

Role of Reference Groups for purchase of electronic durables: A study of Indian rural market

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Abstract

Rural marketing in India has emerged as a major area in the marketing management scenario. As the rural population also aspires to change their life styles with increasing disposable incomes the urban manufacturing and service sectors have entered the rural scene with consumables, durables and services. With the far-reaching changes in rural India by means of the agricultural revolution, spread of education, improved infrastructure, better banking facilities etc., significant changes have been noticed in the buying and consumption patterns of the rural consumers. Consumption practices have a key role in creating, maintaining, transforming and displacing social relationships. It is necessary to convert these abstract ideas into concreted facts by means of quantitative analysis. This becomes interesting in the context of rural consumers where a clash of material interests and ideal interest occur frequently. This study attempts to understand the importance of reference groups and the influence of social values which explain new patterns of rural consumption and emerging rural markets. Social change and substitution by innovative products has significant linkages. The aim of the paper is to bridge the gap between the instrumental imperatives of material life and the normative grounding of all social actions. The findings from this study have been derived from quantitative analysis using a sociological framework. The study area was Kannur district situated in the Malabar region of Kerala (India). The three consumer electronic durables selected for the study are Television, Refrigerator and Washing machines which are widely penetrating the rural areas. The tool for the data collection was a structured interview schedule. A multidimensional five-point scale of importance was administered on a set of 25 statements on social and material life of the respondent. The respondents were heads of households, housewives, young males and young females (Age - 18-25 years old). A systematic random sampling method was adopted for selecting the sample units. After taking care of the incomplete data and the poor response the final sample household's size was 308. A multicollinearity testing was conducted for checking the presence of correlations among the independent variables. In order to measure the influence of social values and product variables in determining *reference point*, a *logistic* regression analysis was utilized. The importance of social values was captured on a five point importance scale across a battery of twenty five variables. Presence and absence of Reference point was considered as a dummy variable. The linkages between social values and reference group were analysed using logistic regression. The findings reveal that Reference point attains significance for the type of product purchased. Purchasing what the reference group purchases provides an assurance for the households that the price and life period of the product are reasonable. Through this study the importance of reference group is further emphasized by exploring the pressures of conformity that may affect product and brand choices. It is evident that the reference point is indirectly providing a basis for inference on the reliability and quality of the product. The orientation towards reference groups in terms of consumption patterns is not a comparative function but more of a normative function. In rural communities mostly the purchase of consumer durables is mainly from a utilitarian point of view rather than for conspicuous consumption or to display ones status.

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