

Income Distribution And Consumption Pattern For Consumer Durable Products In The Rural Markets Of Birbhum District

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Abstract

Purpose:— The main purpose of this paper is to study and identifying the connotation between the economic variables with consumption patterns of the rural population. The study is an attempt to study the relation between the economy and consumption behavior for consumer durable products in rural India.

Design/Methodology/Approach: A survey questionnaire, based on a detailed literature review, is developed and applied to 100 respondents from five Gram Panchayat areas of Birbhum district in West Bengal.

Findings: The findings indicate that the rural regions of India have almost uniform distribution of income, there was a uniform buying behavior for consumer durable products across various income and age groups.

Research limitations/implications – The sample consists of population from Birbhum district in the state of Assam. A broader sample would enhance the value of the research paper. Despite this fact, the composition of the sample of population, who come from this represents the economic and social strata of rural India, and can be considered as a positive feature for the research study.

Originality/Value: The study discovers the various aspects of the economic condition and the consumption pattern of rural India. The paper delivers constructive research insinuations for various companies by hypothesizing the economy and consumption pattern of the rural India.

Keywords: Market Research, Consumer Durables, Rural

Paper Type: Research Paper

Introduction:

“Fortune lies at the bottom of the pyramid”

- C.K. Prahalad

Rural markets, as a part of any economy consists of huge untapped potential. There are several hitches challenging the effort to fully explore rural markets. The concept of rural markets in India, is still in evolving shape, and the sector faces a variety of challenges, including understanding the dynamics of the rural markets and formulation and implementation of strategies related to supplying and satisfying the rural consumers. Rural areas are those areas which are not basically towns or cities. They are often farming or agricultural areas. The rural markets provide a vast range of opportunities owing to their massive size and changes that have taken place over the years. Consumer behaviour in urban areas and the characteristics of urban consumers vary hugely from their rural counterparts.

Currently rural marketing is gaining a substantial importance. Rural marketing is promptly gaining momentum because of its great market potential. Most of the consumer durable firms are now trying to focus on rural marketing. These firms have now comprehended that the rural markets have become more lucrative in terms of generating both top line and bottom line for the firm. In recent times the economic levels of rural consumers have moved northwards in a substantial manner. Both consumption pattern and the life style of rural population have also changed radically. Hence, the buying behaviour of rural consumers has become a major area of research. Rural consumers in recent days are consuming everything from local detergent powder to branded electronic gadgets. This is the prime motive behind this analysis of rural consumers buying behaviour.

The district includes three subdivisions viz. Suri Sadar, Bolpur and Rampurhat. Suri is the district headquarters. There are 19 development blocks, 8 municipalities and 169 gram panchayats in this district. Along with municipality area, each subdivision consists of community development blocs which in turn are divided into rural areas and census towns. There are seven urban units in Birbhum district consisting of six municipalities and one census town. Birbhum is mainly an agricultural district with about 75% of the population being reliant on agriculture. According to 2011 census, the population of Birbhum district was 35,02,387. (Source: National Informatics Centre, Birbhum District)

Objectives of the study:

- To study the market profile of rural consumer market of India.
- To study the influence of income over consumption of Consumer Durable products in rural consumer market of India.
- To study the impact of age over consumption of consumer durable products in rural consumer market of India.

Literature Review and Problem Discussion:

Pizzagalli, L., Sharma, A. & Lascu, D. N. (2018) in their study provided a comprehensive review of the theory and practice addressing the subject of marketing at the bottom of the pyramid (BOP), focusing on marketing approaches to BOP consumers that both proficiently sell products to this market and augment their quality of life. The study proposes that selling products to the BOP could be lucrative, but companies must be creative in their approach to framing marketing strategies in order to involve BOP consumers and earn a profit. Marketers must additionally cater to BOP consumer's wants so as to nurture robust and lasting relationships. The researchers focused on the factors such as Product initiatives, Promotion initiatives, Pricing and affordability initiatives and Place (distribution) initiatives and their role in creating long lasting relationship with the consumers at the bottom of the pyramid.

Olaitan, A. W. (2018) in his study used the Statistical Package for the Social Science (SPSS) V15 for analyzing collected data and the findings indicated that socio-demographic factors such as age, gender, status, level of education, occupation, income, and social influence were the major determinants of mobile phone purchase and usage in rural areas. It also revealed that the age and gender affected the perceived value (benefit) and satisfaction of mobile phones in rural communities.

Kant, P. A. (2017) in his study focused on various factors like Economic Acceptability, Reliability of the product, Product Features, Social Image, Promotion of the product, Quality of the product and their effect on the purchase decision. The research showed that the factor Economic Acceptability of the product like removing stain emerged as the most important variable in the creating acceptability of the product among the consumer living in the rural areas. The factor Reliability of the product, the shopkeeper recommendation emerged as the most important variable among all the other variables. In Product related factor the analysis shows that the free offer attached with the product emerged as the most important variable. In Social image factor the purchasing of the particular brand, it was observed that the people compared the particular brand with culture and if found suitable they prefer to buy the particular brand.

Ravi, R. K. & Hareesh, K. (2017) tried to find out the nature of relationship of various variables with rural consumer preference using correlation analysis. The variables considered for the study were: Consumer Preference Index, Consumer Attitude Index, Educational Qualification-Illiterate and school Level, Occupation-Agriculture and Business, Annual Family Income, Percentage of saving per month, Gender, Marital Status. All the variables were used in correlation, multiple regression, and step-wise regression. Researchers found out that the rural consumers mainly possess mixer grinder, T V and cell phone. So, for the rural marketers there is more scope in penetrating the market for rest other durables. They also analysed that the family members are a very significant factor in purchase decisions.

Yahya, W. K., Tajuddin, N., Dangi, M. R. M., & Bangi, B. B. (2017) observed that both the urban and rural respondents in their study demonstrated no significant difference in their customer review, perceived risk and purchase online intention behaviour. Both groups show a strong positive attitude towards their intention to purchase online.

Khatri, S. S. (2017) in her research paper found that value perception is the key driver for consumption and must be considered prominently by the marketers. The study reflects the fact that rural consumers seek multiple benefit from cell phones. They also found out that various socioeconomic classes do not seek same benefits. Hence, this point of difference needs to be kept in mind to cater the different socioeconomic classes. They also opined that while delivering a value product, age, proximity and income must be core areas that needs the heightened attention.

Verma, Y. & Singh, M. R. (2017) in their paper The study analysed impact of marketing mix on customer satisfaction and impact of customer satisfaction on loyalty in telecom sector of Bhutan. The study results indicated a significant and positive correlation among different marketing mix variables. Marketing mix, customer satisfaction and customer loyalty were found to be positively and significantly related to each other. Further, the results also showed that price, promotion, people, and process influence customer satisfaction positively and significantly.

Yahya, W. K., Hashim, N. H., & Musa, N. D. (2016) in their study considered the age groups that were mostly from generation Y who are known to be technically savvy, and they may have received information on environmental problems via their mobile phones, tablets and the social media, since it helps to increase the level of public awareness and government regulations against ecological conscious consumer behaviour. This study found that urban and rural consumers demonstrate a substantial difference in their response towards government regulations and ecologically conscious consumer behaviour.

Korath, A., Sangheetha, S., Getinet, B. (2016) in their paper considered the factors price, quality, warranty, advertisement, brand, friend's recommendations, family member's recommendation and packaging in determining the rural consumer behaviour in Ethiopia. Further they found that the effect of price and quality on buying behaviour of rural consumer increases significantly with increase in age and income. Advertisement and brand preference found a significant importance in high income rural consumers than lower income rural consumers. Friend and family member recommendations had a quite significant impact on buying decisions of lower income rural consumers than high income rural consumers. Packaging also found a significant impact on buying decision of lower rural income consumers than high income rural consumers.

Singh, A. & Singh, V. (2014) tried to identify the factors influencing the buying decisions of rural consumers. They also tried to study whether the importance of these factors varies with age and income of respondents. The study identified eight factors viz. the price, quality, advertisement, brand, warranty, recommendations by friends, recommendations by family members, recommendations by other relatives and packaging that a rural consumer will take into consideration while making the purchase decisions. They found that factors affecting the rural consumer vary with age and income. It was also observed that the importance of all the factors in buying behaviour of rural consumer found increasing trend with increase in their age and income. The researchers also observed that the influence of price and quality on buying behaviour of rural consumer surges significantly with upsurge in age and income. Also advertisement and branding of products were found to be significantly important in high income rural consumers than lower income consumers. Further the researchers found that the recommendations by friends and family members has a significantly high impact on buying decisions of lower income consumers than high income consumers. The researchers also documented that packaging played a significant role in impacting the buying decision of lower income consumers than high income consumers in rural market.

Singh, K. G., Nayyar, V. & Dhillon, A. (2014) in their research work studied the impact of Advertisement purchase behaviour of rural consumers of Jalandhar. In their study they found that majority of the respondents felt that they got influenced by television advertisements for the purchase of a particular toiletry followed by hoardings, radio, own experience and friend's recommendation correspondingly. To make out the reliability that the respondents have on the Television advertisements, various queries were made enquiring the opinion regarding the misleading and untruthful advertisements. The rural folk also have a great preference for television in comparison to other forms. Radio is the next in line to get

popularity among the rural masses. It was found that due to low computer literacy levels among rural consumers, internet seemed to be the least preferred media.

Jha, M. (2013) in her paper says that it is comparatively easy to measure what rural consumers buy, where they buy and how much they buy. Researcher further states that why they buy is the most difficult part to understand in rural India and also what are the different factors encourage them to buy. In this study researcher tries to trace out the factors accountable for different buying behaviour of the rural consumers and how these factors play a significant role in the rural consumer buying decision making process. It is also being documented that the factors such as family size, product packaging, age, culture, and advertising has great effect on consumer's decision making process, whereas price is associated with product. The researcher says that rural consumers are essentially different from their urban counterparts. Further the researcher observed that the lower levels of literacy and limited experience with product and services are well-known, but there are also differences in consumption patterns with a direct influence on income levels and income flows, and a high level of inter-dependency affecting the dynamics of rural consumer behaviour. To understand this the researcher conducted a survey and Analytical Hierarchy Process technique was used to study the interaction of one factor over another. These factors were also prioritized to see the priority of one factor over another.

Lahoti, Y. L. & Jacob, S. J. A. (2013) in their paper considered the consumer durable products Television and Air Conditioner for their study. The researchers found that Indian rural consumers are exposed to a culture with limited exposure, low achievement motivation, less active, more unrealistic, not much faith in material comfort, and not having much sense of individualism. The researchers also found that rural Indian consumers in this selected area has a typical buying behaviour where they prefer to associate with reference group for purchase of high involvement products such as Television and Air Conditioner and thus exhibits complex buying behaviour.

Nandamuri, P. P. & Gowthami, C. (2012) in their study tries to analysing the influence of consumer demographics in rural markets on brand management of consumer durables. In their study they used a self-designed questionnaire containing 14 statements linked to the brand or product features which were administered face to face with 224 prospective buyers of consumer durables, randomly when the consumers were approaching retail outlets in Warangal district. The collected responses were analysed using chi-square test and reliability analysis with the help of Social Sciences analysis tools. The findings clearly indicated that out of all the five demographic factors tested, occupation and income were the strongest determinants, which were then followed by age and education, and gender did not yield a strong significance. In this study the researchers established the empirical evidences in determining the attitude towards various brands for consumer goods.

Singh, J. (2012) in his study used the influence of family, influence of friends, influence of relatives, influence of dealers, influence of advertisements, influence of ratings in the magazines and influence of manufacturer's brochures/pamphlets in deciding the rural and urban consumer behaviour. Three durable goods from three different product categories viz. Television (from entertainment products), Refrigerator (from home appliances), and an Automobile (two-wheeler, motorcycle and car/jeep) were selected for the study. Overall there were insignificant differences between rural and urban consumers for purchase of television and refrigerator. However, there was considerable differences in case of automobile purchase. Both rural and urban consumers experienced a significant influence of their families in purchasing the selected products. The rural consumers experienced greater influence of their families as compared to their urban counterparts. In case of television, the differences

between rural and urban consumers further vary according to their different levels of income. There were also differences between different income levels of habitants in terms of the influence of the family on the purchase of the refrigerator. The influence of friends is quite moderate among both the rural and urban consumers in case of purchasing refrigerators.

Rastogi, R. & Chaudhary, S. (2012) in their study analysed that according to the survey conducted maximum of the rural consumers prefer to buy new product of the same brand there by keeping in mind the quality of the product they are already using of that same company. Second preference was given to the price of the product while purchasing a new product by the consumers. The third preference was towards the special offers given by the company while buying a new product. And the fourth and final preference was given to the after sales services and discounts offered by the company while buying a new product.

Patnaik, B.C.M.& Singh D.K. (2011) analysed the effect of variables like Affordable Price, Availability of the product, Brand loyalty on rural consumer purchase decision. In their study they observed that as far as brand preference is concerned attractive packing, small size and low price plays an important role in all the age group and other factors becomes secondary in the rural market. In all the cases affordable price is prime factor for purchasing decision. Availability of commodity and brand comes next.

Ram, H. S. G. & Salim, M. H. (2011) in their study analysed the effect of Occupation, Education & Caste on Opinion Seeking Behaviour, Information Influence, Utilitarian Influence, Value Expressive Influence, Susceptibility to Reference Group Influence. The results indicate a higher level of opinion seeking behaviour by rural consumers for both the products. Rural consumers are high opinion seekers and depend on reference groups for taking a decision. there is no great variation in the three types of influence that reference groups influence on the rural consumers for both the product viz. TV and two wheeler considered in this study. The researcher also observed that rural consumers are highly susceptible to the three types of influence viz.; informational influence, utilitarian influence and value expressive influence. It was found that Information seeking is similar for all Occupation groups irrespective of the occupation in which they are engaged with and the information processing being similar. In the case of purchase of TV and Two wheelers, occupation is an important factor.

Research Methodology:

For the selected research, the researchers applied exploratory as well descriptive research designs. The researcher collected the primary data from 5 gram panchayats under Birbhum district of the state of West Bengal and secondary data from various digital and printed sources. Three consumer durable products viz. Television, refrigerator and mixer grinder were considered for the research study. The researcher communicated 100 respondents, amongst them 70 respondents submitted their responses. For the purpose of the research study 56 completed records were considered for further analysis. Simple Random Sampling Technique was used for sample selection. The primary data were collected using structured questionnaire consisting of close ended questions. Study used One-way Analysis of Variance (ANOVA) for testing the hypotheses.

Hypothesis:

1. The rural population of India have uniform distribution of income among the population (H_1)

2. The rural population of India have uniform buying behavior of consumer durable products across the various income groups (H_2)
3. The rural population of India have uniform buying behavior of consumer durable products across the various age groups (H_3)

Data Analysis and Recommendations:

Hypothesis Test 1: The rural population of India have uniform distribution of income among the population ($\mu_1 = \mu_2 = \mu_3 = \mu_4$)

Table 1: ANOVA

SUMMARY

Groups	Count	Sum	Average	Variance
1. Less than 25 years	4	14	3.24	1.584444
2. 26 to 35 Years	4	32	8.26	4.926667
3. 36 years to 45 years	2	8	4	17
4. More than 45 years	1	2	2	1.622371

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	64.41009	3	21.832022	4.068988	0.058412	4.356381
Within Groups	38.5	7	5.356143			
Total	102.9091	10				

The ANOVA test shows that F-value (4.07) is lesser than F-Critical (4.35), which indicates that the deviation among population is due to chance only. There is no influence of age in distribution of income. Further, the P-value (.058) is greater than the 0.05, which basically confirms the non-significance of variations of income within the population and thus holds the null hypothesis.

Hypothesis Test 2: The rural population of India have uniform buying behavior of consumer durable products across the various income groups; ($\mu_1 = \mu_2 = \mu_3 = \mu_4$)

Table 2: ANOVA

SUMMARY

Groups	Count	Sum	Average	Variance
1. Up to • 20,000	3	10	3.333333	0.333333
2. • 20,000 to • 40,000	4	14	3.5	5.666667
3. • 40,000 to • 60,000	4	21	5.25	22.91667
4. More than • 60,000	3	11	3.666667	2.333333

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	64.41009	3	21.832022	4.068988	0.058412	4.356381
Within Groups	38.5	7	5.356143			
Total	102.9091	10				

Between Groups	8.816667	3	2.973333	0.327319	0.807469	3.709365
Within Groups	91.18333	10	9.108222			
Total	100	13				

The analysis shows that the F-value (0.326) is lesser than F-Critical (3.70), and also the P-value (.80) is greater than. The statistics thus proves that variations among population members are non-significant and thus holds the null hypothesis

Hypothesis Test 3: The rural population of India have uniform buying behavior of consumer durable products across the various age groups ($\mu_1 = \mu_2 = \mu_3 = \mu_4$)

Table 3: ANOVA

SUMMARY

Groups	Count	Sum	Average	Variance
1. Less than 25 years	4	13	3.26	3.653333
2. 26 to 35 Years	5	33	6.5	30.2
3. 36 years to 45 years	4	8	2	4
4. More than 45 years	2	2	1	0

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	68.79333	3	22.99555	1.76513	0.214376	3.5879834
Within Groups	143.96	11	13.08737			
Total	212.75333	14				

The F-value (1.76) from ANOVA test is lesser than the F-Critical (3.58), which signifies that the variation in buying behaviour among various age groups by chance only. The P-value (.21) is also greater than the 0.05, which verifies the non-significance of the observed variations towards consumption of consumer durable products among various age groups

Discussion and Conclusion:

The study shows that this region is lesser exposed to the global commercial world as compared to the urban counterparts. Therefore, the observed variations in population are non-significant. The study proves the uniformity of population as well as readiness of the region for newer brands and opportunities.

There is a large scope for study in the measurement of preferences of the market. The marketer can earn the early bird advantage by registering them in this still less explored market for consumer durables.

Scope for further study:

In this research, the researcher has focused on distribution of income among population, buying behavior of consumer durable products across various income groups and buying behavior of consumer durable products across various age groups in rural India. Several other

empirical researches can be carried out on various aspects of rural Indian market like FMCG and lifestyle Goods consumption among various occupations, income groups, etc.

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