

Tracking buying behaviour



The rural consumers are heterogeneous. Studies in rural areas have found that the upper segments of rural consumers take urban consumer as their role models whereas lower segments of the rural consumers behave in new purchases in a different way, illustrates **V Mukunda Das**

Rural consumers in India have been a subject of attention for academicians, corporate marketers and government. However, the knowledge on India's rural consumers and their behaviour are not transferred from the marketing/sales desk of corporate offices to other marketers planning to get into rural India. According to the National Sample Survey, (NSS 61st Round Survey, October 2007) which highlights inequality in per capita consumer expenditure (MPCE) in rural area, the Gini coefficient for this in rural India has moved from 0.302 in 1972-73 to 0.297 in 2004-05. This is a manifestation of the decreasing inequality

in rural per capita consumer expenditure, in general. The question now is: What are the implications of this change for corporate marketers planning to get into rural areas or those marketers who want to increase their product presence in larger rural areas.

TAPPING THE MARKET

It is interesting to note the fact that the share of the bottom 30 per cent population in total per capita consumer expenditure in rural areas almost remains the same at an all India level. It has moved from 15.0 in 1972-73 to 15.5 in 2004-05 (NSS 61st Round Survey, October 2007). This has implications for marketers trying to tap rural market. However, the picture on the





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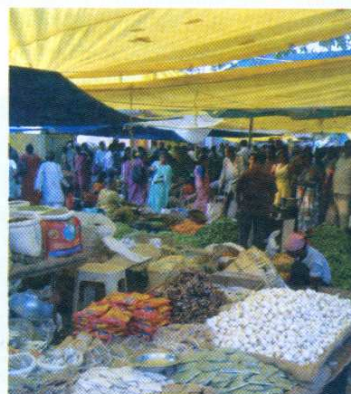
share of the top 30 per cent population in total per capita consumer expenditure in rural areas is different. In 1972-73, at all India level, it was 50.9 per cent and in 2004-05 it became 51.6 per cent, which shows that the expenditure by the upper segments of population is increasing whereas it remains the same in the bottom 30 per cent of the population.

The inequality in consumer expenditure gets reflected in the estimation of market potential for different products and different segments of consumers. The only exception to this, of late, is the adoption of a new product 'Mobile Phones'. Mobile phones have changed the buyer behaviour pattern in rural areas as it is helping them interact with not only nearby urban people (such as friends and relatives) but also in enhancing their capability to understand the usefulness of any new product.

MARKET GROWTH

While the rural market potential is increasing in rural India, the marketers have several dilemmas. One of the dilemmas is regarding the varying levels of market potential across India. Second is the causative factors are which bring these differences in market potential across the country. Added to this

is the problems relating to "reaching out to these rural areas". This will affect the total profitability from sales because of the high distribution cost. Further, the rural consumers are not a homogenous set of people. They are heterogeneous by their economic position, landholding, productivity of land, earnings from land through cultivation and earnings from land. It has been found that wherever, in rural areas, there is assured irrigation, the productivity of land is high. Similarly, wherever this assured irrigation and cash crops cultivation exists, the disposable cash income is higher. Other factors which affect the market potential are infrastructure facilities like electricity and educational levels etc. The general background of rural areas also impact on rural consumer behaviour. The rural consumer choice behaviour depends on the cash income they have most of the time. The development programs through





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which (expectedly) gives more cash in to the hands of rural population either as wages or other means gives them more choices in cash purchases.

DISSIMILAR MARKET

There are clear and distinct differences between urban consumers and rural consumers in terms of not only the frequency at which incomes received but also in terms of certain social and cultural dimensions. Rural consumers, in many parts of India, are still in the first generation stage of buying urban consumer products, whereas consumer products (for example, toothpaste) in almost all urban areas can see fourth to six generation consumers. The urban consumers are not so much affected by the social value system as much as it is in rural areas. The urban consumers are more individualistic because of the urban way of life. On the other hand, rural consumers are more modulated by the cultural and social value systems of villages. Becoming modern for a person in lower caste is not tolerated by upper caste in many villages



studied, whereas, in urban areas, nobody bothers.

Therefore, buying behaviour in rural areas is as much economic as social and cultural. The most important aspect of trying a new product in rural areas is the social risk which will subsequently impact on the perceptions of rural consumers trying new products. Buying behaviour is more influenced by the local retailer in every village as he is the 'window to the world' in many cases, as far as new products adoption is concerned. If you look at the need for hygiene product/s, it is very high in rural areas whereas the money spent on such products in personal and family level is very low.

The rural consumers are heterogeneous. Studies in rural areas have found that the upper segments of rural consumers behave or, try to take urban consumer as their role models whereas lower segments of the rural consumers – defined on the basis of economic level and position in social hierarchy – behave in new purchases in a different way. The younger generation in rural areas are influenced by their urban contacts (going to urban areas for seeing films etc.) and therefore sometimes act as 'gateway' for other consumers, who are not from upper segments.

To conclude, an urban marketer must understand the level of development of the village or cluster of villages in a district before the think of new product introduction. Brand loyalty is observed to be very high in rural areas compared to urban areas. Therefore, 'the first mover advantage' is much more than in urban areas. It is to be understood that marketers should not try to replicate their 'urban' experience in rural areas. ▀

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