



FACTORS AFFECTING PURCHASE DECISION OF CONSUMERS IN RURAL AREAS OF VIRUDHUNAGAR DISTRICT

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ABSTRACT- With increasing economic and social conditions of rural consumers along with their knowledge and attitude on quality and health consciousness, their purchasing decisions are drastically changing in order to meet their personal and family needs and as a result demand for various products and services are continuously increasing in rural areas. The results show that affordability, promotion, product features and trustworthiness are factors affecting purchase decision of consumers in rural areas. There exists significant association amidst factors affecting purchase decision of consumers in rural areas and their demographics. Promotion, affordability, trustworthiness and product features are positively and significantly influencing satisfaction of consumers in rural areas. Therefore, companies should provide variety of products in lower prices and values and they must fulfill promises and save cost of consumers in rural areas. Companies should give attractive advertisements in rural areas and they must provide discounts and offers regularly for them. Besides, companies should give quality of products in various sizes and in attractive packaging.

Keywords: Factors, Purchase Decision, Rural Consumers, Satisfaction

I. INTRODUCTION

The Indian rural marketing is extremely large size and scattered in nature and it creates vast opportunities for manufacturers and retailers because higher than two third of consumers are living in rural areas (Shrivastava et al 2018) and they are potential consumers for various products (Kumara and Balanagalakshmi, 2019). Rural marketing in India is growing swiftly in the last three decades and it is bigger as compared urban market and it is not utilized fully by marketers (Kalotra, 2013). There are remarkable changes in purchasing pattern, life styles and behaviours and increasing disposable income and consumption of quality products (Kaur, 2012).

With increasing economic and social conditions of rural consumers along with their knowledge and attitude on quality and health consciousness, their purchasing decisions are drastically changing (Kumar, 2016) in order to meet their personal and family needs and as a result demand for various products and services are continuously increasing in rural areas (Neelam, 2017). Economic, social and political changes in the last two decades happened in rural areas are highly attracting market area as compared to urban (Bhandari and Khanna, 2016). At the same time, purchase decision of rural consumers is affected by an array of factors, feelings, emotions and needs. Thus, it is important to discover factors affecting purchase decision of consumers in rural areas.

II. REVIEW OF RELATED LITERATURE

Al-Gahaifi and Svetlík (2011) found that price, discounts, display, word of mouth, quality and size of products and personal values were determining purchasing decision of consumers.

Abbas et al (2012) concluded that variety of products, discounts, price, quality, availability of products and personal needs were deciding purchasing of FMCG products among consumers in rural areas.

Srivastava (2013) revealed that nature of product, reliability, brands, offers, promotion and socio and economic status were determining purchase decision of consumers.

Islam et al (2014) indicated that commitment and cost, brand image, prestige, distinctiveness and relation with customers were factors determining purchasing decision of consumers.

Pallavi and Shashidhar (2015) showed that advertisements, price, offers, recommendation of friends, quality, packaging, brand and availability of products were determining purchase decision among consumers.

Karmoker and Haque (2016) found that attributes of products, promotion, life style, quality and recommendations were significantly determining purchase decision of consumers in rural areas.

Sarker and Rahman (2017) concluded that product, price, sales person, advertisements, quality, display, familiarity and personality were determining purchasing decision among consumers.

Hanaysha (2018) revealed that corporate social responsibility, store atmosphere, promotion, price, quality, value and social media were deciding purchase decision of consumers.

Dibie et al (2019) indicated that social, cultural, personal and psychological aspects of consumers were determining their purchase decisions. In addition, price, product, quality and promotions were also significantly affecting purchasing decision of consumers.

Wath (2020) showed that product, price, availability, packaging, quality, affordability were determining purchase decision of consumers towards fast moving consumer goods.

III. OBJECTIVES OF THE STUDY

- i) To ascertain factors affecting purchase decision of consumers in rural areas.
- ii) To find association amidst factors affecting purchase decision of consumers in rural areas and their demographics.
- iii) To analyze influence of factors affecting purchase decision of consumers in rural areas on their satisfaction.

IV. METHODOLOGY

Virudhunagar district is selected for conducting the present research and consumers in rural areas are chosen by using convenience sampling method. Data are collected from 320 consumers in rural areas by means of questionnaire. Percentages are used to understand demographics of rural consumers and an exploratory factor analysis is carried out to ascertain factors affecting purchase decision of consumers in rural areas. The Chi-square test is used to find association amidst factors affecting purchase decision of consumers in rural areas and their demographics. Regression analysis is applied to analyze influence of factors affecting purchase decision of consumers in rural areas on their satisfaction.

V. RESULTS

5.1. Demographics Of Rural Consumers

The demographics of rural consumers are disclosed in Table-1. The results show that 56.25 per cent of rural consumers are male, but, 43.75 per cent of them are female and 33.75 per cent of them are belonging to 36 – 45 years of age, but, 15.94 per cent of them are belonging to 21 – 25 years of age. The results indicate that 45.00 per cent of them are possessing higher secondary, but, 23.44 per cent of them are possessing under graduation and 38.12 per cent of them are earning monthly income of Rs.20,001 – Rs.30,000, but, 14.06 per cent of them are earning monthly income of Rs.40,001 – Rs.50,000 and 88.13 per cent of them are married, but, 11.87 per cent of them are unmarried.

Table-1. Demographics of Rural Consumers

Demographics	Number	%
Gender		
Male	180	56.25
Female	140	43.75
Age		
21 – 25 years	51	15.94
26 – 35 years	84	26.25
36 – 45 years	108	33.75
45 – 55 years	77	24.06
Education		
Secondary	101	31.56
Higher Secondary	144	45.00
Under Graduation	75	23.44
Monthly Income		
Rs.10,001 – Rs.20,000	59	18.44

Rs.20,001 – Rs.30,000	122	38.12
Rs.30,001 – Rs.40,000	94	29.38
Rs.40,001 – Rs.50,000	45	14.06
Marital Status		
Married	282	88.13
Unmarried	38	11.87

5.2. Factors Affecting Purchase Decision Of Consumers In Rural Areas

An exploratory factor analysis is carried out to ascertain factors affecting purchase decision of consumers in rural areas and the result is disclosed in Table-2. Value of Kaiser-Meyer-Olkin test for measuring adequacy of sampling is 0.854. Chi-square value for Bartlett's test of Sphericity is 0.0048 that is significant in one per cent level and both measures show method of factor analysis is apt.

Table-2. Factors Influencing Purchasing Intention of Consumers in Rural Areas

Factor	Variables	Factor Loadings (Rotated)	Eigen Value	Variation (%)	Name of Factor
I	Price	0.69	3.98	26.82	Affordability
	Value	0.73			
	Necessity	0.64			
	Promise	0.70			
	Cost saving	0.62			
	Life style	0.66			
II	Advertisement	0.71	2.16	21.36	Promotion
	Offers	0.69			
	Discounts	0.67			
	Gifts	0.64			
	Display	0.62			
III	Quality	0.60	1.42	16.48	Product Features
	Size	0.68			
	Varieties	0.63			
	Packaging	0.61			
IV	Suggestion of family	0.68	1.04	12.75	Trustworthiness
	Suggestion of friends	0.65			
	Word of mouth	0.67			
	Total	-	-	77.41	-

Principal Component Analysis is used to get factors by using varimax rotation and it is converged in 9th iterations. Cronbach's Alpha value is 0.86 explaining that all measures have acceptable level of internal consistency. Four factors obtained are having 77.41 per cent of variation on variables of the present study.

Factor - I covers price, value, necessity, promise, cost saving and life style. Hence, this factor is stated as **Affordability** and it shares 26.82 per cent of variation.

Factor - II consists of advertisement, offers, discounts, gifts and display. Therefore, this factor is described as **Promotion** and it shares 21.36 per cent of variation.

Factor - III includes quality, size, varieties and packaging. Thus, this factor is denoted as **Product Features** and it shares 16.48 per cent of variation.

Factor - IV contains suggestion of family, suggestion of friends and word of mouth. So, this factor is labeled as **Trustworthiness** and it shares 12.75 per cent of variation.

Affordability, promotion, product features and trustworthiness are factors affecting purchase decision of consumers in rural areas.

5.3. Factors Affecting Purchase Decision Of Consumers In Rural Areas And Their Demographics

By using Mean \pm SD, factors affecting purchase decision of consumers in rural areas is segregated to very important, fairly important and little important and it is disclosed in Table-3.

Table-3. Important of Factors Affecting Purchase Decision of Consumers in Rural Areas

Important of Factors Affecting Purchase Decision	Number	Percentage
Very Important	149	46.56
Fairly Important	97	30.31
Little Important	74	23.13
Total	320	100.00

The factors affecting purchase decision of consumers in rural areas are very important for 46.56 per cent of rural consumers, but, they are little important for 23.13 for them.

The Chi-square test is used to find association amidst factors affecting purchase decision of consumers in rural areas and their demographics and it is disclosed in Table-4.

Table-4. Association amidst Factors Affecting Purchase Decision of Consumers in Rural Areas and their Demographics

Particulars	Chi-square Value	Significance
Factors Affecting Purchase Decision of Consumers in Rural Areas and Gender	17.412**	0.000
Factors Affecting Purchase Decision of Consumers in Rural Areas and Age	29.218**	0.000
Factors Affecting Purchase Decision of Consumers in Rural Areas and Education	26.435**	0.000
Factors Affecting Purchase Decision of Consumers in Rural Areas and Monthly Income	32.380**	0.000
Factors Affecting Purchase Decision of Consumers in Rural Areas and Marital Status	19.359**	0.000

** Significant in 1% level

The Chi-square values are significant explicating that there exists significant association amidst factors affecting purchase decision of consumers in rural areas and their demographics.

5.4. Influence Of Factors Affecting Purchase Decision Of Consumers In Rural Areas On Their Satisfaction

Regression analysis is applied to analyze influence of factors affecting purchase decision of consumers in rural areas on their satisfaction and the result is disclosed in Table-5. R² value is 0.54 and Adjusted R² value is 0.52 and these values reveal that the model is in good fit. F-value of 29.726 is indicating that the model is significant.

Table-5. Influence of Factors Affecting Purchase Decision of Consumers in Rural Areas on their Satisfaction

Factors Affecting Purchase Decision	Regression Coefficients	t-Value	Significance
Intercept	1.024**	12.478	.000
Affordability (X ₁)	.472**	6.864	.000
Promotion (X ₂)	.526**	7.645	.000
Product Features (X ₃)	.363**	5.386	.000
Trustworthiness (X ₄)	.438**	6.520	.000
R ²	0.54	-	-
Adjusted R ²	0.52	-	-
F	29.726**	-	.000

** Significant in 1% level

Promotion, affordability, trustworthiness and product features are positively and significantly influencing satisfaction of consumers in rural areas.

VI. CONCLUSION

The foregoing analysis elucidates that affordability, promotion, product features and trustworthiness are factors affecting purchase decision of consumers in rural areas. There exists significant association amidst factors affecting purchase decision of consumers in rural areas and their demographics. Promotion, affordability, trustworthiness and product features are positively and significantly influencing satisfaction

of consumes in rural areas. Therefore, companies should provide variety of products in lower prices and values and they must fulfill promises and save cost of consumers in rural areas. Companies should give attractive advertisements in rural areas and they must provide discounts and offers regularly for them. Besides, companies should give quality of products in various sizes and in attractive packaging.

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