Factors Affecting Buying Behaviour of Rural Consumers in Dilla, Ethiopia

Arun Korath  
Department of Management  
College of Business and Economics, Dilla University,  
Dilla Ethiopia.

Dr. Sangheethaa.S  
Department of Electrical & Computer Engineering  
College of Business and Economics, Dilla University,  
Dilla Ethiopia.

Berhanu Getinet  
Assistant Professor  
Department of Economics  
College of Business and Economics, Dilla University, Dilla Ethiopia.

Abstract

The study is done to identify the factors affecting buying decisions of rural consumers and whether importance of these factors varies with age and income of respondents. The factors taken into consideration by the rural consumers for purchasing a commodity are price, quality, warranty, advertisement, brand, friend’s recommendations, family members recommendation and packaging. It was found that factors have an impact on rural consumer and it varies with age and income. Importance of all factors in buying behaviour of rural consumer found increasing trend with increase in their age and income. The effect of price and quality on buying behaviour of rural consumer increases significantly with increase in age and income. Advertisement and brand of products found significantly very important to high income rural consumers than lower income consumers. Friends and family members’ recommendations had significantly more impact on buying decisions of lower income consumers than high income consumers. Packaging had significantly more impact on buying decision of lower income consumers than high income consumers.

Keywords: Buying behavior, factors

I. INTRODUCTION

Thrust on rural development since 1950 eventually made Ethiopia into an attractive rural market (Ali et al., 2012). Increased awareness along with rise in income levels influenced the rural marketing environment in the country (Velayudhan, 2002). Other factors that contributed to the growth of rural markets are access of media, rising aspiration of rural people and good packaging of products (Bijapurkar, Rama, 2000; Kotler et al., 2009). Rural market is not all about low price point and PR building. With penetration of TV advertisement and other informative media, the awareness level of rural people is increasing gradually. The urban markets got saturated with products and brands which forced marketers to turn towards rural markets (Nain and Kumar, 2009). According to McKinsey survey 2007, rural India, with population of 627 million would become larger than the total population of consumer markets in countries like South Korea or Canada in coming 20 years. Many experts and organizations have differing views on what constitutes the term, ‘rural’. Collins Cobuild Dictionary (2001) describes the word ‘rural’ as ‘place far away from towns and cities’. According to Velayudhan (2002), rural marketing includes all those activities of assessing, stimulating and converting the rural purchasing power into an effective demand for specific products and with the aim of raising the standard of living. Rural marketing is any marketing activity in which one dominant participant is from rural area (Kotler, et al., 2009).

Consumer behaviour is defined as activities people undertake when obtaining, consuming, and disposing of products and services (Blackwell et al, 2001). The study of consumer behaviour does not only include reasons for buying but also the consumption process of buying, consumers get driven by influences such as feelings, motivation, income, lifestyle, opinions, culture, personality etc (Srivastava, 2013).

II. REVIEW OF LITERATURE

Host of factors affect the consumer behaviour like socio-cultural, price, ads and any promotional scheme but in India is increasingly getting more and more conscious of brands. The rural youth does not compromise for the quality of branded items and even prepared to pay more prices for the branded product. The choice of brand ambassador has a very significant effect on the purchase behaviour of rural consumer (Nain & Kumar, 2009). Rural consumers in Haryana not only aware of branded products rather they purchase variety of branded products and concluded that rural consumers are willing to buy a variety of products and brands if their prices are lowered in future. Income was found to be the most important factor followed by education, occupation. Caste is one of the most important factors in rural Haryana affecting purchase decision of rural consumers.
Kumar & Singh, 2008; Kumar & Singh, 2013 a). Srivastava (2013) reliability and product attributes plays a very important role for low income and price conscious consumers. The consumers largely remain brand loyal. Promotions and offers have considerable impact on household and young adults. At the same time where they are buying generic products, they nourish aspiration value for branded products which remains restricted due to lack of money. Anandan. C et al. (2007) found that quality was the major factor to prefer a particular brand in washing soaps in the rural market. If preferred brands were not available, customers buy the available brands. High price and non-availability were the key reasons for dissatisfaction of the rural consumers. Nagaraja (2004) impact of socio-economic influences on rural consumer behaviour in terms of their buying practices, to the social status and level of income. Rural consumer was more rational as a buyer and exhibits a higher level of rationality compared to the urban consumer. Kumar (2011) revealed that celebrity attributes likely to influence consumer purchase intentions. The practice of celebrity endorsements has proliferated over time. Now a day it has become a pervasive element of advertising industry especially in India. Marketers use celebrity endorsers to influence the purchase decision of consumers in order to increase their sales and extend their market shares. Rajput et. al. (2012) stated that people are more conscious and aware towards branded products. They are ready to pay any price for comfort and quality of branded products. In India people have become more conscious presently only brand image is not only the significant factor in choosing the products but other factors also like quality, verity, comfort, price and expectations. Prasad & Reddy (2003) found the effect of celebrity ads and brand on consumers in their purchase decisions and to look into the appropriateness of such celebrities to various products they support.

Mukherjee et. al. (2012) found that Indian consumers are heterogeneous. The disposable income is rising, consumption patterns are changing and the level of brand consciousness is rising. They are price sensitive and therefore, appropriate pricing of the product is crucial for market entry and penetration. Hence, it is important that retailers adopt appropriate market strategies to target Indian consumers, know their demographic profile, income patterns, purchase behaviour and level of brand consciousness. Ramachander (1988) concludes that the degree of brand loyalty, pricing, packaging and other variables such as culture and socio-economic factors influence consumer buying behavior. But brand factor are more inspire the consumer to choose the products. Singh and Singh (2014) found that role of rural teenagers was found dominant across all decision stages in case of toothpaste and bathing soaps however the male respondents of 16-19 years old played dominant role at information search & evaluation stage and in brand selection at final purchase stage. It was found that influence of teenagers in family buying decisions of toothpaste and bathing soaps increases with increase in their age and family income. Kumar and Singh (2013 b) stated that rural male teenagers in the age group of 16-19 years belonging to high income class had significantly more influence in family buying of cell phone than their counterpart.

III. OBJECTIVES OF THE STUDY

Study was conducted with following objectives:

1) To identify factors affecting buying decisions of rural consumers;
2) To study the importance of identified factors affecting buying decisions of rural consumers by age and income of respondents.

IV. RESEARCH METHODOLOGY

Present study was conducted to identify the factors affecting buying decision of rural consumer and study their importance in buying decision of ruralites across age and income. Data was collected from Dilla Ethiopia. Total of 180 samples were collected out of which 146 were found suitable for study. Data was collected via questionnaire on five point scale. Frequency, mean and ANOVA were used to analyze the data.

<table>
<thead>
<tr>
<th>Demographic variables</th>
<th>frequency</th>
<th>Percent</th>
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<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-25 years</td>
<td>49</td>
<td>33.6</td>
</tr>
<tr>
<td>26-35 years</td>
<td>61</td>
<td>41.8</td>
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<tr>
<td>36-45 years</td>
<td>24</td>
<td>16.4</td>
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<tr>
<td>46-55 years</td>
<td>12</td>
<td>8.2</td>
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<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
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<tr>
<td>Up to 5000</td>
<td>63</td>
<td>43.2</td>
</tr>
<tr>
<td>6000-10000</td>
<td>54</td>
<td>37.0</td>
</tr>
<tr>
<td>11000-15000</td>
<td>24</td>
<td>16.4</td>
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<td>16000-20000</td>
<td>5</td>
<td>3.4</td>
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Table 2 depicts the characteristics of respondents and shows that majority of the respondents are youth under age of 35 years. It represents 16.4 % rural consumers of 36-45 years and 8.2 % were in the age group of 46-55 years. In this study 43.2 % respondents are from lower income family earning up to 10,000 rupees per month and in the income bracket of 11,000-20,000 rupees there were 37%. Only 19.8 % represents elite class having income more than 20,000 rupees per month
The effect of price and quality on buying behaviour of rural consumer increases significantly with increase in age and income as their p value is less than .05. Advertisement and brand of products found significantly important to high income rural consumers than lower income consumers. Friends and family members’ recommendations had significantly more impact on buying decisions of lower income consumers than high income consumers. Packaging had significantly more impact on buying decision of lower income consumers than high income consumers.
V. CONCLUSION

Study identified the eight factors i.e. price, quality, warranty, advertisement, brand, friends recommendations, family members recommendation and packaging which rural consumers consider while making purchase decisions. It was found that factors effect on rural consumer vary with age and income and found increasing with age and income. Importance of all factors in buying behaviour of rural consumer found increasing trend with increase in their age and income. The effect of price and quality on buying behaviour of rural consumer increases significantly with increase in age and income. Advertisement and brand of products found significantly very important to high income rural consumers than lower income consumers. Friends and family members’ recommendations had significantly more impact on buying decisions of lower income consumers than high income consumers. Packaging had significantly more impact on buying decision of lower income consumers than high income consumers.

REFERENCE