



A COMPARATIVE STUDY OF THE BUYING BEHAVIOUR OF RURAL AND URBAN CONSUMERS TOWARDS MOBILE PHONE IN BIHAR

Prof. Mridanish Jha*

Abstract: *The purpose of this paper is to investigate the buying behavior of consumers in Bihar and compare the consumers' behavior of urban and rural consumers in Bihar with regard to mobile phone. The mobile phone market has witnessed a tremendous growth in the last ten years. With the presence of all major cellular companies providing its services in Bihar there has been an exponential increase in the mobile phone subscriber base. Rural consumers are basically different from their urban counterparts. Poor literacy levels and limited exposure to product and services account for differences in buying behavior affecting the dynamics of rural consumer behavior. All contribute to make rural consumer behavior dissimilar from the urban consumer. This paper attempts to draw attention towards different buying behavior of urban and rural market. The paper examines the preferences of rural and urban consumers towards the mobile phone. It also tries to understand the factors which influence the consumers for making the purchase decision and compares the buying behavior of urban and rural consumers.*

Keywords: *Buying behavior, decision making, empowerment, rural, satisfaction, urban.*

*MBA [BIT Mesra], UGC NET, Doctoral Researcher



INTRODUCTION

By 2017, rural India is expected to become a one trillion USD economy. Over the past decade, the rural economy has registered an impressive growth. Almost all villages are expected to be connected by an all-weather road, every panchayat village to have internet connectivity and almost every home in the five hundred plus population village to have electricity and proud owner of a mobile phone. Kashyap and Raut (2006) have listed three distinct phase in the evolution of rural marketing during which the term change its meaning and connotation. During the first phase, pre 1960s, rural marketing was synonymous with agricultural marketing. During 1960s – 1990s the marketing of agriculture input and marketing of nonfarm rural product was considered as rural marketing. Post 1990s- with rising income and mushrooming middle class across the country, various companies focused on tapping rural market potential. Rural marketing now refer to FMCG and Consumer durable goods like mobile phones in rural area. Mobile telephony has almost wiped out STD booths and public call offices (PCO) in Bihar. The number of rural subscriber has exploded in the last five years. Mobile phone offers convenience at an affordable price to rural consumers across all segments. Today India is the fastest growing telecommunications market and the second largest in the world with more than 755 million subscribers .A huge chunk of this growth is contributed by rural markets, which have witnessed exponential growth. In spite of the challenges of distribution, service, product knowledge and affordability, marketers of mobile phone handset have successfully devised ways to reach the hinterland by converting a perceived luxury product into a utility product through relevant and attractive mobile phones such as Nokia's made for India & asha phones with hindi settings and tools .Micromax's long battery backup proposition .Bharti Airtel, India's largest mobile service provider has got to where it is today on the back of its rural growth,Airtel entered into a crucial partnership with Nokia to bundle handsets with connections and other alliances for distribution. It helped as both Airtel and Nokia had the same immensely popular brand ambassador, Shah Rukh Khan. The right mix of product and pricing strategy led to the growth of Airtel. Nokia's 1100 model is a classic case study of a customized model at an affordable price for rural consumers. At a price of INR 690 to INR 920,the Nokia 1100 has become the best selling phone ever. It has a radio, alarm and flashlight which are of great use to rural consumers. Nokia's life tools aims to provide users



with direct access to information, educational resources and entertainment to users over sms. The Agricultural part of the service is provided in conjunction with Reuters market light .Localized information provided includes weather conditions, advice about crop cycles and general tips and techniques as well as market prices for crops, seeds, fertilizers and pesticides. Micromax mobile, launched in 2008, targeted the rural Indian consumers with its feature packed, economically priced handsets. The USP of Micromax X1i, the first handset to be launched, was the thirty day battery back-up which made it extremely attractive to electricity deprived rural consumers and frequent travelers. Priced at INR 1,250 this model was a huge success in rural India. Micromax has focused on providing value for money, more features at less price phones.

Bihar has now started the process of moving from a chiefly agrarian economy to an industrial and service economy. Owing to several trends like rising rural incomes, growing literacy levels, locales and rising penetration of audiovisual mass media, the rural markets are showing interesting changes at overall, aggregate levels. The population of Bihar remains primarily rural. In recent years the rural consumer of the state has been empowered considerably to demand a transformed expression of the strategies that they could employ to trim down poverty and get better comfort. Rural telephony has seen a dramatic transformation with the opening of the telecom sector, which has witnessed tremendous growth in teledensity in the last ten years .As per the cellular operators association of India (COAI) the total mobile subscriber base of Bihar in February 2013 was almost fifty million. So the demand for mobile phone is ever increasing. Today India is the fastest growing telecommunication industry in the world. Between 2006 and 2012, rural India outpaced urban India in mobile growth as the rural subscription base grew seven times as against the urban growth, which grew three times. The focus is now on achieving the target set by the government of forty percent rural telecom density by 2014 and expanding broadband coverage in rural areas. Some of the quickest consequences of new roads and bridges have been better connectivity to markets and to service providers such as telecom operators. With mobile connectivity, economic activity in villages has changed tending towards growth in high value agriculture, traditional services and even manufacturing. The contribution of agriculture in the economy of Bihar is very high and with the use of mobile phone it can straightforwardly contribute in commercialization and increasing value added



services within the sector which ultimately tends to empower the rural market. Access to information is of essential for any development process. The progress of infrastructure has led to better connectivity by road, by phone and access to mass media through television and electrification of households has opened up the rural markets. All of these factors have increased purchasing power and the demand for new products. The focus of government on poverty alleviation and the rural population has led to noteworthy spending on initiatives. The rural consumer of Bihar is developing from the deficiency stricken, uneducated stereotypes of the ancient times with a fear of change and a disinclination to expend, to become more literate and value driven. This was possible because there was substantial increase in public investment. Bihar economy has undergone some structural changes over the years. One of the prime reasons for this is the growth of rural market. Rural incomes have been growing at a faster pace over the past few years, helping to account for almost forty percent of Bihar's total consumption of goods and services. The flow of information from and to the rural consumers is a critical prerequisite for the development of the rural market in Bihar. The growth of mobile phone is contributing in the flow of information and knowledge, beyond the boundary of social and economic status. Bihar is experiencing a very successful model of connecting with the rural consumer through mobile phone service. The connectivity had so far been established for communication and now the need is to expand services towards dissemination of relevant market based information and thus in turn lead to growth in the business. The mobile revolution is extensive and has high visibility in Bihar. Its use has added to the extraordinary development in the various domains such as rural markets, growth of small business, improving health care amenities and information to the rural farmers and the rural businessmen who have been benefited from it. In the present scenario mobile phones has become one of the most important tools for individual communication. From an auto driver to an executive and from a farmer to a landlord everyone is having a mobile phone but their buying behavior is different. Hence it is important to differentiate the buying behavior of consumers living in urban areas and the consumers living in rural areas. The main purpose of this study is to compare the buying behavior of rural and urban consumers and find out their priorities while making a purchase decision regarding mobile phone.



LITERATURE REVIEW

Robertson and Kassarian (1991), define consumer behavior as “the scientific study of consumer actions in the marketplace”. However, others view consumer behavior as independent of marketing or any particular discipline. Jacoby (1976), for example, defined consumer behavior as “the acquisition, consumption and disposition of goods, services, time and ideas by decision making units. Cellular phones and digital televisions got more attention of marketing researchers as look upon the acceptance procedure (Saaksjarvi, 2003). Arndt (1976) suggested that consumer behavior encompasses the problems encountered by members of society in the acquisition and realization of their standard of living. They are keen to experiment with new products, new services and new process. Rogers (1976) has provided a classification of consumers in expressions of innovators, early adopters, early majority, late majority and laggards. However today consumers give the notion of being ready to accept new products which enhances their self-image and life style (Saaksjarvi, 2003). The psychologists developed the hierarchy of effects model, which proposes that behavior is composed of three dimensions: cognitive, affective and behavioral (Lavidge and Steiner, 1961). The cognitive dimension involves developing awareness and knowledge, the affective component relates to developing feelings and attitudes, and the behavioral dimension involves development of conviction or intention and actual behavior, such as purchase decision making technique (Lavidge and Steiner, 1961). Gupta (1987) studied the factors which motivates the consumer when they buy durables. He found that brand choice, source of information, role of family members and customer satisfaction play a significant role. Murray and Schlacter (1990) defined perceived risk as a multi dimensional construct. It represents consumers’ pre purchase uncertainty related to the type and degree of expected loss resulting from the purchase and the use of a product or service. Possible loss categories are financial loss, performance loss, psychological loss, social loss and convenience loss (Arndt, 1967b; Bansal and Voyer, 2000). Past research has consistently recognized perceived risk as a fundamental concept in consumer information search (Arndt, 1967b; Chaudhuri, 2000; Murray and Schlacter, 1990). Arndt, for example, found that ‘to cope with the hazards of buying, consumers tend to develop risk handling strategies. One such strategy would be to seek additional information from a number of sources’ (1967b: 303). Bansal and Voyer (2000) found a negative influence of product expertise on perceived



risk, and a positive influence of perceived risk on word of mouth information actively sought. Williams (2002) argues that deviation in “attitude, motivation and value orientations associated with differences in occupational opportunities and demands, childhood socialization patterns and educational influences may lead consumers to vary in many of their purchase behaviors across social classes”. Sun and Wu (2004) studied Chinese market and found that Chinese rural and urban consumers are to be statistically dissimilar in provisions of their attitudes toward the whole marketing mix: “product price, brand names, promotions and distribution”. Gupta (1988) found that sales promotions have impact on consumer buying behavior. Lee and Feick (2001) argues that customer satisfaction contribute positively in customer retention.

OBJECTIVES

1. To understand the buying behavior of the rural & urban consumers towards mobile phone.
2. The factors which influences the buying behavior.
3. How these factors play an important role in buying decision.

RESEARCH METHODOLOGY

The present study was undertaken to understand the buying behavior of the rural & urban consumers towards mobile phone and to know the factors which influences the buying behavior and how these factors play an important role in buying decision. The data required for the study were collected from the selected respondents of Patna and rural areas of Jehanabad district of Bihar by personal interview method using well-structured questionnaire & schedule. The total sample selected was 320 which included the urban and rural consumers. In order to understand the purpose behind the purchase of mobile phone Likert scale was used in the questionnaire. The respondents had to mention, on a five-point Likert scale, a statement explaining the degree of their perceived importance of a factor ranging from “extremely important” to “extremely unimportant”. To prioritize these factors AHP (Analytical hierarchy process) was used. Analytical Hierarchy Process is used to know the factors that have impact on the consumer buying behavior. The selection methodology is based on the characteristics of the problem and the overall data analysis was done with the help of SPSS 17.0.



RESULTS AND DISCUSSION

Descriptive analysis of the results of varying consumer behavior of rural and urban consumers was done with the help of SPSS 17 and to measure the significance of different motivating factors in the mind of consumers AHP (Analytic Hierarchy Process) was used. Results from descriptive analysis and AHP are shown in the tables below.

Table 1: Comparison of popular mobile phone brand user in Bihar.

BRAND	URBAN	URBAN (%)	RURAL	RURAL (%)	TOTAL	PERCENTAGE (%)
APPLE	02	0.62%	00	00%	02	00
NOKIA	54	16.87%	43	13.43%	97	30.3%
SAMSUNG	57	17.81%	31	9.68%	88	27.49%
SONY	04	1.25%	00	00%	04	1.25%
MICROMAX	19	5.93%	37	11.56%	56	17.49
KARBON	14	4.37%	29	9.06%	43	13.43%
LG	04	1.25%	09	2.81%	13	4.06%
OTHERS	06	1.87%	11	3.43%	17	5.3%
TOTAL	160	49.97%	160	49.97%	320	100%

From the above table (1) some important points can be deciphered. The above table shows that 17.81% of the urban consumer uses Samsung mobile phone and it is very closely followed by Nokia (16.87%). Micromax with 5.93% is at third position in the urban market. If we look at the rural market then the above table shows that Nokia with 13.43% is at the top and with 11.56% Micromax is at the second position. Samsung with 9.68% is at number three. From the above table it can be concluded that the choice of mobile handset varies between the urban and rural consumers of Bihar. In case of urban market Samsung and Nokia have a very close competition as majority of the urban consumers prefer to buy either of these two brands. However the buying preference of the rural consumer is different from their urban counterpart. The rural consumer prefer to buy Nokia for its simple features and user friendliness while he buys Micromax for its long battery backup value for money proposition.



Table 2: Preference of factors influencing Urban Consumers

FACTORS	PREFERENCE INDEX
BRAND	0.321175
FEATURE	0.260134
USER FRIENDLY	0.227451
QUALITY	0.196892
PRICE	0.161935
ADVERTISEMENT	0.120263
AFTER SALES SERVICE	0.080433

The most important factors which influences the urban consumer for making a purchase decision are brand, feature, user friendly, quality, price, advertisement and after sales service of the mobile phone. In the above table these factors are ranked according to their preference given by the urban consumers while making a purchase decision for mobile phone. From the above table (2) it is very clear that an urban consumer of Bihar gives first preference to the brand name (0.321175) when purchasing a mobile phone. The feature (0.260134) of mobile phone like dual sim stands at second position while making a purchase decision. Moreover the user friendly (0.227451) of the mobile phone is ranked at third place as a factor influencing the consumer buying behavior.

Table 3: Preference of factors influencing Rural Consumers

FACTORS	PREFERENCE INDEX
FEATURE	0.321175
PRICE	0.260134
ADVERTISEMENT	0.227451
USER FRIENDLY	0.196892
BRAND	0.161935
QUALITY	0.120263
AFTER SALES SERVICE	0.080433

The most important factors which influences the rural consumer for making a purchase decision are brand, feature, user friendly, quality, price, advertisement and after sales service of the mobile phone. In the above table these factors are ranked according to their preference given by the rural consumers while making a purchase decision for mobile



phone. From the above table (3) it is very clear that a rural consumer of Bihar gives first preference to the feature (0.321175) like dual sim, hindi settings when purchasing a mobile phone. The price (0.260134) of mobile phone stands at second position as a factor influencing purchase decision. Moreover advertisement (0.227451) of the mobile phone is ranked at third place as a factor influencing the consumer buying behavior.

Table 4: The role of influencers in decision making

INFLUENCERS	URBAN	URBAN (%)	RURAL	RURAL (%)	TOTAL	PERCENTAGE (%)
FAMILY	34	10.625	27	8.437	61	19.062
FRIENDS	56	17.5	39	12.187	95	29.687
RETAILER	23	7.187	36	11.25	59	18.437
MEDIA	31	9.687	33	10.312	64	20.000
OTHERS	16	5.00	25	7.812	41	12.812
TOTAL	160	49.997	160	49.998	320	100

The above table (4) highlights the important factors like family, friends, retailer, media and others (reference group, purchase situation etc) which influence the rural and urban consumer in making the decision of buying a mobile phone. From the above table it is very clear that for both urban (17.5%) and rural (12.187%) consumer's friends play an important role as influencers in decision making. However when it comes to urban consumer the second most important role as influencers is played by the family members (10.625%). In case of rural consumer retailer (11.25%) plays the second most important role in influencing the consumer for making a purchase decision. Both the urban (9.687%) and rural (10.312) consumers are influenced by the media (print, electronic & out of home) as it is the third most important influencing factor for purchase decision making.

Table 5 : Source of Information for urban & rural consumers of Bihar.

SOURCE OF INFORMATION	URBAN	URBAN (%)	RURAL	RURAL (%)	TOTAL	PERCENTAGE (%)
TV	54	16.875	72	22.5	126	39.375
RADIO	32	10.0	38	11.875	70	21.875
NEWS PAPER	42	13.125	23	7.187	65	20.312
INTERNET	21	6.562	0	0	21	6.562
OTHERS	11	3.437	27	8.437	38	11.874
Total	160	49.999	160	49.999	320	100



The above table (5) depicts the various sources of information for urban and rural consumers in Bihar. From the above table it is very clear that television is a major source of information for both urban(16.875) and rural(22.5) consumers in Bihar. For an urban consumer newspaper (13.125) is the second most important source of information. However for a rural consumer radio (11.875) is the second most important source of information. For an urban consumer radio (10.0) is the third most important source of information. With growing literacy level the newspaper is the third most important source of information for a rural consumer. Apart from these sources a rural consumer gets information from various other sources like retailer, wall paintings, van-operations, weekly market etc.

CONCLUSION

The findings from the study suggest some discernible points about the buying behavior of urban and rural consumer. The rural consumers have also become value conscious as reflected by their buying behavior. The success of micromax, Karbon mobile in rural market highlights the fact that a marketer has to focus on the unmet needs of the consumer and then build its value proposition. Both these mobile companies first of all targeted the rural market with their long battery backup benefit. Advertising in the rural areas is costly as the villages are far-off, generally unreachable and the target audience is mostly illiterate. Hence advertising strategy, message and media vary with respect to positioning of the product and the target segment. The phenomenal changes that the rural market has undergone are to be kept in mind while taking decisions regarding the communication strategy for rural markets. The behavioral aspect of the rural consumer is the focal point of rural marketing strategy. The archetypal rural value systems are marked by conservatism, respect for elders, belief in social hierarchy, hard work, etc. Hence for a successful marketing strategy the social value systems and lifestyles of villagers have to be clearly understood and analyzed. Any promotional inputs disruptive of the social binding are likely to be discarded. It is vital to highlight the favorable results of using a particular product. The reach of the print medium is very low in rural Bihar due to the high level of illiteracy. Speedy expansion of television in the last decade has significantly increased the awareness levels regarding availability of convenience products to the rural consumers. Infrastructure is critical for markets to grow and flourish. The current trends in rural markets have displayed economic growths higher as



compared to the urban markets and overall GDP growths are higher in the last few years, which promise well for marketers eyeing this market.

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