
Effects of Brand Endorsements by Opinion Leaders on Rural Consumer Buying Behavior

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ABSTRACT:

Indian economy is predominantly rural with a contribution of about 29 percent to India's Gross Domestic Product (GDP). The companies find a huge potential and look forward to tap the rural market effectively by segmenting the market on the basis of demographic characteristics.

The rural population income level has risen due to increase in productivity and better price structures for agricultural products. This income remains tax free because of agriculture income friendly tax structures. The rising income levels, better literacy rates, growing reach of better quality branded products, with better exposure to electronic media has affected rural consumer's purchasing decisions or behaviours.

This paper contains an analysis of responses of rural consumers towards products for which the promotional strategic tools are being used by the companies. The paper is followed by a study of awareness levels of rural consumers in regard with branded products, after sales services and the affects of these characteristics on their purchasing preferences, in the village Lambakheda, Berasia Road, Bhopal.

Introduction :

India is a land of diversity, consisting around 5,80,000 villages and about 70% of the Indian population belongs to villages. The contribution of rural population in the economic development of nation is due to their agricultural production and allied activities. India's economy is predominantly rural with a contribution of about 29 percent to India's Gross Domestic Product (GDP).

The companies find a huge potential to cater rural specific products by segmenting the market on the basis of demographic categories. The another reason to tap this market or foraying in

to the Indian rural market is due to the extensive competition in the urban market. The intensifying urban market competition has led organizations to struggle for attracting and retaining customers, as most of the capacity of the urban customers has been targeted by the marketers. So, by extending the product categories to an unexplored market (rural market), on the basis of demographic segmentation is the popular strategy which has come up in the last ten years growingly to make an increase in the business volumes. According to a recent survey conducted by the National Council for Applied Economic Research (NCAER), the income of rural population has increased due to increase in productivity and better price structures for agricultural products. The rise in paying capacity of rural population remains unexploited, but now with growing reach of media, and better literacy rates are changing the scenario of rural areas and increasing their exposure to outside world, which encourage companies to embark on the rural markets with greater importance. The other face of the coin shows demographic characteristics of consumers play a vital role while making purchasing decision. Rural consumers are exposed to a various stimuli or increased number of commercials through different number of channels.

The consumer behavior studies show that all customers require different degrees of information search before making a purchase decision. The two factors which mainly affect a consumer's purchase behavior are:

1) **Involvement**

Involvement depends upon the risk taking ability of the consumer. If a consumer feels a high degree of risk while making purchase, his involvement becomes high. It also depends upon the kind of purchase, like if the purchase is of small kind, routine, involvement is low.

2) **Perception**

Perception about the brands, quality etc. also influences the choice of the consumer. If the perception is negative, the customer would not like to purchase that product. On the contrary, if the perception is positive, the customer would seek for the favorable points in support of his perception, and would go for purchasing the product. The following table shows the degrees of combinations of Involvement and perception on the purchasing decisions of customers.

		DEGREE OF INVOLVEMENT	
		High	Low
DEGREE OF PERCEPTION	High	Complex decision making behaviour(Expensive consumer durables)	Variety seeking behavior (Biscuits, Fast food, Restaurants)
	Low	Brand Loyalty behavior (Newspapers, Milk brand)	Inertia behavior (Battery cells, Ball point pen)

The differential features of Indian rural markets play a significant role in the behavior patterns of rural consumers. The study would reveal, whether the power of “Brand Value” has touched the rural consumers or not, and how their degree of perception and involvement with purchase affects their purchasing decisions.

The Prominent Features of Indian Rural Markets are

- 1) Small, diverse and scattered markets – The availability of number of shops is generally less, and scattered in to a number of regions.
- 2) Major source of income through agriculture – The income levels of rural income are generally high though fluctuating by nature, as they are directly linked with the prosperity or failure of the crops.
- 3) Rising disposable incomes and literacy rates – The new govt. pricing regulations have added to the disposable incomes of rural population. The tax structures are also favorable to them. So, the rising disposable incomes has led them to better literacy rate and better standard of living with increased awareness about products and happenings around them.
- 4) New Technology – The young generation of agriculturists (farmers) seek to learn new technologies and Aspire for better methods of cultivation using new technologies and updated methods.

The intervening factors that affect consumer purchasing decisions are shaped by various demographic variables and understanding of customer’s demographics is a critical issue for

companies marketing departments, as it enables them to identify and target their communications towards those consumers who are most likely to purchase. The demographic variables such as literacy level, awareness, disposable income seem to influence the amount of retail shopping, including the choice of products does not remain unaffected. These implications appear to be confirmed by investigation to get to know the responses of rural customers towards branded products, advertisements stimuli, and endorsements through personalities or opinion leaders.

Characteristics of Opinion Leaders:

Opinion Leaders are people whose position, experience, or knowledge makes them particularly suitable for providing relevant and credible information. Advertisers make a good use of them to suggest some product for a specific reason.

- 1) Higher social status / Personality
- 2) Opinion Leaders display standards
- 3) Display sense of relevance (Dentists suggest Colgate)
- 4) Suggest the usage of product (product specific)
- 5) Provide first hand experience with products and communicate their experiences.

Few examples of Opinion Leadership to provide information through advertisements are – The latest advertisement of “Sugar free” by Bipasha Basu who suggests the product to carry a good physical appearance like her. The same product was earlier suggested by the famous chef “Sanjeev Kapoor” to keep the diabetic person healthy while enjoying the sweetness of life. The products like LUX soap, Head and shoulders dandruff shampoo, Dettol soap, Complian, Boost etc. products advertisements make a very well use of Opinion Leaders to help consumers conceptualize the benefits they would derive from the usage of product.

Objectives of the study

There were three specific objectives of the present study-

- 1) To find out, whether the branded products are being used or preferred by rural consumers, or they use or prefer the local (unbranded) or assembled products.

- 2) To find out, how rural consumers respond to a product purchase, which is endorsed by a celebrity.
- 3) To study the awareness of rural consumers, regarding after sales services or feature packed products, and to know their attitude and buying intentions along with their involvement level regarding durable goods.

Research Methodology and Data Collection:

The present study was conducted during the months of Sep- Oct 2013. The sample for the study was selected from a village named “*Lambakheda*”, Berasia Road, Bhopal and was restricted to lower class society families only, either their earnings come mainly from agriculture or from low profile working class jobs. The sampling method was random sampling, with a sample size of 50 consumers, which included namely the homemakers as well as the working members in a family. The reason behind choosing them as respondents was due to the estimation that they play a very vital role in the household purchasing decisions. The study is based on their awareness level of branded products and their perception about the benefits of purchasing them and the impact of endorsements by celebrities on their purchasing decisions.

Tools of the study: The Questionnaire

This research was conducted using a questionnaire designed to understand consumer’s views on product endorsements by celebrities, their preference for usage of branded or unbranded products, their knowledge and perception about better quality and after sales service. The questionnaire was consisted of both – open ended and closed ended questions to get the proper feedback. It also consisted the five point Liker scale ranging from “strongly agree” to “strongly disagree”, with the middle of the scale identified by the response alternative “neither agree nor disagree”.

Hypothesis

It was considered better to frame null hypotheses in which we assume ‘0’ difference between the calculated value and the value according to the chi square test table. If the difference is

sizeable, it is rejected; and if it is attributable, it is accepted. The following null hypotheses will be considered for the study.

- 1) Ho – No relationship will be found between respondent's awareness of branded products and their preference of purchasing them against unbranded products.
- 2) Ho – No relationship will be found between perception of attractiveness of a celebrity endorser, or the suggestion by an opinion leader on purchasing decision of FMCG products made by the respondents.
- 3) Ho – No relationship will be found between the perception of after sales service, warranties, and their influence on purchase of durable goods.

Data Analysis:

The mean is the most widely utilized statistical tool to determine the central tendency of interval data. Mean was calculated to find out how the maximum number of respondents responded to each item. It indicates the level of significance and gives a basic idea as to how the rural consumers responded on the scale, i.e. towards the satisfaction side or the dissatisfaction side. The analysis in 1st Ho revealed that an average of 77.2% of the respondents buy and prefer to buy branded FMCG products. So, the 1st Ho was rejected. The analysis of data related with 2nd Ho revealed that an average of 77.6% of respondents do not get influenced by attractiveness of a celebrity endorser. Thus, 2nd Ho was accepted. The data analysis related to 3rd Ho revealed that an average of 67% of respondents have awareness of the benefits of after sales services, warranties, and prefer to buy branded durable goods instead of assembled one. So, the 3rd Ho was rejected. The response rate was high, which can be attributed to the fact, that the distribution of questionnaires was personalized and exhibited the willingness of the respondents to co-operate. The questionnaire was directed to the lower class rural population of the society, where yearly household income of most of the respondents (families) was in the range of approx. Rs. 60,000 p.a to Rs.96,000 p.a.

CHI-SQUARE Test:

Chi-Square test was applied to the data to inspect whether all the respondents (rural consumers) responded to all alternatives of each item equally or not. The table value of χ^2 at 1% level of significance and at 4% level of freedom is 13.277. It is inferred that in case of

null hypotheses, if the calculated value is higher than this value, the null hypotheses gets rejected, and if the calculated value comes lesser than the value, the hypotheses will get accepted. This is indicative of the fact that the sample data fits the expectation established regarding analysis of data.

Testing of Hypotheses:

The null hypotheses thus formed were tested using Chi-Square test. **For Hypotheses (1) stating, “No relationship will be found between respondents awareness of branded products and their preference of purchasing them against unbranded products”,** The Chi-Square test results are shown below:

Items	Observed Frequency (O_1)	Mean Frequency (E_1)	$O_1 - E_1$	$(O_1 - E_1)^2$	$(O_1 - E_1)^2 / E_1$
Like the quality of the product	90	77.2	12.8	163.84	2.122
Prefer to buy branded products instead of local	68	77.2	-9.2	84.64	1.096
Awareness of the product	84	77.2	6.8	46.24	0.60
Price of branded product	92	77.2	14.8	219.04	2.837
Attractive Packaging	52	77.2	-25.2	635.04	8.225
Total	386				14.86

The calculated values are more than table value: 13.277, therefore, the Null Hypotheses is rejected. A relationship is found to exist between the awareness level of rural consumers about branded products and preference to purchase them against unbranded products.

For Hypotheses (2) stating, “No relationship will be found between the attractiveness of a celebrity endorser, or the suggestion made by the opinion leader and its impact on the purchasing decision made by the rural consumer”, The Chi-Square test results are shown below:

Items	Observed Frequency (O ₁)	Mean Frequency (E ₁)	O ₁ -E ₁	(O ₁ -E ₁) ²	(O ₁ -E ₁) ² /E ₁
Purchase if endorsement by a celebrity	88	77.6	10.4	108.16	1.390
Try if interesting advertisement	72	77.6	-5.6	31.36	0.400
Try if endorsed by favorite celebrity	68	77.6	-9.6	92.16	1.200
They want to be like celebrity	86	77.6	8.4	70.56	0.909
Try if suggested by an expert/ opinion leader	74	77.6	-3.6	12.96	0.167
Total	388				4.066

The calculated values are less than table value: 13.277, therefore, the Null Hypotheses is accepted. No relationship is found to exist between the attractiveness of a celebrity endorser and the impact of the suggestion of an opinion leader on the purchasing decisions made by the respondents.

For Hypotheses (3) stating, No relationship will be found between the perception of after sales service, warranties, and extra features on the influence on purchase of durable goods”, The Chi-Square test results are shown below:

Items	Observed Frequency (O ₁)	Mean Frequency (E ₁)	O ₁ -E ₁	(O ₁ -E ₁) ²	(O ₁ -E ₁) ² /E ₁
After sales service	72	67	5	25	0.37
Extended warranty	88	67	21	441	6.58
Price of the product	83	67	16	256	3.82
Features with Quality	60	67	-7	49	0.73
Endorsement by celebrity	32	67	-35	1225	18.28
Total	335				29.78

The calculated values are more than the table value: 13.277, therefore, the Null Hypotheses is rejected. A relationship is found to exist between the perception of after sales service, warranty, and extra features on the purchasing decisions made by the respondents.

Findings of the study

The study has attempted to understand the value of branded products among rural consumers. The analysis revealed the fact that rural consumers like to buy branded products, they associate the use of branded FMCG goods as a status symbol. The another major finding of the study was that they make their choices of products strictly according to their budget or according to the amount allowed by their pocket. The few products they named in toiletry usage were: Babool toothpaste, Breeze soap, godrej no.1 soap, nima soap, hamam soap. In detergents – Ghadi detergent and bar, Nirma. The most popular biscuits brand was found “Parle –G”. Parle Kismi bar and toffees are popular among rural consumers instead of chocolates and eclairs. Another finding revealed that rural consumers are brand loyal. Once they like a product, they keep on consuming the same product repeated number of times for years. They neither frequently change their brand nor do they try new products every now and then. The study also examined their perception regarding the quality of branded products in comparison with non branded products. The researcher found the rural consumers believe or perceive that the quality of branded products remains better than non-branded products. The popular phrase they believe and expressed about branded products (especially in case of durable goods was) – “*Sasta Roye Bar Bar, Mehanga Roye Ek Bar*”. Another finding revealed that there is hardly any impact of product endorsements by celebrities on their purchasing decisions. Celebrity product endorsements are hardly able to influence the rural consumer. The last finding of the research reflected the difference in involvement levels of rural consumers at the time of complex purchasing decisions. In case of durable goods, they seek suggestions first from the person, who is already using the product. Thus, the involvement of rural consumers in the purchasing decision was seemed to be high. They do remain concerned about the brand name, quality, after sales service, warranty or guarantee card, and service center location.

Limitations of the Study

The study is constrained by certain limitations. The sample was restricted to the village “Lambakheda” Berasia Road, Bhopal. So, the findings may not be suitable for all geographical regions. More robust statistical methods could be used to analyse the data. Constraints of time, money, seriousness and knowledge level of respondents were other limitations.

Conclusion and Implications for Future Research

The aim of most of the companies is to make their products distinct and so valuable in the concerned segment, that they want their consumers to become brand loyal or repeated buyers. A huge potential lies in the rural markets as the rural consumers are brand loyal by nature, now with growing awareness and literacy rates .Despite of these facts, the rural consumer is still a closed book, and companies must tap the rural market after identifying their unique needs and by effectively laying down the strategies to weigh in the roadblocks as carefully as possible. The rural markets can be compared with the bottom of the pyramid, which has the broadest base or potential. So, improving the lives of people who belong to the broadest part or the bottom of the economic pyramid can be highly fruitful for companies and can lead the Indian economy to the new heights.

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