The Propensity of Rural Customers towards various Retail Format with Respect to Durables and Non-Durables

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Abstract

Background/Objectives: This study reveals the propensity of rural customers towards various retail formats during the purchase of both durables and non-durables. Capturing the behavior pattern of rural customers will shed us light as there is a vast change in the buying behavior of rural consumers. As a result, retail giants have developed many strategies to create huge market space and they have realized that all the rural consumers do not have common buying behavior. Hence this study is very much necessary to find out the perception of rural customers during the purchase of both durable and non-durable products with respect to various retail format shops. Methods/Analysis: Mean and standard deviation was calculated and the difference between the population groups as samples was found out using ANOVA. Findings: The results of the study confirmed that rural consumers prefer to go to nearby Kirana shops (mean = 3.19), weekly markets (3.1717) followed by street hawkers (3.1196). For purchasing durables they prefer to go to retail outlets and for non-durables they preferred weekly markets and retail outlets. Applications/Improvements: The managerial implications of the present study will thus help retailers to frame effective marketing strategies to face the competition.

Keywords: Durable Goods, Non-Durable Goods and Preferences, Rural Customers

1. Introduction

Unorganized retail formats are predominant in India and it is projected that over 95% of retail in India are done through unorganized retail format shops like nearby Kirana shops, Street hawkers, Weekly Market and Retail outlets, Department Stores and Wholesale outlets. Retailing contributes 14 to 15% to our GDP and is considered as a very important pillar of Indian economy. In developed economies, organized retail will be in the range of 75-80%, whereas in the developing economies unorganized retailing dominates the contribution and the other category who belongs to Grey marketers, which are owned by a private individual is also posing a serious threat to both the organized and unorganized retailing. However, there is no doubt that traditional retail has been playing an imperative function in the economy and is creating a momentous source of employment. To add on to this, a survey by AT Kearney revealed that a devastating proportion of Rs. 400,000 crore retail markets are unorganized in India and only Rs. 20,000 crore market segments are organized.

Rural consumers prefer to local stores because they need utility products either by paying cash or on credit depending upon their willingness. Organized retailers provide high quality aspirational products. Rural consumers prefer certain factors like vicinity, convenience, easy billing, availability of products that meet out their needs, credit facility, etc. Most of the rural consumers purchase their day-to-day goods starting from banana to razors at local Kirana or street shop. This study is an attempt to throw light on the rural consumer behavior towards...
various retail format shops while purchasing durable and non-durable products.

2. Review of Literature

In India, there are more than 12 million retail outlets, out of which only 4 percent of them are larger than 500 sq. ft in size. This means that most of the retail outlets in India adopt unorganized retail formats like local Kirana shops, street vendors and smaller departmental stores. A study has focused on the consumer behavior towards unorganized and organized retail stores and the comparative score towards their satisfaction level.

A study scrutinized the consumer behavior in Ghaziabad and found that they prefer to shop and stock for a month and they usually prefer departmental stores and wholesale shops for shopping and it will also differ depending upon different categories of product.

A study which analyzed the purchasing pattern of customers towards organized retail outlets found that the various researches has taken place by considering the factors like product categories purchased, time spent for searching the product, number of products purchased per visit, switch over intention and store quality. They found that younger generation mostly prefer to go to organized retail outlets for shopping. Some consumers revealed that shopping for more than 2 hours reduced their stress level and it would be like a fun activity. The items they purchased generally were garments, groceries and electronic household appliances. It also revealed that the major factors influencing tier-2 and tier-3 city consumers were store ambience, service quality, product mix and convenience. The other study which analyzed small-town customer’s satisfaction level with local independent retailers and the factors influencing them revealed that the variables like in-shopping experience, attachment to the community and local retail shopkeepers support are the most influencing variables towards customer’s satisfaction. The study concluded that the respondents were not satisfied with the product assortment and availability on their nearby retail shops. Respondents who are strongly attached to their communities lend their full support to their local retailers. The study recommended that small-town retailers should implement different business strategies according to the changing expectations of their local customers. Since customers were exposed to use big retail organized format shops, their expectations are undergoing dynamic changes and in order to sustain in this competitive market local retailer should exploit niche strategies and grab the market.

A study has affirmed that traditional consumers are highly price-sensitive and have highly fluctuating needs compared to younger generation shoppers and they prefer special assistance from the shopkeepers before purchasing the products. A study confirmed that Indian consumers generally prefer modern formats like supermarkets and departmental stores for their weekly and monthly shopping and they prefer to go the traditional stores for daily shopping their groceries and vegetables and he found that impulse and unplanned buying are the major factors which influences consumer shopping behavior.

A study identified that if the buyer has some written shopping list, then his/her average expenditure would be reduced. It also pinpointed out that if the buyer is accompanied by the children and if the time spent in the store is maximized, then the expenditure amount would get increased. A study also affirmed that if the buyers prefer to buy groceries, fruits, chemists and lifestyle items they will look at the convenience, whereas product quality will be the most important while purchasing durables, book and apparel.

A study which investigated the interiors in stores and impulsive buying behavior found that the consumers from rural backgrounds and low income considers economic-factors like cheaper prices, free coupons and free products and shop assistants help to be the major factors influencing the impulsive behavior of them.

A study to capture the changing consumer preference towards modern retail formats and traditional formats revealed that due to the penetration of electronic and social media, usage of internet, urbanization and demographic change consumer preference has undergone a phenomenal change. Merchandise category, availability, hygienically packed foods, entertainment for children, parking facilities and attached restaurants, etc. are the major drivers for consumers to opt organized retail format shops for shopping. The facilities, consumer expect while he/she prefers to go to unorganized outlet are nearer to the household and credit and bargaining facility. The study concluded that younger generation prefers organized format and higher age groups prefer to go to ‘Kirana shops’ and both organized and unorganized retailers should concentrate on providing value added services to retain the customers. A study which affirmed that if the consumption is more in a country, then it will automatically create a very good investment climate.
This implies that, since rural market volume is very large especially in India, the consumption should be increased by targeting rural space which creates a good investment climate in India. A research study which focused on analyzing diaspora’s affluence in rural markets revealed that diaspora’s played a significant role in buying global products than the traditional products and it also analyzed the changes among rural consumers’ choice.

Another study which analyzed buying behaviour of rural consumers in Thanjavur district. The overall sample size for the study included 440 respondents (98 from Budalur, 103 from Kandiyur, 105 from Orattanadu and 134 from Thiruvaiyaru). Through the study an attempt was made to understand the perception and the choice of place of purchase among rural consumers. The results of the study shed light on understanding the rural consumer’s preference for the place of purchase by various statistical tools using SPSS.

### 5. Research Methodology: Sample Size

A simple non-probabilistic convenience sampling method was used to understand the behavior of rural consumers in Thanjavur district. The overall sample size for the study included 440 respondents (98 from Budalur, 103 from Kandiyur, 105 from Orattanadu and 134 from Thiruvaiyaru). Through the study an attempt was made to understand the perception and the choice of place of purchase among rural consumers. The results of the study shed light on understanding the rural consumer’s preference for the place of purchase by various statistical tools using SPSS.

### 5.1 Instruments used

The current study analysed the perception of rural consumers towards the place of purchase. To achieve this, the data were collected with the help of a structured questionnaire which was adopted from Ravikanthi and various previous studies also endorse the variables chosen for the current study. The variables used for the study include the place of purchase which comprise various retail format shops like nearest Kirana stores, Street hawkers, Weekly Market, Retail outlets, Department Stores, Supermarkets/Malls and Wholesale outlets and the demographic variables like age, income, gender and domicile. The study was mainly based on the primary data collected out of the survey. The reliability analysis was confirmed and it was 0.658 which is considered to be acceptable for social sciences.

### 5.2 Tools used

The data collected from rural customers of Thanjavur has been analyzed by using SPSS software. Descriptive statistics, Chi-square and ANOVA was carried out and the results are shown below.
5.3 Respondent Analysis
Out of the data collected 31% were in age group of 18 to 25 years and 21% were in the age group of 25 to 35 years; 60% of the respondents are male and 40% are female; 28% of the respondents have income less than 15000, 26% lies within the range from 15,000 to 25,000 and 24% of the respondents earnings lies between 35000 and 45000 and it is shown in the Table 2.

6. Data Analysis and Discussion
Before proceeding with data collection a pilot survey was done to check the reliability of variables used for the study and the reliability analysis using SPSS was carried out and it is shown in the Table 3.

6.1 Place of Purchase
The rural consumers were posed certain questions related to their place of purchase which is shown in the Table 4. From the Table 4 the majority of consumers prefer to go to their nearby Kirana stores (3.1957) followed by the Weekly market (3.1717) and their next preference was Street hawkers (3.1196). From the below table, it can be concluded that there is a difference of opinion of consumers regarding their place of purchase of washing powder.

6.2 Difference in Opinion regarding (Durables and Non-durables) with the Place of Purchase
On capturing their place of purchase, consumers were then asked to reveal their tendency for purchasing both the durables and non-durables. The following table clearly depicts that for durables like footwear rural consumers prefers Retail outlets (6.1%) followed by Weekly markets (4.1%). Small retail outlets (4.1%) and Weekly markets (3.4%) are the most preferred places for rural consumers to buy watches/toys. Regarding non-durable products like food and beverages they prefer to go to Weekly markets (4.8%) and their second choice was nearby Kirana stores (4.5%). Their place of purchase regarding textiles and clothes was Retail outlets (4.8%) followed by Weekly markets (4.3%).

| Table 2. Respondents profile |
|-----------------------------|
| Age | Freq | % | Gender | Freq | % | Income | Freq | % |
|-----|------|---|--------|------|---|--------|------|---|
| 18 To 25 | 138 | 31.0 | Male | 266 | 60.0 | Less Than 15000 | 125 | 28 |
| 25 To 35 | 92 | 21.0 | Female | 174 | 40.0 | 15000 – 25000 | 115 | 26 |
| 35 To 45 | 69 | 16.0 | | | | 25000 – 35000 | 105 | 24 |
| 45 To 55 | 92 | 21.0 | | | | 35000 – 45000 | 63 | 14 |
| 55 And Above | 49 | 11 | | | | 55000 And Above | 32 | 8 |
| Total | 440 | 100 | Total | 440 | 100 | Total | 440 | 100 |

6.3 Relationship between Demographic Variables (Age, Gender, Income) with the Place of Purchase
It might be interesting to find out the relationship between the demographic variables and the place of purchase. To find this, Chi-square test was conducted by framing the hypothesis and the results were displayed in following Table 5

Hypothesis 1: There is no significant association between age and place of purchase.
Hypothesis 2: There is no significant association between gender and place of purchase.
Hypothesis 3: There is no significant association between income and place of purchase.
As viewed in the Table 6, all the values are significant which means null hypothesis is rejected and it is concluded that there exists a statistically significant association between the demographic variables and place of purchase.

6.4 Difference in Opinion regarding Place of Purchase with Respect to Demographic Variables
It is also interesting to find out the differences between the respondent’s choice regarding the place of purchase with respect to their demographic variables. To achieve this,
**Table 3.** Reliability statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| 0.658            | 10         |

**Table 4.** Mean and standard deviation for the place of purchase

| Place of Purchase          | Mean  | Mean Rank | Std. Deviation |
|----------------------------|-------|-----------|----------------|
| Nearest Kirana stores      | 3.1957| 1         | 1.30798        |
| Street hawkers             | 3.1196| 3         | 1.46300        |
| Weekly Market              | 3.1717| 2         | 1.45595        |
| Retail outlets             | 2.9826| 4         | 1.50081        |
| Department Stores          | 2.9065| 6         | 1.46206        |
| Supermarkets/Malls         | 2.7174| 7         | 1.44800        |
| Wholesale outlets          | 2.9370| 5         | 1.42605        |
| Valid N                    | 440   |           |                |

**Table 5.** Frequency distribution and percentage

| Retail formats         | Footwear | Watches/toys | Food and beverages | Textile and clothes |
|------------------------|----------|--------------|--------------------|---------------------|
| Nearest Kirana stores  | 15       | 3.4%         | 9                  | 20                  | 4.5%        | 13         | 3.0%        |
| Street hawkers         | 17       | 3.9%         | 10                 | 2.3%                | 18          | 4.1%        | 12         | 2.7%        |
| Weekly Market          | 18       | 4.1%         | 15                 | 3.4%                | 21          | 4.8%        | 19         | 4.3%        |
| Retail outlets         | 27       | 6.1%         | 18                 | 4.1%                | 17          | 3.9%        | 21         | 4.8%        |
| Department Stores      | 19       | 4.3%         | 14                 | 3.2%                | 13          | 3.0%        | 14         | 3.2%        |
| Supermarkets/Malls     | 17       | 3.9%         | 11                 | 2.5%                | 10          | 2.3%        | 15         | 3.4%        |
| Wholesale outlets      | 22       | 5%           | 8                  | 1.8%                | 11          | 2.5%        | 16         | 3.6%        |

**Table 6.** Chi-square results between demographic variables and place of purchase

| Demographic Variables | Shops |
|-----------------------|-------|
|                       | Chi-sq | Sig. |
| Age                   | 34.500 | .000 |
| Gender                | 18.400 | .000 |
| Income                | 34.435 | .000 |

ANOVA was carried out to investigate the possibility of difference in their opinions regarding place of purchase. These can be tested by setting out the hypothesis

H1: There is no significant difference in their opinions regarding the place of purchase with respect to age factor.

H2: There is no significant difference in their opinions regarding the place of purchase with respect to income factor.

H3: There is no significant difference in their opinions regarding the place of purchase with respect to gender.

As viewed in the Table 7 the following differences are significant at the 95% level with respect to the age of the sample and the place of purchase for nearest Kirana stores, Street hawkers, Weekly market, Retail outlets have a p-value less than .05 (p<0.05). The following differences are not significant at the 95% level since Department Stores, Supermarkets/Malls, Wholesale outlets have a p-value greater than .05 (p>0.05).

With regard to income, the following differences are significant at the 95% level with respect to the place of purchase since nearest Kirana stores, Street hawkers, Weekly market, Retail outlets and Supermarkets/Malls have
8. Summary and Implications

The major conclusions of this paper are as follows:

- The rural shoppers prefer to go to nearby Kirana shops, Weekly markets and Street hawkers.
- To purchase durable like footwear, watches/toys they prefer to go Retail outlets followed by Weekly markets.
- To purchase non-durables like food and beverages they prefer Weekly markets followed by Kirana stores and for purchasing textiles and clothes they prefer retail outlets followed by Weekly markets.
- There exists a strong association between Age, Income and gender of the rural customers with the place of purchase.
- The gender, age and income were compared with the place of purchase and it confirmed that different age group, income level and gender level had different choices in choosing their place of purchase.

Rural consumers generally do not have well formed expectations and they generally look for the availability of their products. The purchases made by them will be mostly planned. Hence, in order to attract the rural consumers the retailers should understand their planning process and keep track of all the purchases they make and the type of the stores they are visiting. This study throws open some ideas to rural business owners and shopkeepers to revitalize their strategies to attract and retain more customers.

Local retailers should create a long standing relationship with the customers by creating a family-oriented shopping experience. Hence the current study unearthed the perception of rural consumer’s choice of place of purchase with respect to both durable and non-durable and this study can enlighten the retailers to formulate their strategies regarding distribution from the perspective of rural customers.
9. **Scope for Future Research**

The current study tried to explain the store choice behavior of rural consumers based on their perception with respect to durables and non-durables. To further extend this research, it would be interesting to study the impact of purchase characteristics of rural consumers on store choice, store involvement, frequency of purchase, understanding their expectations etc. and the interrelationships among all the variables.

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