

Rural Retail Market In Tiruchirappalli District

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Abstract

Rural marketing is a process of developing, pricing, promoting and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants and also to achieve organizational objectives. Different industrial sectors are in the phase of transition from conventional business models to innovative, market driven and consumer centric models. In India retail is not a new word, however the emerging formats of retailing are changing the entire scenario and posing tough challenges in front of Indian retailers. They are now designing customized retail products and services and targeting the untapped segment of the market. Presently, nearly 60% of the population resides in rural India and their retail requirements are partially met by the unorganized retail stores. This study is an attempt to explore the potential of rural retail market of Tiruchirappalli district, accessing their needs for products and brands. The study also aims at developing a business model for the rural retail market in Tiruchirappalli district.

Keywords: Rural Market, Purchasing Capacity, Trading, Underdeveloped Market

Introduction

Today Indian consumers are becoming very unpredictable. The consumer today, is richer, younger, eager to accept changes and more aspiration in his/her needs than ever before. This Statement is not confined to urban India but also applicable to rural India. A range of modern retailers are attempting to cater to the needs of the “new” Indian consumer. The last few years have witnessed an explosion of organized retail formats like supermarkets and hypermarkets in an otherwise fragmented retail market in India. According to India Retail Report 2009 by Images, India's rural markets offer a sea of opportunity for the retail sector. The urban retail split in consumer spending stands at 9:11, with rural India accounting for 55 percent of private retail consumption. Now the questions arise, what is the model of retailing in rural India? Is the present model being used in rural India sufficient or do we need some different models? What are the preferences of rural customers? What are the factors affecting the purchase decisions of

rural customers? What is the satisfaction level of rural customers with the existing retail market? In this paper we have attempted to explore the above mentioned issues. The retail industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops that have dominated Indian retailing over the decades and are present in every village and local community or street corner stores, addressing the needs of the population in the area and being the point of contact with the consumer. There are about 12 million retail outlets in the country; only about 4 per cent of them are larger than 500 sq. ft in size (Gill 2007). India like most other countries has a very large network of local stores spread all across India. It is not really a network since each store is individual or family owned and has no connection with the other. It does however represent a network since large consumer product companies like Unilever, Procter & Gamble, Colgate-Palmolive, Cadbury, Coca-Cola, Pepsi and ITC uses them as their final point of retail to the consumer. These small stores are very personal and have built strong relationship with the local population. They are points of news and connection. They offer credit to the local population and help out in times of crisis. They also have a very good understanding of requirement of the local population and have very low overheads enabling them to offer the best price for their products. However, it is believed that the new retail chains will drive these small stores out of business (Gill 2007). Now we analyze the existing rural retail penetrations in India. There are many players which are directly or indirectly involved in rural markets. Some big ones are ITC, HUL, DSCL and Gillette. Almost all telecom companies have penetration and retailing in rural markets.

Challenges in Rural Market

At present, three out of four of country's consumers are in rural market and one-half of national income is generated there. A number of corporate units have been trying to get grip on the rural market in a variety of ways. There is no doubt that rural market reveals opportunities and great attraction to marketers. But, it not as easy as it seems on surface. It is not so simple to enter and succeed in this market in a smooth way. This market poses a variety of challenges, and, therefore, the marketer has to work hard to tackle these challenges tactfully. A company planning to enter and/or expand rural market must consider these problems seriously.

Objective of this study

- o To study the socio-demographic profile of rural customers
- o To analyse purchase influencing factor among rural retail market
- o To find out level of satisfaction in rural retail market

Methods and Materials

For this study, data was collected through an exploratory sample survey of 50 respondents in the rural areas of Tiruchirappalli district by using a questionnaire containing both open ended and close ended questions. Some of these questions used five point Likert scale to collect data. For this study hypothesis were developed and tested using 't' test and One-way 'f' ANOVA. Data analysis was carried out with the help of SPSS-22 Version.

Data analysis and interpretation

Socio-economic profile and their level of satisfaction

Particulars	N (%)	Level of satisfaction		t/f value
		Mean	S.D	
Age				
Below 30yrs	13 (26%)	32.41	0.792	11.971
31 to 40yrs	14 (28%)	29.26	0.893	
41 to 50yrs	16 (32%)	27.18	1.137	
51yrs & above	07 (14%)	28.94	0.981	
Gender				
Male	06 (12%)	22.37	1.043	9.734
Female	44 (88%)	28.46	0.894	
Educational Qualification				
Below Hsc	36 (72%)	29.01	0.694	0.428
Above Hsc	14 (28%)	27.98	0.973	

From the table found that below 30yrs (n=13) of age group mean and S.D value is 32.41 ± 0.792 , 31 to 40yrs (n=14) of age group mean and S.D value is 29.26 ± 0.893 , 41 to 50yrs (n=16) of age group mean and S.D value is 27.18 ± 1.137 , 51yrs above (n=07) of age group mean and S.D value is 28.94 ± 0.981 . The calculated value (f=11.971) is greater than table value. Therefore, there is difference among age and their satisfaction.

From the table indicates that male (n=06) of mean and S.D value is 22.37 ± 1.043 and remaining female (n=44) mean and S.D value is 28.46 ± 0.894 . The calculated value (t=9.734) is greater than table value. Therefore, there is difference between gender and their satisfaction. Below Hsc (n=36) mean and S.D value is 29.01 ± 0.694 and remaining Above Hsc (n=14) mean and S.D value is 27.98 ± 0.973 . The calculated value (t=0.428) is less than table value. Therefore, there is difference between educational qualification and their satisfaction.

Karl Pearson Coefficient correlation relationship between purchasing expenses and their satisfaction

Level of satisfaction	Correlation value	Statistical inference
Expenses	.219	0.001**

Karl Pearson Coefficient correlation test inferred that therefore, there is relationship between purchase expenses with regards to satisfaction.

Conclusion and Suggestions

As seen in the study, some of the retailers tried to understand and fulfill the requirement of the rural customers but as such no model is fool proof and hence not living up to the expectations of the customers. This study is an attempt to understand the needs of the rural India and available options to fulfill the needs. This has been observed that respondents are widely dispersed on the basis of product categories and the available retail market options. Most of them are buying personal care, fruits and grocery item from village and weekly haats. However, products like are clothing, footwear and

durables are mostly purchased from Tehsil and district centre. On further exploration, this has been found that most of the respondents agreed that the products of their choice are not available in the existing retail options. Alternatively they have to go for available substitutes. This has been observed that factors affecting customer's purchase decisions varies with demographic factors. Customers are satisfied with prices and accessibility of the market. But, comparatively they are not satisfied with Quality and Variety of brands. It is observed from the above table that the influence of family member on purchase decisions significantly varies with gender, family type and profession and not varies with marital status educational qualification and age. Most of respondents are not satisfied with the quality of products and variety of brands available at accessible retail market and responses merely varies with demographic factors. The sample population of this study has been drawn from Tiruchirappalli district, which represents a different culture and high concentration of lower middle class. The findings of this study therefore need to be generalized with care. While it could be of use for understanding possible future trends in consumer preferences in other villages, it would be necessary carry out local studies using the model presented in this study for taking in to account the cultural and demographic differences. This study also treats Indian consumers as part of a single cultural entity. While this could be so at the macro level of retailing, cultural differences among the rural consumers could become an important variable at the micro level. More research would be needed for generalizing the findings of the study at the micro level.

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