

CHAPTER – 1

INTRODUCTION

1.0 INTRODUCTION

India is developing country. The world is eyeing on India as India being the largest market for all consumer durable as well as non-durable products. The thrust area of present government is on development. Lots of developments are taking place resulting in increased per capita income. 70% of the population of India is residing in rural area and as a result of development, their per capita income is increasing consistently. The rural market is being tapped, nowadays by all corporate houses. The rural market provides tremendous scope for durable as well as non-durable branded products. Hence the researcher has made an attempt to measure brand equities for consumer durable as well as non-durable products in rural India.

The middle class and the rural sector of India's population is the most important market for the durable and non-durable products. Significant growth in the standard of living of rural area people, increase in per capita income as well as consumption expenditure has given them an opportunity to be a part of branded products. Technology advancements in the production of consumer durable and non-durable products can give a chance to buyer's to opt them. Availability of credit for the purchase of these goods has made the market progressive.

1.1 MARKET

A market term is familiar to everyone. The sole purpose of production of goods or product is to sell the product which is done through the platform of market. Hence in general the market is said to be a place where the goods are sold and bought. However, in particular a market "is a place where buyers and sellers can meet to facilitate the exchange or transaction of goods and services. Markets can be physical like a retail outlet or virtual like an e-retailer"¹

1.2 MARKETING

According to Philip Kotler², “Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.”

1.3 CONSUMER

A consumer is a person or a group of persons who intend to order the goods or uses the purchased goods particularly for their personnel. Social family or household usage to fulfil their needs & desires. Michael Solomon (2006)³ defines “A consumer is a person who identifies a need or desire, makes a purchase and then disposes of the product”

1.4 BUYING DECISION PROCESS

Whenever any consumer buys any product whether durables or non-durables knowingly or unknowingly they follow the steps as narrated in following figure:

Figure:1.1 Buying Decision Process



1. Need Initiation:

When the prospective buyer first recognizes the need, the buying process gets initiated. When such need is triggered, the prospective buyer is induced to buy a particular product or service. The need may arise due to an internal or external stimulus.

- a) **Internal Stimuli:** Needs like hunger, thirst, personal desire etc. would constitute internal stimuli.
- b) **External Stimuli:** Example: If neighbor is buying a car and we also feel to buy a car then the external stimuli has aroused.

2. Information Search:

Once need is triggered, the prospective buyer initiates process of collecting necessary information. The information sources could include:

- a) **Personal Sources:** Family members, friends, neighbors, relatives etc.
- b) **Commercial Sources:** Salespersons, dealers, advertisement, packing, display etc.
- c) **Public Sources:** Mass media and consumer rating organizations.
- d) **Experiential or Experimental Sources:** Trying, using or examining a product.

3. Evaluation of Alternatives:

After collecting necessary information about different types of products, the prospective buyer initiates the evaluation process. Here, different options related to brand is considered so that the best option of the brand can be selected.

4. Purchase Decision:

After the process of evaluation and deciding upon preferring a particular brand of product, the prospective buyer now examines certain aspects such as quality, timings of purchase etc.

In this stage, the buyer has to make a purchase decision. Final choice is influenced by three factors:

- a) **Attitude or opinions of others known or unknown users:** If other's opinion towards the product is negative, then the prospective buyer may change the decision. For example: Decision of buying 'Activa' scooter depends on the actual user opinion. His negative opinion can change the buyer's mindset.

- b) **Anticipated Situational Factors:** Sometime, the buying decision of consumer may be affected by situational factors like expected family income, expected price of product and expected benefits of product.
- c) **Unanticipated (Unexpected) Factors:** Further, some unanticipated or unexpected factors like sickness in the family resulting in major expenditure may also change his final decision.

5. Post-Purchase Behavior:

After acquiring the product, the buyer may either feel dissatisfied, satisfied or delighted.

- a) **Post Purchase Satisfaction:** If the buyer's expectations are not fulfilled by the product despite the product being good, the buyer will feel dissatisfied. He will feel satisfied when the product's performance is equal to his expectations. The customer will feel delighted when the product's performance exceeds his expectations. These feelings will decide whether such consumers will buy the product again.
- b) **Post Purchase Action:** Consumer's future action is determined by his satisfaction or dissatisfaction.
- c) **Post Purchase Use and Disposal:** Marketer's should keep an eye on the use and dispose of the products.

1.5 SCENARIO OF RURAL MARKET

1.5.1 Rural:

As such there is no clear definition for the term 'Rural'. However, The National Sample Survey Office (NSSO)⁴ defines rural as follows:

- An area with a population density of up to 400 per sq.km.
- Villages with clear surveyed boundaries but no municipality.
- A minimum of 75 per cent of male, working population involved in agriculture and allied activities.

1.5.2 Rural Markets in India:

Over the past few years, the rural market has been growing tremendously as around 70 per cent of our countries populations stays in rural area. Green revolution has also given a big jump in the consumption of industrial and urban manufactured products in the rural areas. Due to which multinational companies as well as our countries marketers such as Samsung, Hindustan lever, Godrej, Phillips, Colgate-Palmolive etc. has been penetrating with focused business in rural markets. Hence, one can say that in the recent years, the rural markets have gained an importance for both MNCs and Indian companies and preparing the effective strategies to tap the potential of rural markets. The rural market has increased the buying powers of the rural communities. Demands of the rural markets are also increasing due to the changing behavioural patterns and awareness of rural consumer's towards the product.

1.5.3 Rural Marketing:

Balaram Dogra and Karminder Ghuman⁵ explained the concept as follows, "Rural Marketing is a distinct specialized field of the marketing discipline that encompasses a customized application of the marketing tools and strategies to understand the psyche of the rural consumer in terms of needs, tailoring the products to meet such needs and effectively delivering them to enable a profitable exchange of goods and services to and from the rural market."

T.P.Gopalawamy⁶ observed, "Rural Marketing is a two-way marketing process. Its content now encompasses inflow of products into rural areas for production and consumption purposes and also outflow of agriculture and local products to urban areas."

Off course, the rural marketing framework is not uniformly applicable to every parts or region or segments of rural area in country. The rural marketing structure available or applicable in particular rural area of states or region relies on area wise factors say infrastructure facility available, road and transportation, network & communication facilities,

agricultural development, income and purchasing power of that rural population. This is understood from the fact that the rural areas of North-West like Punjab and Haryana are the region where mentioned facilities as well as agriculture development are there. Similarly, the rural markets of western zone say Gujarat and Maharashtra part are also grown up tremendously, created the well organised market opportunities for the corporates to tap the potential.

1.5.4 Characteristics of Rural Market in India:

- a) **Dispersed and huge market:** Census 2001 reported that 740 million Indians consisting of 70 per cent of the India's population lives in the rural area of our countries. Further, rate of rural population is increased steadily. A large portion of the population is rural which covers a wide range of geographical area and holds a good potential to the marketers.
- b) **Varied Socio-Economic Way of Living:** The socio-economic background of the rural buyers is undergoing changes as the nation advances economically. Change in the demand pattern of aspiring rural consumers is fast growing as the overall growth of economy results into substantial increase in income levels and easier availability of credit facilities including like the 'Kisan Credit card' of rural communities.
- c) **Agricultural Income:** More than half of the rural income is from agricultural hence harvesting season is the peak demand period for the consumer goods.
- d) **Saving Practice:** Rural peoples lives traditionally and follows their old customs of savings. Co-operative and commercial banks network is now widespread due to which rural consumers are saving the funds.
- e) **Infrastructure facilities:** Now days, in rural areas development of basic infrastructures like roads, transportation facilities, communication networks, rural electrification projects and common public services are increasing which tends to provides the potential of rural marketing. Marketers keen on working towards developing rural

markets need to understand and appreciate these features of Rural Markets and Rural Buyers.

- f) **Growing Markets:** Due to high potential of rural markets, Demand s for both consumable branded non - products such as tooth paste, bathing soap, tea, biscuits and other FMCG items as well as consumers branded durable products like Refrigerator, Television, Two whalers and mobiles are increased over the years.

1.5.5 Corporate Rural Marketing:

C.S.G Krishnamacharyulu and Lalitha Ramakrishnan⁷ and Pradeep Kashyap and Siddhartha Raut⁸ defined corporate Rural Marketing as, “Rural Marketing can be defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products and services and moving these products and services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organisational goals.”

1.6 RURAL MARKET’S CHALLENGES

The rural market offer challenges like illiteracy, distances, communication, huge market potential, transportation, dispersal of products and services, information on consumer behaviour, socio-cultural factors, loss of infrastructural centres etc. Another important factor affecting the rural markets has been vast availability of duplicate products. Shopkeepers in the region are a strong link and therefore perform an important role, as consumers ask for specific products.

1.7 COMPARATIVE STATEMENT – RURAL SOCIETY VS. URBAN SOCIETY

An attempt is being made to differentiate between Urban Society and Rural Society:

Sr. No	Attribute	Rural	Urban
1	Customs and Traditions	<ul style="list-style-type: none"> • Conservative and rigid. • Generally guided by age-old customs. • Limited scientific outlook. 	<ul style="list-style-type: none"> • Generally more free and westernized. • Display more scientific mind-set. • Approach generally progressive.
2	Social Insights	<ul style="list-style-type: none"> • Exercised control by family. 	<ul style="list-style-type: none"> • Exercised control by prevailing economic situation.
3	Habitation	<ul style="list-style-type: none"> • Dependent upon forces of nature for their work. • Mostly hereditary occupations. • Conservative work attitude. 	<ul style="list-style-type: none"> • Rely upon man-made conditions. • Occupations based upon capabilities. • Modern outlook.
4	Expertise	<ul style="list-style-type: none"> • No specialization. 	<ul style="list-style-type: none"> • Full of specialization in all spheres.
5	Social Adjustability	<ul style="list-style-type: none"> • Non-existence of social mobility. • Fixed place, religion or political ideas dictate hereditary occupation. 	<ul style="list-style-type: none"> • Social mobility exists.
6	Social consistency	<ul style="list-style-type: none"> • Castes determine occupation. • Uniformity due to limited job options. 	<ul style="list-style-type: none"> • Jobs chosen irrespective of caste but based on market demand.
7	Social connection	<ul style="list-style-type: none"> • Team work and connections are the foundation of rural society. 	<ul style="list-style-type: none"> • Absence of similar traits in the society.
8	Social Compassion	<ul style="list-style-type: none"> • Low tolerance to social change. • Usually, joint family is a standard. • Traditional Outlook. 	<ul style="list-style-type: none"> • Social changes accepted without objections. • Nuclear family a standard. • More westernized outlook.

9	Social Diversity	<ul style="list-style-type: none"> • Slow changes mainly because of little rural competition. • Conventional belief and practice. 	<ul style="list-style-type: none"> • Changes occur frequently influenced by substantial competition. • Less changes due to conventional belief and practice.
10	Class System	<ul style="list-style-type: none"> • Community is split on conventional structure. • Birth determines position. 	<ul style="list-style-type: none"> • Political, education and economic are the significant factors in urban society.
11	Women's Status	<ul style="list-style-type: none"> • Lack of independent economic status. 	<ul style="list-style-type: none"> • Enjoyment of economic independent status.

1.8 URBAN & RURAL BUYERS: TRAITS AND DIFFERENCES

To market to a rural consumer, the marketer really needs to understand the consumer of the region which is the focus area. So as to generally better understand the differences between an Urban Buyer and Rural Buyer, their respective traits are tabulated below:

Sr. No.	Typical Rural Buyers	Typical Urban Buyers
1	A close minded, traditional individual, concerned about social norms and religious practices.	Most show strong shifting towards modernity.
2	Economically well-off families may resort to bulk purchases usually form nearby towns. Could be brand conscious but look for convenience.	Families generally buy on monthly basis from stores / supermarkets in the vicinity. High impulse buying of FMCG / fast food.
3	Preference is for fresh food items However, storable items food-grains, etc. purchased in bulk.	Fresh vegetables preferred but frequently purchased on weekly basis. Also buys lot of processed foods. Generally, only large families buy in bulk.
4	Mostly cash economy. Small local purchasing credit from local shops.	Substantial no. of buyers use credit / debit cards hence most shops accept these.
5	Visits to nearby towns for purchase like small festive occasions for enjoyment. Purchase could be for many items together	Daily consumption items purchasing a routine mandatory activity; only luxury items /personal usage item a pleasure outing.

6	Local language direct communication best suited, catchy phrases, idioms or humour in communication is avoidable.	Catchy advertisements, quirky phrases and humorous tilt to communication in a mix of languages is welcome.
7	Advertising influence media – TV, Radio, newspapers, in that order.	Advertising influence from TV and print media. Radio advertising influence near-absent
8	Preference for products easily available. May exhibit brand loyalty but of low awareness .	Brand loyal mostly but willing to experiment. Discerning about brands but lower income groups could opt for low-priced imitation products.
9	Family heads or society elders and shopkeepers could influence purchasing decisions.	Family influence exists but individual preference on a rise. Influence of on-line advice/reviews, peers, works.

1.9 CAUSES FOR RURAL MARKET BOOM

1. **Population Density:** Rural Population is larger than urban population. Demand is higher due to population density.
2. **Agriculture Affluence:** Agronomy affluence has increased the market growth. Rural market will grow if the agrarian will prosper. Due to commercial agriculture and superior merchandise choices, villagers have turned into prospective consumers in few states for durable products. Rural market size will increase with the increasing affluence of the rural population.
3. **Rural Development Programme:** Multiple provincial expansion schemes are being introduced by the central and state governments in their attempts to upgrade standards of living of provincial population.
4. **Urban Census In-depth Interlink age:** Telecommunication and transportation has made easier the rural people communication with urban people.
5. **Enlarged Population Vigour:** Rural people's buying power has increased due to rural people moving towards urban areas as income has increased.
6. **Enlarged Rural Appeal:** Rich Society people have started moving to stay in rural provincial for all time for superior and relaxing life. Farm houses are builds up on farming land which contributes to growth of rural market.

7. **Enhanced Rate of Literacy:** Enhance Education level and rate of literacy have quickened growing of rural market.
8. **Boosting of Infrastructure:** Due to infrastructural growth and welfare facilities in rural areas, rural markets growth is there.
9. **Extension of Agronomy Refining Industry:** Gigantic business units are establishing their companies in rural areas for food processing industry. For e.g. Reliance Fresh has entered the rural market in agro-food industry.
10. **Rural Population's Power:** Better and expanded political influence of rural community can remarkably assist rural market enlargement.
11. **Remote Income:** Influx of foreign remuneration availability of imported commodities in the rural markets is also visible.
12. **Improvement in Land Possession structure:** Land possession patterns are undergoing significant changes in rural areas. So, financially farmers have become strong. Due to that farmer's lifestyle has improved.
13. **Business Giant's Role in Rural Areas:** Entry of big corporate giants in rural areas is fast-tracking rural growth.

1.10 RURAL MARKET AND BRAND

Nowadays, the importance of brand is increasing in rural areas. It is evident by the recent study (Times of India 25 Oct 2021) that the demands for branded consumer product increases in rural villages. The rural area consumption for fast moving consumer goods product grows by 58% during the quarter ended September 2021. These envisage that the rural consumer is aware of the branded products so the companies are focusing to expand their durable and non-durable products in the rural markets. Further, brand helps to purchase the product even at a premium price with their satisfaction.

1.11 BRAND AND BRAND EQUITY – THE CONCEPT

Despite the resources of numbers of definitions in the literature of brand and brand equity, it seems little bit consensus among the groups of marketing people for what exactly the Brand equity means. Even though, several authors have defined the term brand and brand equity among which following popular definitions are taken into consideration by researcher based on the related topic of research.

The American Marketing Association⁹ defines “Brand” as “a name, term, sign, symbol or a design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate it from identical/similar product offered by competitors.” In other words, one can say that the brand is a service or product that adds on value which differentiate that services or products from other service or product that is produced to have the same needs of the consumers.

David Aaker¹⁰ defined Brand Equity as, “Brand Equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and or to that firm’s customers.”

Keller¹¹ defined Brand Equity as, “Brand Equity is defined in terms of marketing effects uniquely attributable to the brands – for example, when certain outcomes result from the marketing of a product or service because of its brand name that would otherwise not occur if the same product or service did not have the name.”

So far as consumer’s point of view is perceived, the brand equity is depends on the consumers attitudes about the various brand attributes that the product or services have, and consequential positive perception experienced on the consumption of that brands.

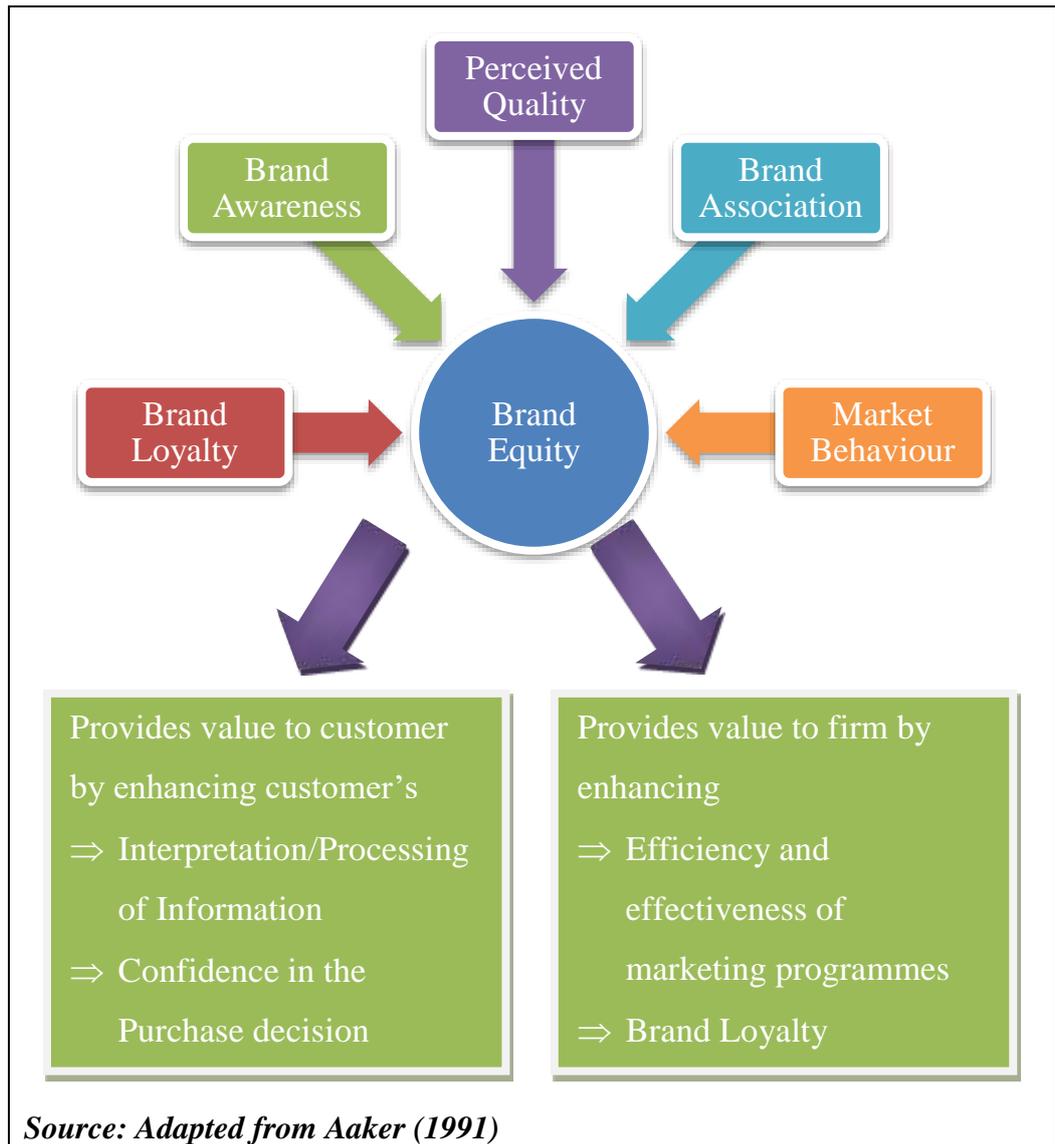
1.11 BRAND EQUITY MODEL

There are several models available for measuring brand equity like Young and Rubicam’s (Y & R) Brand Asset Valuator (BAV) for advertising agency, Brand Resonance model of Keller as well as Aaker’s model. However, considering the views of brand equity as a set of said dimensions, the Aaker’s model is preferred and briefed as under:

1.11.1 AAKER'S BRAND EQUITY MODEL

The author and professor David Aaker views brand equity categories of brands associated to a brand values of product or services. These categories are taken as brand loyalty, brand awareness, brand associations and perceived quality, which are figured out as under:

Figure-1.2: Aaker's Brand Equity Model



The present research conceptualized brand equity in line with the Aaker (1991) model based on consumers perceptions.

1.12 DIMENSIONS OF BRAND EQUITY ¹²

As seen, the brand equity plays a vital role and seems to be valuable assets from the perspective of any firm or company, as it is the brand equity that creates a positive attitude towards the brand to the consumers mind. In view of which, management as well as measurement of brand equity continued since many years to be the focusing area for a researchers or any of the marketers. Moreover, it is of more importance when the brand equity is viewed from the perspective of any firm. Now, either every companies or researchers have their interest for measurement of brand equity from the perspective of consumers by gathering primary data on the perception of consumers, their mindset, their attachment and attitude towards the brand. However, for the purpose of measurement of brand equity the dimensions of which are considered as under:

- 1) **Brand Awareness:** In its simplest way, the brand awareness reflects the consumer's awareness, recognition or familiarity for the brand. Hence, one of the simplest dimensions for measurement of brand equity is the awareness of the brand. Because the familiarity or awareness towards the brand creates a sense of confidence to the consumers. Ultimately consumer's preference towards the brand will definitely increase. The preferences turn into action of purchasing a known and familiar brand as it provides sense of confidence about the product being purchased. At the end, the consumers feel happiness and satisfy the social responsibility of purchasing a valuable product, both durables as well as non-durables.

- 2) **Brand Loyalty:** Amongst the various measures of Brand Equity, brand loyalty is the strongest components of brand equity that generates repeat buying because once consumers have the faith and attachment on the goods, they tends to use the same product repeatedly. (Aaker 1991)¹⁰ defined brand loyalty as `the attachment that a consumer has to a brand`. From the perspective of firms or company the brand loyalty creates a short time monopoly business and keeps the brands out of competitive pressure of other similar products and from the perspective of consumers it is effort less to decide purchasing of the same brands of product owing to emotional

connections and brand loyalty on products due to either word of mouth publicity or repeatedly uses of same brands.

- 3) **Perceived Quality:** The comfort level with a known brand is often associated with a perceived quality of the brand, called quality association. Such quality association is often a generalized one covering a spectrum of products of that brand. The perceived quality provides value to consumers by creating the reason to purchase the product by differentiating the brand from other brands. Illustrations of this are: (a) Gillette makes fine quality razors. (b) Apple produces user friendly products. Further, in few cases, brands demonstrates the synonymous category like tooth paste category is Colgate, photo copy synonym with Xerox.

- 4) **Brand Associations:** The brand association is other important dimensions of brand equity. Brand associations are believed to contain “the meaning of the brand for consumers” (Keller, 1993)¹¹. like the importance of quality association, the subjective and emotional associations also play a very important role in enhancement of brand value. This includes brand personality association means the set of human characteristics associated with the brand (Aaker 1991)¹⁰, other associations are more emotional, relating to such lifestyle or personality characteristics. Further, (Aaker 1991)¹⁰ suggest that brand associations which could provide value to the consumer by providing a reason for consumers to purchase the brand and creating positive attitudes or favors and feelings among the different consumers.

- 5) **Other Brand Assets:** Patents and trademarks are other valuable assets. However, these are not included in the brand equity measures since these are tied to physical product.

1.13 NEED FOR THE BUILDING BRAND EQUITY IN RURAL AREAS

Brand creates some value and such value can be also measured; this is Brand Equity. An emotional feature of the brand is also one of the major aspects in Brand Equity. Measurement of the brand equity is an important aspect for a researcher. A strong brand has brand equity; while on the other hand their negative attitude leads to a decrease in the value. So, in order to sustain one's position in the market, brand equity has to be majorly considered. So is the case in rural areas too. Rural consumer is looking for quality, value, emotional attachment of the product features. Gadgets usage has also started amongst the rural population. As all of us now know, consumers are the major players in the market and their likes and dislikes are valued much more for the product.

1.14 MEASURING BRAND EQUITY

As brand equity plays a vital role from the point of view of firm as well as consumers. Hence, it is at most essential to measure the brand equity in terms of various dimensions of the brand equity. The various factors under these dimensions supports to measures the consumers perceived behaviour towards the brand and brand equity for various products or services under the given region or sector. This method of measuring revealed the perception of consumers about the brand in reference to other competitor's brand. The different consumers perceived the brand differently depending on the brand perception. If the consumer perceive more favourably for the given product, it said to be a positive consumer based brand equity. Against which if consumer perceive less favourably for the same given product, it is said to be negative consumer based brand equity. As the research study is conducted for various dimensions of brand equity from the point of the consumers, this shall be known as the consumer based brand equity measurement.

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