

ANTECEDENTS OF BUYING BEHAVIOUR IN INDIAN RURAL MARKETS USING A CONCEPTUAL FRAMEWORK

Mr.K. Arul Rajan
arulrajan2007@gmail.com

ABSTRACT

The Indian rural market with its vast size and heterogeneous demographics offers lot of opportunities to marketers to boost their revenues and also counter the saturation they are facing in the urban areas of the country. Two- thirds of India's population lives in rural areas and almost half of the national income is generated here.

Table 1 : Rural Demand- Consumer Durables (% of All India)

	1995-95	2001-02	2009-10 (prjctd)
Scooters	33.1	39.4	39.9
Motorcycles	47.3	39.8	48.3
Mopeds	52.7	58.2	57.7
Cars	2.1	8	10.9
Automotives	37.9	36	37.9
Televisions	54	54.5	44.2
White Goods	23.8	23.9	23.7
Fans	50	56.9	56.7

Source : NCAER 2002 report

INTRODUCTION

Understanding rural consumer behaviour is not only important for the producer but also for all the other members in the chain. The consumer buying behaviour model which is been adopted in India are retrieved from American environment which is tested there and will not be suitable for adopting in Indian rural environment as the rural markets here are so diverse, heterogeneous and has so much of dimensions eventually a complex situation. Therefore, there is a crucial need to identify a consumer buying intentions model for rural Indian environment. This report attempts to find out rural consumer buying intentions which will actually lead to actual purchase of products in rural markets of Tamil Nadu.

LITERATURE REVIEW

A number of studies have been undertaken to identify the impact of various demographic factors like income, occupation, age, etc on consumer buying behaviour but very few research have assessed the role played by various rural family members in the purchase of durable products. Undoubtedly, one of the earliest contributions to understanding the consumer decision-making process was made by (John Howard, 1975). For almost three decades he defined and refined three major types of problem solving attributed to the consumer purchasing process.¹⁶ Howard categorized these as extended, (EPS), limited (LPS) and routine (RPS) problem solving. The theory of reasoned action(TRA) assumes that individuals behave rationally and identifies the psychological determinants underlying volitional behaviour(Fishbein and Ajzen 1975: Ajzen 1991). In the extended theory of planned behaviour(TPB) reasons that individuals is not a function of attitude and subjective norm, its is also a function of their deficiencies and external obstacles. Thus the TPB has a third determinant perceived behavioral control(PBC) which refers to the ease or difficulty of carrying out the behaviour.

OBJECTIVES OF STUDY

The objective of the study are to test a hypothetical model on purchase intentions of durable goods with specific reference to the rural customers.

RESEARCH DESIGN AND METHODOLOGY

Since the research aims at describing a particular phenomenon and the study is conclusive in nature, descriptive research is more appropriate for these objectives.

Sampling Technique

There are about 32 districts in Tamil Nadu, the places taken for the study are rural places in Coimbatore, Salem, Villupuram and Madurai. A non probability purposive sampling was adopted in selecting rural Socio economic classification R1, R2, R3 household for the survey as these segments would have purchased atleast two of the four goods taken for the study or have an intention to purchase these durable goods in the future.

Sample size

600 samples from four districts comprising of seventy villages in Tamil Nadu.

Primary data

Structured interview schedule was administered with the primary head of the family.

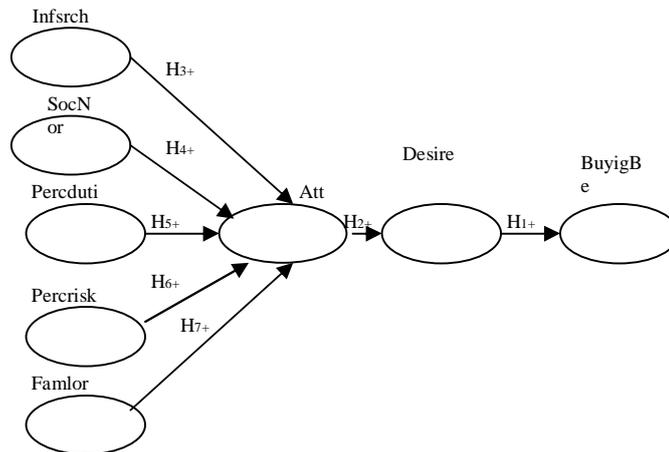
The research instrument used for deriving rural buying behaviour model is a structured interview schedule with on a five point rating scale from Strongly agree to strongly disagree with the help of literature review from various journals. The constructs used for the study are:

- 1) Buying Intentions
- 2) Desire
- 3) Attitude
- 4) Information Search
- 5) Perceived Utility
- 6) Family Orientation
- 7) Social Norms
- 8) Perceived Risk

STATISTICAL TOOLS USED FOR ANALYSIS

For testing the conceptual model statements containing likert's scales are used for the various constructs. The purification was done using Cronbach's alpha reliability coefficient and a sufficiently reliable scale was arrived. Next the validity of the constructs was tested using PLS Path modeling method, which is a non parametric method and does not make any assumptions about the distribution of the data collected. After the validity of the scales used are ascertained, the path model is checked using bootstrapping procedure available in all PLS modeling software. The analysis was conducted using Visual PLS software due to its ease of handling and features available.

Proposed Model for Rural Buying Behavior



BuyigB = Buying Intentions	Fishbein and Ajzen(1972)
Desire = Desire	Fishbein and Ajzen(1972)
Att = Attitude	Shimp and Kavas (1984)
Infsrch = Information Search	Ramesh Kumar,Nitya,Madhurja(2007)
SocN = Social Norms	Shimp and Kavas (1984)
Percduti = Perceived utility	Hans, et al (2005)
Percrisk = Perceived Risk	Hans, et al (2005)
Faml = Family	Ramesh, Kumar,Nitya,Madhurja(2007)

Hypothesis for the above conceptual model are

- H1: The more positive attitude towards durable goods the more the desire in purchasing durable goods
- H2: The more positive desire in durable goods the more the behavioral intentions in purchasing durable goods
- H3: The more positive subjective perception of social norms the more positive attitude towards durable goods
- H4: The higher the perceived utility of durable goods the more positive attitude towards durable goods
- H5: The lower the perceived risk of durable goods the more positive attitude towards durable goods

H6: The better the family orientation in decision the more positive attitude towards purchase of durable goods

H7: The higher the information search for purchase of durable goods the positive attitude towards in buying the durable goods.

Table 3 : Internal Consistency of the Constructs

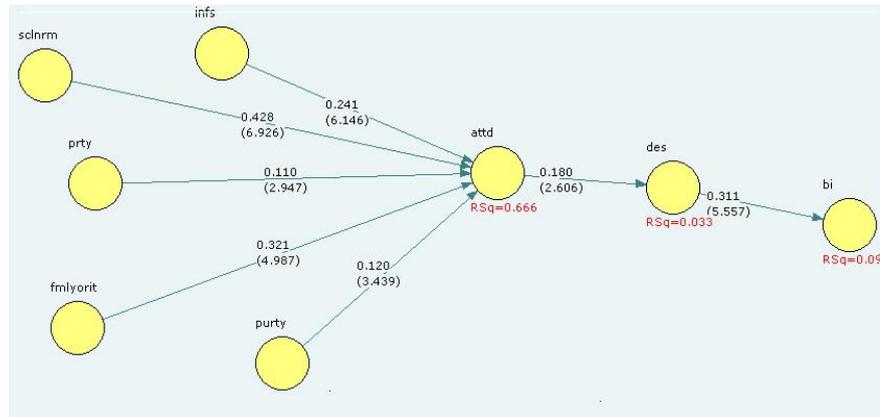
S.No	Construct	No. of items	Cronbach's Alpha
1	Buying Intention	4	0.905
2	Desire	4	0.813
3	Information Search	3	0.802
4	Social Norms	2	0.919
5	Perceived Utility	3	0.705
6	Attitude towards purchase	4	0.701
7	Perceived Risk	4	0.842
8	Family Orientation	4	0.981

RESEARCH FINDINGS

Table 4 : Construct mean, Standard Error and Standard Deviation

Constructs	N	Mean		Std. Deviation
		Statistic	Std. Error	Statistic
Desire	600	3.8783	.04730	1.15854
Information Search	600	3.8050	.04158	1.01845
Perceived utility	600	3.4367	.04198	1.02829
Perceived Risk	600	3.8758	.04502	1.10272
Attitude	600	3.7961	.03962	.96801
Social Norms	600	3.8108	.05065	1.24076
Family Orientation	600	3.7542	.05996	1.46864
Buying Intentions	600	4.3254	.04175	1.02272
Valid N (listwise)	600			

Results of testing the research model



The desire towards purchase of durable goods strongly determines (0.311) the behavioral intentions which will lead to actual purchase of durable goods i.e. “Buying Behaviour” (H1). The positive attitude towards the durable goods influences the desire, this relationship appears to be moderate (H2). The model generated also suggests that attitude is influenced by information search for purchase of durable goods (H3). The model generated also suggests that the attitude is strongly influenced by social norms (H4) with a total effect of 0.43, as in rural areas social norms play a crucial role in purchase of durable goods. The positive relationship between “perceived utility” and “attitude towards purchase of durable goods” (H5) is confirmed as well as there seems to be a positive relationship between with a less perceived risk there seems to be a positive relationship in attitude (H6), both the perceived constructs have a moderate effect with the attitude in purchase of durable goods. “Family Orientation” has a strong positive relationship with “attitude” (H7)

CONCLUSIONS

The empirical results prove the validity of the Theory of Reasoned Action for research in rural areas. The results also imply that social norms and family orientation have a strong influence on positive attitude in durable goods decision making. The study also shows that perceived utility and perceived risk has a moderate influence in creating a positive attitude, though its significant. The model proposes a direct influence of cultural values in purchase of durable products and thus provides new avenues for creating constructs in rural behaviours.

REFERENCES

1. Agarwal, Lata and Sharma, N K(1997), 'Indian Rural Market: Potential and prospects', In: Rural Marketing: Thrust and Challenges/edited by Samiudin et al., National Publishing house, Jaipur,pp.38-42
2. Ajzen, I. (1991), "The Theory of Planned Behavior", Organizational Behavior and Human Decision Processes, Vol. 50 No. 2, pp. 179-211.
3. Anderson, J.C. and Gerbing, D.W. (1988), "Structural equation modeling in practice: a review and recommended two-step approach", Psychological Bulletin, Vol. 103 No. 3, pp. 411-23.
4. Assel Henry(2001), Consumer Behaviour and Marketing Action, Thompson Asia, 149-150
5. Bagozzi, R.P. (1992), "The self-regulation of attitudes, intentions, and behaviors", Social Psychology Quarterly, Special Issue: Theoretical Advances in Social Psychology, Vol. 55, No. 2, pp. 178-204.