms of 'good style and appearance'. Indian producers in the coming time are going to face a very strong threat from foreign brands, particularly in consumer durable category.

Methodology of the study:2

The study was carried out in Ludhiana district of Punjab state (India) and adjacent rural areas of the city during November-December, 2007. Ludhiana is the most centrally located and populated district of the state with about 12 per cent population of the Punjab state reside in this district. One hundred households (fifty each from rural and urban area) were selected for study on the basis of convenience sampling. Rural area corresponds to villages of the district and urban area corresponds to those who live in Ludhiana city. The sample did not cover people of semi-urban areas of the district such as towns/sub-towns that come in Ludhiana district. All respondents had

their total household income in the range of three to five lac (1 lac = 0.1 million) rupees per annum. This means that they belonged to the dominating middle class of the country. The households were asked to respond to a set of statements pertaining to eight variables in terms of their agreement to the statements (strongly agree, agree, indifferent, disagree, and strongly disagree). A five-point scale was later used to evaluate statements using 5 for strongly agree and 1 for strongly disagree. The study has been carried out with a view to understand the comparative attitudes of rural and urban consumers towards the foreign brands in terms of following aspects of the consumer durable products such

ascars, televisions, refrigerators, washing machines, and microwave ovens:

Variables under study:

The consumers were asked to respond whether foreign brands are much better in the following aspects than their domestic counterparts. Statistics was employed to check the level of significance between the differences of mean values of scores.

- (1) Better Durability (Greater Life)
- (2) Technical Advancement
- (3) Wide Choice of Size and Model
- (4) Good Style and Appearance
- (5) More Prestige
- (6) Maintenance Services
- (7) Better Quality/Performance
- (8) Greater Value for Money

Prominent findings of the study:

- The data reveal that foreign products are far ahead than Indian products in the minds of the consumers in terms of style, appearance, prestige, wider choice and quality.
- The study 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
- Urban consumers being style conscious therefore, probably are relatively less concerned about durability and maintenance services.
- Rural consumers of Punjab state are very prosperous as compared to their rural consumers of the other states
- With the increase in agricultural output and increase in support prices of the crops, the income of the rural consumer has increased considerably.

Managerial Implications of the study:

As the potential in rural India has tremendously increased, therefore both domestic and foreign products will try to invade into this segment. The foreign products may find the entry easier as they need not to spend much time and effort to overcome consumers' nationalistic attitudes. The rural consumers

are already attracted to foreign products and they are very much familiar about the credibility of these products through their family members living abroad. These family members living abroad being the source of their money therefore, possess tremendous influential power on their family members living in India. On the other side the domestic manufacturers will have to put insubstantial efforts to make a breakthrough in their attitude. The Indian firms that are currently competing with foreign firms and positioning their products on maintenance, technology, and prestige need to either revise their product positioning or strengthen themselves further in these aspects before entering into rural markets. The companies focusing on style and appearance will not find any difference between rural and urban consumers' attitudes towards foreign products against Indian brands. Thus any firm currently positioning on style and appearance in the urban market and willing to carry the same image in the rural market need not to change much of its marketing program. Indian producers for the reason of remained protected over a longer time period neither offered many options to the Indian consumer nor cared about the intangible aspects associated with consumer durable products. Now with the increased income of both rural and urban consumer, the bargaining power of the consumer has increased. Therefore, they have become more style conscious, and seek prestige and variety in products. But it does not imply that there is no scope for improvement for the foreign players. They are still required to assure Indian consumers (both rural and urban) that they provide best value for money and offer excellent maintenance services than their domestic counterparts. This will help them to stay longer. On the other side, the domestic manufacturers may emphasize on improving maintenance services and providing better value for money to combat favorable image of foreign products. The increase in income of Indian consumer does not imply that they can throw money on any product. But Indian producers in the coming times are going to face a very strong threat from foreign brands, particularly in consumer durable category.

Discussion on the article:

Probable reasons for justification behind findings:

The overall findings reveal and revolve around a prominent conclusion that the image of foreign products is better compared to their Indian counterparts. There could be a large

number of reasons behind this phenomenon. Watching this phenomenon, the reasons could be Indian consumers have been classically conditioned to a fact that the multinational brands are good in terms of quality for many years. This notion was quite correct when India was very underdeveloped and the consumers were offered with very average quality of products produced by the domestic enterprises at fairly reasonable prices. However those consumers who could afford a foreign brand used to pay high for it and used to get a better quality in it.

Moreover, there are large number of people from the rural Punjab have migrated to developed nations like USA, Canada, Australia, UK, and Western Europe. Their family members residing in the rural areas tend to increase their status by demonstrating prestigious products. Also they are familiar with the foreign products through their family members living abroad who either advise them to buy a particular brand or buy/present them during their visits to India. Urban consumers in general give greater importance to style and appearance than other attributes. This is probably due to their tendencies to relate products with their personalities. Therefore, they prefer to seek these attributes in the foreign products than Indian products as these help them in displaying their novel and global look.

Further scope of research:

- The present study was limited to the area of Punjab, a more comprehensive study involving few more states of India could lead to framing of an overall conclusion about the similarity or dissimilarity of the behaviour of consumers towards foreign and multinational products
- The current study takes into consideration a bouquet of products across a lot of industry. Detailed analysis of similar kind could be done within each industry which could give a specific conclusion as consumer behaviour tends to differ with different industry
- Further to current research, detailed study could be possible to measure the reasons behind favouring or not favouring the foreign products.
- A study measuring the ethnocentrism or anti-ethnocentrism of Indian Consumers can be possible using the base of the current research

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