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### A study of rural consumers perception towards consumer durables in Karnataka

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#### Abstract

More than sixty percent of Indian population lives in villages. These villages may have only few to few hundreds of households. Depending upon the size of the village, we might find few shops, a small post office, panchayat (village council) office, and a school. Weddings, local fairs, religious celebrations add thrill to rural life. The basic needs of the rural people are food, clothing and shelter. With the cross flow of people from rural to urban or semi urban, the necessities have increased over the time. This cross flow of information has made the rural to purchase supplementary products and services in addition to increased demand for basic needs. Increased literacy rate has also acted as a catalyst for demanding more goods and services. Lot of discussions are happening in India regarding whether rural India is developed in terms of income, infrastructure and mind set of rural consumers. Many times we hear about prosperity of rural people. The decision regarding whether development has happened cannot be based only on the rural areas close to city canter. The reality of rural India is little different than what we hear. There are many villages without basic amenities. Because of the seasonal nature of income, buying durables goods is a dream for many rural consumers. Even today there are rural families earning income less than Rs.3000 per month.

**Keywords:** Rural population, infrastructure, agriculture income, consumer perception, consumer durables etc.

#### 1. Introduction

More than sixty percent of Indian population lives in villages. These villages may have only few to few hundreds of households. Depending upon the size of the village, we might find few shops, a small post office, panchayat (village council) office, and a school. Weddings, local fairs, religious celebrations add thrill to rural life. According to Census of India 2011, India has 6, 40,867 villages with a rural population of 833,087,662. Majority of villagers are engaged in agriculture and other agriculture related activities. About 38 percent of rural households earn income from manual labour. 17 percent of the households have two wheeler and 68 percent of households have mobile phone. According to National Sample Survey Office (NSSO), three in four households earn less than Rs. 5,000 per month and almost ninety percent of households earn less than Rs. 10,000 per month. Little less than fifty percent of rural houses are kuccha (not solid). The data indicates poverty and low standard living of rural population. Fifty five percent of households solely dependent on agricultural income in found in underdeveloped rural India, thrifty percent live in Emerging Rural areas and fifteen percent in Developed Rural areas. 22% households earn income from agriculture with non- agricultural income.

Though many companies have entered rural market, the growth is not considerable due to poor infrastructure facilities. The bad quality of infrastructure is one of the reasons for slow development of rural areas. Some of the notable basic infrastructure includes irrigation facilities, poor quality roads, not so good quality housing, poor sanitation and water supply, poor electricity supply, and weak rural telecommunication system. Quality of these facilities is very poor in most of the rural villages in India.

#### 2. Background of the Study

Although rural market offers some potential for marketers, one should understand dynamics and challenges of rural population. High cost to service the rural market is one of the factors which make marketers not to show interest in rural areas. The major problems in rural markets are:

The village structure itself is a major problem for profitable marketing activities. Many villages are small and scattered. It is estimated that nearly 60 percent of the villages have population below 1000. Such scattered distribution of population increases distribution cost. Because of the small size of villages, the companies are finding it difficult to establish distribution centers more economically. The marketers will have to wait for districts fairs or some other such gatherings to publicize and market their products.

### 3. Statement of the problem

India is basically a land of agriculture. Nearly 70% of the population of our country lives in villages. The requirements of those who reside in these areas differ vastly when compared to the urban population. With the basic necessities pressing hard for survival, rural folks have limitations in meeting their wants and requirements. A majority of rural people are dependent on agriculture based activities

The basic needs of the rural people are food, clothing and shelter. With the cross flow of people from rural to urban or semi urban, the necessities have increased over the time. This cross flow of information has made the rural to purchase supplementary products and services in addition to increased demand for basic needs. Increased literacy rate has also acted as a catalyst for demanding more goods and services.

The expenditure pattern of villagers is more non food products or entertainment, in addition to food products. Consumer behavior of rural population differs entirely from their counterpart in urban area. The income generation in the case of rural people is largely based on agricultural activities. Although the income is seasonal and variable and is depending on agricultural produce, rural folks buy the products depending upon the perception and knowledge about the product

Consumer durable products are being used by rural people and this depends on several factors such as, income, living style, socio economic considerations and perceptions about the products

The awareness regarding the products is still in infant stage and there is scope for expanding the awareness programme to educate and lure the customers in rural areas. Marketing delivers satisfaction to the customers through a product / services. Though marketing has moved away from the selling of basic necessities to selling specific facilities, most marketing in India is generic. There are two sides of rural market- one that gives immense opportunities and the other who poses challenges to market goods and services. The rural market happens to be totally new which involves new customers and new opportunities.

In this connection, the behavior of the rural people requires a detailed study regarding how they purchase, why they purchase and when they purchase the consumer durables and what other parameters are considered important by the rural people.

### 4. Objectives of the study

Purchase behavior pattern of the rural population changes according to the situation and most of the purchase are unplanned. With the limited sources of income, most of the rural consumers buy goods and services in an irrational way.

The objectives of the research are as follows:-

- a) To understand the nature and complexities of rural market

- b) To understand the buying process of rural consumers
- c) To study the behavioural pattern of the rural consumers in buying consumer durables
- d) To study the priority of purchase of the rural consumers
- e) To assess the reasons for the purchase of durable products
- f) To make suggestions to business houses to tap potential rural market for consumer durables.

### 5. Scope of the Study

The researcher here tries to find suitable answers for the above said questions by analyzing the primary data collected from the respondents – in this case rural consumers selected from different villages of four districts namely Tumkur, Hassan Raichur and Yadgir in Karnataka State. Tumkur district is considered as industry based and influenced by urban population. Hassan district is not so much influenced by urban area and is considered as undeveloped industrial belt. Raichur district is industrially not that well developed and the agricultural activities are based partly on irrigation and partly on rain water. Urban influence is limited in this district. Yadgir district is considered backward both in agriculture and industrial activities. The analysis based on the inputs by the respondents of these districts give a clear picture about the consumer behavior regarding consumer durables. The researcher intends collecting data from agricultural labourers, Farmers and Landlords drawn from different villages of the selected districts

The goods are classified into four major categories by the researcher for the proposed research. These categories are Kitchen Appliances, Household Appliances, Personal Transport Products and Personal Usage Products. Under each category, selected few products were selected as mentioned below.

#### 1. Kitchen appliances

- a. Gas stove
- b. Mixer
- c. Grinder
- d. Micro oven

#### 2. Household Appliances

- a. Washing Machine
- b. Air Conditioner
- c. Air Cooler
- d. Fan
- e. Television

#### 3. Personal Transport Products

- a. Bicycle
- b. Moped c Scooter
4. Personal Use produces
  - a. Cell Phone
  - b. Wrist Watch
  - c. Computer
  - d. MP3

#### 5.1. Limitations of the Study

1. Though the sample of 1000 representatives are systematically selected, these samples are selected from limited geographical areas of the country
2. During the collection of data, in few cases, the researcher has faced the problem of making rural

respondents clearly understand towards their doubts in few questions, which might have been reflected in responses.

3. Third major limitation of this study is that the suggestions and recommendations cannot be generalized

## 6. Review of Literature

Venukumar G., (2012) made an attempt to understand the potentiality of rural markets for Fast Moving Consumer Goods. According to the study, there is untapped potentiality in rural villages. Hard work is required on the part of marketers before entering such markets. Proper groundwork is required to understand the market as there is a complex family system existing in these areas. Instead of focusing on tactical approaches, these companies should strategically touch the pulse of the rural consumers. Initially a huge amount of money is required in building strong networks into the rural markets. If done so, the companies which have already entered rural markets can achieve expected growth in coming years.

Siras M. (2012) <sup>[5]</sup> made a mentioning in this study that we cannot completely state that the rural markets are not properly exploited. Many companies selling durable goods are succeeded even in rural markets. The market size may not be considerable but the brand name is already established in rural markets as well. This is just the beginning of the journey in the direction of rural markets. The slow growth of markets is not due to the quality of the functionality of products but because of very nature of rural segments. In the process of entering the rural segment, there will always be a n initial cost of establishing various marketing networks. Constant efforts should be made to improve supply chain efficiency to reduce cost of marketing the products to these rural market centers. Gradual improvement in the income and purchasing power of rural consumers, marketers can serve these centers at least with nominal profits if not with rich dividends. Mind set of rural consumers is gradually changing. There is gradual change in the mindset towards branded products from cheap products.

Dr. J. Singh and Saikh (2012) <sup>[6]</sup> mentioned two important aspects for wining the confidence of rural markets. In the first place, the study mentioned that the marketers should make an attempt to understand the family systems to know how the decision making mechanism in rural families. This is very true that the family as a whole will play significant role in making decisions to buy durable goods in rural areas. Single decision can lead to negative financial implications in many ways. Therefore, the marketers should not treat rural and urban consumers on the same footing. The second aspect of the study mentions that rural consumers do not pay attestation to advertisements either because they are not interested in the product or ignorant of the advertisement. Therefore, the primary task before the marketer is to take communication channel along with the supply chain to rural markets. Only then they win rural markets. Many rural consumers have not faith in advertisements in mass media. Change in advertising content and presentation of the message needs a special treatment in rural markets. The rural consumers are not interested in what advertising message says. They are interested in knowing how a product is useful for them. Rural consumers prefer to view advertisements based on story telling. Selection of appropriate theme and an actor will definitely convey

desired information to the rural market.

Sisodia R., (2011) observes the existence Fast Moving Consumer Goods in rural areas. According to the study, many companies were able to enter and serve rural markets effectively because of low unit transport cost. Consumable products get sold quickly both in rural and urban areas. It is because they are absolute necessity for the consumers. The consumption of these goods many not be postponed for a long time. There is a big difference in the sale of durable and non durable goods in rural centers. Rural consumers have a tendency of postponing their buying whenever they get an opportunity do so. In most of the cases rural consumers are firm decision makers not to buy any durables. Future living is more important for them than buying durable goods now.

Bardia G., (2010) observed that the rural markets are not developed enough to be served profitably. This is mainly because of their low earning capacity and buying power. Exposure to the urban centers is not that great. Even today Haats are the major meeting places for many rural consumers to buy their required products. Rural people do not even think beyond basic food, clothing and shelter. The self contented behaviour of rural consumers is not motivating marketers to move from urban centers to so called potential rural centers. This study mentioned few examples of successful local companies. Misconception about rural market is that nothing else can be sold other than nondurable goods. There are people in rural areas to buy locally made unbranded products. Business houses should understand the rural reality before serving them.

## 7. Hypothesis

The probable hypotheses selected for the purpose of the study are:

- (1) There is no significant difference between income and perception of rural consumers towards consumer durables.
- (2) There is no significant difference between occupation and perception of rural consumer towards consumer durables.
- (3) There exists no significant difference between age and perception of rural consumer towards consumer durables.
- (4) There is no significant different between education and perception of rural consumer towards consumer durables.
- (5) There is no significant different between the perception of consumers in different rural districts towards consumer durables.

## 8. Methodology

For the acute need of the primary data from the consumers, a detailed field investigation would be taken up for which purpose, well planned and tested questionnaire would be executed through personal interviews. In order to collect the secondary data, a literature survey of all possible journals, periodicals and articles would be undertaken.

## 9. Reliability and Validity of Study

The study is valid if its measures actually measure what the y claim to and if there are no logical errors in drawing conclusions from the data (Garson, 2002). Therefore different steps were taken to ensure the validity of the study. The theories that have been selected for the study was

clearly described and research question has been formulated based on the previous theories. To check the content validity of the questionnaire various expert in the field of academics and marketing professionals were contacted and the components of questionnaire were modified as per their instructions.

According to Garson (2002), reliability is a measure to know to what extent the instrument, or research instrument is capable of giving same results when administered at different location, and time. Testing of that sort should be done when the variables are not different when experiment is conducted at two different times. The objective of reliability test is to provide confidence to the investigator that if the researcher follows the same set of procedures and objectives he must be in a position to get almost the same result.

Reliability test is done using Cronbach's Alpha Reliability Index. The researcher wanted to evaluate internal consistency present in construct. Hair *et al.* (1998) suggests that that acceptable level of reliability index should be maintained at a minimum of 0.5 in order to satisfy for the early stages of research; and over 0.7 is considered to be a good level

Table xxxxx

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| .803                   | .808   | 12         |

Over all reliability for this study have been calculated and found to be 0.803 which is more than 0.7 and hence considered good for further analysis of the study.

## 10. Data Analysis

Data is analyzed using SPSS. t-test, ANOVA and Chi-square techniques are used to analyze the data. An extensive questionnaire was used to collect data from respondents

## 11. Findings and suggestions

1. Rural consumers' income determines the purchase of Kitchen Appliances. Therefore it is evident that the significant role is being played by the rural consumers earning ability demonstrated by their income in the buying Kitchen Appliances.
2. Rural consumers' income determines the purchase of Personal Transport Product as a whole. Therefore, it is evident that the significant role is being played by the rural consumers earning ability demonstrated by their income in buying Personal Transport Products.
3. Rural consumers' age determines the purchase of Kitchen Appliances. Therefore, it is evident that the significant role is being played by the age of rural consumers in buying in buying Kitchen Appliances.
4. Rural consumers' occupation determines the purchase of Personal Transport Product as a whole. Therefore, it is evident that the significant role is being played by the rural consumers' occupation in buying Personal Transport Products.
5. Rural consumers' educational background determines the purchase of Kitchen Appliances. Therefore, it is evident that the significant role is being played by the rural consumers' educational background in buying Kitchen Appliances.

6. Rural consumers' educational background determines the purchase of Household Appliances. Therefore, it is evident that the significant role is being played by the rural consumers' educational background in buying Household Appliances.
7. Rural consumers' educational background determines the purchase of Personal Transport Product as a whole. Therefore, it is evident that the significant role is being played by the rural consumers' educational background in buying Personal Transport Products.
8. Rural consumers' educational background determines the purchase of Personal Use Products. Therefore, it is evident that the significant role is being played by the rural consumers' educational background in buying Personal Use Products.
9. Rural consumers' decision to buy Kitchen Appliances is not determined by their geographical location (districts) Therefore, it is evident that the significant role is not being played by the geographical location in buying Kitchen Appliances.

## 12. Conclusion

Lot of discussions are happening in India regarding whether rural India is developed in terms of income, infrastructure and mind set of rural consumers. Many times we hear about prosperity of rural people. The decision regarding whether development has happened cannot be based only on the rural areas close to city canters. The reality of rural India is little different than what we hear. There are many villages without basic amenities. Because of the seasonal nature of income, buying durables goods is a dream for many rural consumers. Even today there are rural families earning income less than Rs.3000 per month. Based on the observation made during the study and analysis, the following suggestions are given.

1. Fast Moving Consumer Goods have already entered rural markets already. Consumer durable goods art to find market place in rural areas. Proper understanding of rural market potential, challenges and characteristic features of rural markets will go a long way in increasing market share for business houses.
2. There are many households in rural areas without basic products. They feel that they cannot afford to buy durable goods as the price of these goods is considerable high. These potential consumers have adjusted to the realities of the life and living self contentment life. There it is desirable to design goods that can match rural requirements.
3. Products with luxury features would not fetch good markets for durable goods. It is a real challenge before the marketer to design and develop products that can use simple technology but still capable of holding functionality in it.
4. Affordability is a general mantra of rural consumers. They would not spend money unnecessarily on the products that will not provide continuous benefit to them. They would not buy products to use occasionally. Always rural consumers would like to derive more benefit for their money and time. Due to this reason, producing products to meet rural market requirements need to use alternative resources and source of energy to drive them.
5. Many rural consumers do not have high exceptions about life. Conservative mindset drives their decision

making process. Therefore, it is hard to push products in these markets. Though the purchasing power of at least some of the rural families has gone up, reserved mind set still prevails in these markets. Marketers should create awareness about the product availability and benefits not just features.

6. Lack of ambitiousness and limited income are the two major reasons for very slow market growth for consumer durable goods in rural areas. Though the government has taken steps to create opportunities to increase income in rural areas, the benefit has not reached as expected. Therefore, designers should always keep these factors in mind before producing the product. One fit for all strategy can never succeed in these markets.
7. Rural people prefer to buy durable goods that are repairable, reusable and can be used for multiple purposes. This expectation offers a real challenge for manufactures. Maruti Omni vehicle is one such product that is popular in rural areas, as it can be used for multiple purposes.
8. Scattered population, diverse income and cultural background make it even difficult for the marketer to target rural markets. Nature of rural villages should be properly studied for right segmentation and clustering of markets.
9. Mindset of rural consumers can change only by personal contacts. Advertisement may not help to a greater extent.
10. Many a time product would not reach market place due to lack of awareness about the product availability, and benefit offered by them. It is, therefore, necessary to design appropriate communication engine to bring necessary information to these market places.
11. Provision of required infrastructure and information is essential for the success of products in rural markets. In the absence of basic amenities like quality power creates additional problems to marketers. Keeping such aspects in mind, the manufacturers should design products that use unconventional resources to suit rural markets.
12. Building strong supply chain networks that can deeply penetrate into rural markets is absolutely required. Quality of product cannot win the market when they cannot enter rural markets.

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