

## UNDERSTANDING THE RURAL CONSUMER BEHAVIOUR

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### Abstract:

India is known as a nation of villages. It's a nation of 6.4 Lakh villages with 128 million households and the rural population is nearly three times to the urban population. Rural areas are differently exhibit than urban areas in terms of characteristics like Family structure, Literacy levels, occupational patterns, social customs and traditions, and several other features. A complex set of factors influence rural consumer's behavior like Social norms and traditions, castes, and Income groups have greater influence on the consumer behavior in rural areas. Rural population usually belongs to agricultural productions. The seasonality of agricultural production influences the rural consumers' demand. The Indian rural markets are still untapped but it is a great challenge to tap it because to access a large number of small villages with a very low population density spread over a large geographical area, limited physical access, limited storage facility, unorganized distribution channel, ineffective intermediaries cost more to the companies. It is in this context we also need to understand the importance of alternative means of reaching rural consumers through periodic village markets (or haats), agricultural markets (mandis), and rural fairs (melas).

**KEYWORDS:-**Households, Rural Population, Villages, Rural Consumers, Rural Economy, Income Groups, Caste System.

### Introduction:

About 69 percent of the Indian Population residing in villages. Agriculture is the backbone of economic growth of Indian villages. But villages are still affected by hunger and poverty.

Definition of Rural Area-According to census of India 2001, Rural area is one, which fulfills the following criteria:

- a) Does not have a Municipality, Corporation, Cantonment board or Notified town area.
- b) All other places, which fulfill the following criteria:
  - 1) Population of less than 5000.
  - 2) More than 25 per cent of male population is engaged in agricultural activities.
  - 3) Density of population is less than 400 per sq.km.(1,000 per sq. mile)

Rural areas have been recognized as lucrative markets that offer immense potential, which marketers can exploit to their advantage. Rural India comprises one tenth of the world population so nobody can ignore the Rural India. As per Census 2011, there are 6,40, 867 villages in India. The sheer number speaks volumes about the potential that a rural market offers.

### Understanding Rural India

A. *Rural society is quite different from the Urban society* in a many ways-

1. **Joint Family System**-Rural population still prefers to live together in joint families, have rich Socio-Cultural bonds.
2. **Caste System**- Rural areas are bound by strict norms of caste system. Social interactions are greatly affected by caste system. Besides the four major castes: Brahmin, Kshatriya, Vishay and Shudra, there are approximately 2,800 other sub-castes.
3. **Jajmani system**- Jajmans belong to the influential high castes, mostly Brahmins, Rajputs etc. They take services from lower castes like Dhobi, Tamoli, Harijan, Lohar etc and pay them for their work.
4. **Poverty**- According to an estimate India has approximately one third of World's total poor population, and majority of such people live in rural areas. The per capita income of Indian villages is between Rs 12000-18000 per annum (archives.emergic.org).
5. **Education**- literacy rate is not good in rural areas but it has been significant improvement in literacy rate .The average literacy rate of male and female in rural India according to census 1951 was 12.10 , as per census 2001 it was 59.40 but as per census 2011 it was 74.04%.
6. **Low Population Density**- Rural areas are marked by very low population density, as compared to Urban areas.
7. **Heterogeneity**- Rural life is marked by wide variations in its socio-cultural, economic, demographic and geographic characteristics .Even within groups that are perceived as homogeneous, lot of variations can be

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found in terms of income, caste, social status etc.

8. **Demographic Profile of Rural India-** Demographic profile of rural Population may be analyzed in terms of characteristics like age, literacy, occupation, income, gender etc.

Table 1 Rural Population according to age profile -

Spread of Rural Population according to Age Profile (2007 estimates)			
AGE GROUP	MALE	FEMALE	% age
0-14	18,82,08,196	17,13,56,024	30.8
15-64	38,64,32,921	36,42,15,759	64.3
65+	2,72,58,259	3,00,3,1289	4.9
Total	60,18,99,376	56,56,03,072	100.0

Source: en.wikipedia.org/wiki/Demographics\_of\_india

Majority of rural population (64.3%) lies in the age group 15-64 years, while 30.8 per cent of the people belong to the age bracket 0-14 years. With more than 64 % of the population belonging to the age group, there is a large pool of people available in rural India as workforce.

9. **Literacy-** Rural areas are quite low on literacy than urban areas. There is also disparity between male and female literacy level. Male literacy rate is higher than the female literacy.

10. **Occupation and System-** Occupational activities of the rural population can be put under two categories agriculture and non-agriculture. Agricultural activities refer to agriculture and allied activities. Though a majority of people are engaged in agriculture and related activities. Nonfarm activities like fisheries, dairy farming, poultry, pottery, carpentry, retailing etc. are the 30% of the total rural population engaged in these activities.

**B. Rural Economy:** Most of the rural populations are labor class and tenant farmers. The rural incomes in rural areas are seasonal. Employment generations in rural areas are seasonal in nature and it is also influenced by non-controllable factors such as draughts and floods.

But Income levels in rural areas have increased in past few years due to several schemes of governments, such as Swarnajyanti Gram Swarozgar Yojana, Mahatma Gandhi National Rural Employment Guarantee Act, 2005, National Old Age Pension Scheme, National family Benefit Scheme, National Maternity Benefit scheme, Annapurna scheme etc.

**C. Social Structure :** To understand rural society we should know the social structure, such as religion, caste, languages, institutions etc.

1. **Religion-** Hinduism is the main religion in most parts of the country, followed by about 80 percent population. Muslims are the largest minority, followed by Sikh and Christian Communities.

For rural society religion is a way of life.

2. **Caste-** Caste system in Rural India is much stronger, 300 castes in each linguistic area, it is a complex social system.

3. **Languages-** Every languages has several rural dialects, its again tends to complexity. Mostly several dialects of Hindi used in rural area.

4. **Hierarchical System-** In hierarchical system, a lot of respect is given to the Brahmins, who are considered to be at the top. They are supposed to perform number of rituals. Kshatriyas lies in the second and vaishyas are third in the position. Shudras are at the bottom. Beside this large number of castes are also there.

Consumer Behavior in Rural Area

Maslow's need hierarchy theory offers one of the best explanations of the buyer behavior. According to theory, there are five major types of needs that drive human behavior. These needs have been arranged in the following hierarchy, starting with the lowest to the largest:

PHYSIOLOGICAL NEEDS - SAFETY NEEDS - SOCIAL NEEDS - ESTEEM NEEDS - SELF ACTUALISATION NEED.

Consumers have the natural tendency to first satisfy their physiological needs like hunger and thirst. Thereafter, they strive towards satisfying safety and social needs. Esteem and self actualisation are higher levels, which are reached only after lower-order needs are satisfied. The particular state in which an individual is decides the kind of purchase behavior that is likely to be exhibited.

A complex set of factors influence rural consumer's behavior. Traditions, Social norms, castes, and social customs have greater influence on the behavior of the consumer in rural areas. Seasonality of the agricultural production influences rural consumers' demand. During agricultural employment the demand of product is high but when there is no agricultural work demand is comparatively less. Purchasing decision of landless and laborers is restricted to small quantities of products because they get their income on daily basis and in installments.

Rural people have usually lack of information's regarding product and services. Wall painting, Puppet shows, exhibitions and road shows act as some of the key triggers for information-search behavior. Word of mouth

plays significance role in purchase decisions of rural consumers. Opinion leaders are also play important role to influence the buying behavior. For higher value products consumer usually prefer to consult friends, landlords,

Table-2 Percentage Distribution of Households by Major Source of Livelihood Based on religion for rural Areas (2004-2005)

Household Religion	Household Type Self Employed In						Total % based on Religion
	Agriculture	Non-Agriculture	Agricultural Labor	Other Labor	Others	N.R.	
Hinduism	37.1	14.4	26.5	10.8	11.2	0	84.3
Islam	26.4	27.6	21.7	10.6	13.7	0	10.4
Christianity	35.1	15.1	18.6	14.8	16.4	0	2.4
Sikhism	36.2	15.2	22.8	13.9	11.9	0	1.8
Others	32.7	12.6	36.0	8.5	10.1	1	1.1
N.R.	27.3	13.8	1.4	44.7	11.7	11	0
All	35.9	15.8	25.8	10.9	11.6	0	100.0

rich person of the society, family members and relatives before making purchase decisions. However, mass media and information technology is also playing a important role to informed about product and services. Rural consumers have different way to identify products like they identify from colors and symbols. For instance Eveready battery is commonly known as Red battery.

#### **Marketing Infrastructure in Rural Areas**

Market provides a common meeting ground for buyers and sellers. There are different types of rural markets that cater the needs of people living. They are as follows-

**1. Haats** Haats are organized on specific days of week. These are organized once or twice a week. Varieties of agricultural products are offered here like pulses, vegetables, fruits, nuts, cereals etc. cosmetics like shampoo, face powder, hair oil, shaving cream etc. Small agriculture tools like Phavda, hand hoe, Kudal etc.

**2. Mandis**- Mandis are huge agri-market where people buy agricultural products and some- durable items. mandis are usually regulated by government. People gather of near by villages, mostly for bulk purchases. in these Mandis there are intermediaries also active who involves in exchange process.

**3. Melas**- Melas are some kind of celebration. It is organized to celebrate some festivals. In mela varieties of product, whether it is agricultural or non agricultural are used to sell.

**4. Trade Fairs and Exhibitions**- Now a days governments and private companies are being organized to trade fairs and exhibitions. They used to promote agricultural inputs like Fertilizers, Seeds, farm equipments etc. some consumer durables like Television, Radio, Mobile phones, Tape recorders are also available for promotion and sale.

#### **Characteristics of Rural Consumer Group**

**1. A scattered market:** The rural population of India is a geographically scattered. They living in small villages, population densities are very low. Whereas the urban population of India is dense.

**2. Socio-economic position:** Nearly 75% people are engaged in agricultural activities, their main source of earning is through their lands. land holding pattern influences the Socio-economic status of the rural consumers, higher the land holding higher the income, lower the land holding lower the income and many of the rural consumers have no land holding, they are just laborers. See the following chart of land holding patterns.

S.no	Farmers	Land Holding Patterns
1.	Marginal Farmers	Land up to 1hectare
2.	Small Farmers	Land up to 1-2 hectare
3.	Semi-Medium Farmers	Land up to 2-4 hectare
4.	Medium Farmers	Land up to4-10hectare
5.	Large Farmers	Land up to 10 hectare and above

**3. Culturally Diverse:** Rural consumers are culturally

diverse in nature. Because rural market comprises 5,70,000 villages, many religions, 33 languages and their 1,650 dialects and their sub cultures diverse the market.

**4. Lifestyle: Lifestyle of rural people basically ruff and tuff. They prefer to purchase dark color clothes, robust equipments, do not ready to purchase luxurious items, long lasting product.** But the fact is that the lifestyle of rural people are undergoing the significant change. Due to growth in income now they are affording big and costly items, we can easily see some rural people have luxurious vehicle, interaction with urban consumers influences their buying behavior, due to media reach they are aware about latest fashion and latest technologies, rural youth are smartly using the Whatsapp mobile technologies.

#### **SWOT Analysis of Rural Marketing Strengths**

- A survey by NCAER shows that the rural market is growing faster than the urban market in several products like small seized tea, detergent powder, washing soap, shampoos, agarbattis, dhupbattis, snacks- and detergent cake. Growth in motor cycles too has been more in rural market than the urban market.
- Tax exemption on rural income too has been responsible for enhanced rural purchasing power. Good monsoon has also helps in crop yields, leads to good income and enhance purchasing power.
- Rural consumers are usually loyal towards a particular brand; they do not make brand discrimination.
- Some business houses like Hindustan Unilever, Lipton, ITC, Tata, Coca-cola, Dabur etc are tapping the marketing opportunities in rural sector.
- Increasing literacy level also strength for the business houses as to make less effort to communicate and educate about products.

#### **Weaknesses**

- Most villages with less than 500 people do not have any shops. It increases the challenges for distribution system.
- It is expensive to access a large number of small villages with a very low population density spread over a large geographic area.
- Usually rural consumers are price conscious and they purchase simple and low priced goods.
- Poor road conditions are very challenging for the distribution system. About 36% of the villages in the country do not have roads and over 65% of our villages are without an all-weather roads.
- In rural areas, banking and credit facilities are not good. It effects the rural business.
- Rural areas has less literacy level, so it is a great challenge for the businesses to inform about the product. It also creates the communication challenges with regard to the marketing information to the rural consumers..

#### **Opportunities**

- The Indian rural market with its vast size offers a huge opportunity with 128 million households and the rural population is nearly three times the urban.

- Cut throat competition in the urban market actually work as driver to move businesses in rural areas or tapped rural areas.
- Small sachets and package has great demand in rural areas.
- Mode of communications is also enhanced , almost 100 % village-s cove-re-d with radio transmission and TV transmission covers about 87 per cent territory of the country.

#### Threats

- Biggest drawback of rural demand is more seasonal than urban demand due to single role of agricultural income.
- Duplicacy of branded products are biggest challenge for the businesses. For instance Fair & Lovely spelled as Fare & Lably, Iodex as Fodex etc.
- The share of unbranded products is higher in daily needs items, people prefer to purchase cheap products.

#### Conclusion

We know 68.84% of population of India lives in villages. The percentage of rural population to total population has however declined from 72.19% in 2001. The growth rate in rural population has also witnessed a fall of 5.9%. The top three states of India in terms of rural population are Uttar Pradesh (18.6% is the state's share to rural population in India), Bihar (11.1%) and West Bengal (7.5%). More than 80 Crores of rural population offers various opportunities and challenges for marketers. It provides opportunity to marketers to tap vast rural market with right kind of product, price, place and promotion. The challenge is that many of villages are scattered, spread and thinly populated. Marketers should tap it with very innovative ways to reach rural audiences. Various events like Weekly Bazars, Melas, Haats and various mode of communications like Radio, Televisions, regional news papers and Wall Paintings can help to reach rural markets cost effectively. The challenge is that there are *many rural Indias* within rural India. The consumers present a mixed picture and hence do not come into one bracket. There buying behavior is undergoing change, varies from group to group and the buying behaviour of rural and urban consumers have started to converge. So, rural market should not be considered as ready to eat fast food and has to be prepared patiently.

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