OCTOBER 2014 - MARCH 2015

IFIM BUSINESS SCHOOL GET AHEAD

20 YEARS OF TRANSFORMATION SINCE 1995

Vol: 10. No: 2 ISSN: 0973-9165

FOCUS

The International Journal of Management ○ www.ifimbschool.com

IMPACT OF MANAGEMENT AUDIT SYSTEM ON ORGANISATIONAL EFFECTIVENESS

A STUDY OF SELECT PUBLIC AND PRIVATE SECTOR COMPANIES IN INDIA

Dr. K. Nirmala

Index

A Study on Rural Youth's Shopping Preferences towards Mobile Phones and Personal Computers

Kavitha R Gowda* | Dr.Soney Mathews**

ABSTRACT

A major portion of India that lives in villages has undergone a remarkable incremental change in many areas like, improved literacy rates, infrastructure, transportation, increased industrialization, reformed government policies to enhance status and livelihood of villagers. As a result of this, even villager's purchasing power has increased, which can be noticed from success stories of FMCG providers for the target rural market. With many technological innovations that have been noticed in the mobile manufacturer and service provider and a need for computer in urban areas, rural youth is not an exception. This study is an attempt to understand the need for computer and mobile phones in rural youth and thus conclude on prospective market for the shopping goods.

1. INTRODUCTION:

Government agencies from IRDA & NCAER define 'Rural' as "a village with a population of less than 5,000 with 75% of the male population engaged in agriculture etc."1

The Census of India defines any habitation with a population density less than 400 per sq.km, where at least 75 per cent of male working population is engaged in agriculture and where there exists no municipality or board, as a rural habitation.

Keywords: Mobile Phones, Personal computer, Purchase decision, Rural market, Youth market.

The rural consumer is evolving from the poverty-stricken, illiterate stereotype, with a fear of change and reluctance to spend. Today's rural consumer is value driven. A product is worth purchasing if it enhances his life in a meaningful way. Either it should add to his earning capability or it should enhance his status (like readymade clothing). Literacy is rising, and exposure to the same commercials as urban consumers has created a demand for typically urban products and services. Villagers are willing to adopt new products or services if they can clearly see the benefits that accrue. Better road infrastructure has led to increased mobility; with people travelling, more often further a field in search of entertainment in the form of cinema, and not just for visiting family or pilgrimages.

The change has been greatest amongst the rural youth. They are most educated and most savvy of all rural consumers, emulating their urban cousins and demanding the same high quality in the products and services they require. They are the key drivers for expenditure on two wheelers, computers, personal care items and education in rural areas, leading to an improved quality of life.

A survey by the National Council for Applied Economic Research (NCAER), India's premier economic research entity, recently confirmed that rise in rural incomes is keeping pace with urban incomes. From 55 to 58 per cent of the average

*Research Scholar, Jain University, Asst. Professor, Centre For Management Studies Business School, Bangalore, profkavithargowda@gmail.com, 9845511074
**Ex-HOD Centre For Management Studies, Jain University, Associate Professor, Faculty of Business Communication and Law, INTI International University-Laureate International University, Malaysia, soney.haris@gmail.com, 8861116710

urban income in 1994-95, the average rural income has gone up to 63 to 64 per cent by 2001-02 and touched almost 66 per cent in 2004-05. The rural middle class is growing at 12 per cent against the 13 per cent growth of its urban counter- part. The rural consumers search for value in their products as well. As described by Adi Godrej, Chairman, Godrej Group "the rural consumer is discerning and the rural market is vibrant. At the current growth, it will soon outstrip the urban market. The rural market is no longer sleeping but we are".

Rural incomes are growing, and consumers are buying discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers.

In 2009, the number of subscribers for mobile services across the country has increased to 391.76 million in the quarter ended March 2009, up by 50 percent from 261 million in the same quarter last year, according to TRAI data.

However, competition and tariff cuts have brought down the average revenue per user, S.K. Gupta, advisor at TRAI, said on Tuesday. ARPU has been going down in India since 2003.

Indian mobile service providers are focusing on value added services, including applications to boost revenue, Gartner's Bhatia said.

2. LITERATURE REVIEW

2.1 In a study conducted by Shashi Prabha Singh, 2005, it is observed that the information and communication has a vital role to educate Indians in various territories to become an information society. According to Cawkell (1987, p. 2), an information society can be defined as a society in which ultimately most of the people are engaged in "brain work" rather than "physical work". In such society, more attention is paid on information activities (such as acquisition, processing, generation, recording, transmission, dissemination and management of information) and more expenditure is incurred on information. This study further stated the importance of information in cellular services as an opportunity to be connected. This research study is focussed more on the need for ICT to be called as a developed India with the co-operation and involvement of government of India, but is not focussed particularly on rural market.

2.2 Pradip Thomas, 2007, in his paper titled; Telecom musings: public service issues in India, has suggested that in India access and affordability are the important words that define the provision of ensuring a "phone in each village". The availability of mobile phone would cut the role of middlemen and gatekeepers so that villagers or farmers can enjoy a better earnings, computerization as a tool to eliminate corruption and thus connecting urban-rural India at better pace of development in many areas.

2.3 Mahavir Sehrawet and Subhash C. Kundu, 2007, in their study titled: Buying behaviour of rural and urban consumers in India suggested that rural and urban consumers vary significantly in various aspects of packaging. The rural consumers have a stronger opinion on packaging, say better the packaging, better the quality of the product although they give less importance to labelling. This study was carried with just one aspect of product, say packaging which is beneficial to my current study on 4Ps for rural area with reference to marketing mix.

2.4 From the study conducted by Jamie Anderson based on interview with Gurdeep Singh, Operations Director, UP, Hutch India, in 2008, paper titled "Developing a route to market strategy for mobile communications in rural India", suggested that managers need to go beyond traditional approaches to serving the rural market in India. Jamie, based on the interview of Gurdeep Singh further suggested that higher the population, higher the business.

3. OBJECTIVES OF THE STUDY:

Primary objective: to understand the need and preference for mobile phone and personal computer in rural youth.

Secondary objectives:

- To understand the need and preference for mobile phones in rural youth.
- To analyse the need and preference for personal computers in rural youth.
- To suggest the marketers for future growth in rural market.

4. RESEARCH METHODOLOGY:

This study was conducted in Araleri village during September 2014, Malur Taluk, Kolar District, Karnataka, with the objective of exploring the dynamics of youth buyer behavior towards mobile phone.

The study was conducted through sample survey using structured questionnaire/scheduling supported by interview technique and observation.

4.1 Research sight:

Malur is at a distance of 43 km from Bangalore City. The places near Malur are Whitefield, Hoskote, Hosur etc. As of 2001 India census, Malur had a population of 27,791. Males constitute 51% of the population and females 49%. Malur has an average literacy rate of 67%, higher than the national average of 59.5%: male literacy is 73%, and female literacy is 61%. In Malur, 13% of the population is under 6 years of age. The economy of Malur is primarily dependent on agriculture, famous for clay tile-and-brick industry and some small scale industries. Araleri is a target village around 7 kms from Malur.

4.2 RESEARCH POPULATION AND SAMPLING

To select the samples, a non-probability sampling technique was used. Non-probability sampling is also known by different names such as deliberate sampling, purposive sampling and judgement sampling. In this sampling, items for the sample are selected deliberately by the researcher; his/her choice concerning the items remains supreme (Kothari2011:59).i.e., the small mass that is chosen will be a typical representative of the whole. The respondents for the questionnaire were selected from Araleri village with two different age group, but preferably youth. Educated or uneducated, married or unmarried were not the main focus but youth with purchase preference for shopping goods were considered. The population of Araleri Village is approximately around 2000, with youth totalling to around 250.

4.3 Sample Size: respondent size of 86 between the age group 25-34 yrs was considered.

4.4 DATA COLLECTION

There are several ways of collecting data, particularly in surveys and descriptive researches. Important ones being: observation method, through questionnaire, schedules, pantry audits, mechanical devices, depth interviews, and few more. With reference to the research objectives, the data was collected with the help of a structured questionnaire. A questionnaire comprises of several questions printed or typed in a particular form supporting the objectives of the research study. It helps in collecting the qualitative response also.

Sources of data

This study has utilized data from both the primary and secondary source.

> The primary data was collected by interviewing rural youth with the help of questionnaire. A sample size of approximately 123 was considered for the study, of which only 86 belonged to the age group of 25-34 yrs was considered. The research was conducted on 25-34 yrs, preferably youth with the focus on few shopping goods, under personal use; personal computer and mobile phones was considered.

> Secondary data: Since the study is focused at rural consumers, also due to the availability of several research studies conducted on rural consumers, several journals have been referred for finalizing the topic and framing of hypothesis.

5. ANALYSIS AND FINDINGS

A total population of 123 was surveyed, out of which 86 belonged to the age group under study.

With reference to the objectives under study, it becomes very important to know rural youth, their awareness on mobile phones and personal computer, its importance in their life and their willingness to purchase them/own them and thus concluding if the rural market is open to buy mobile phones and personal computer, thus a potential market for shopping goods under study.

This research was conducted for bigger size with chi square test as a research scholar. For the journal, the analysis(250 pages) would have been too big, thus, a simple average method for the topic related to original research was considered.

5.1) To know the occupation of the respondents

Table 5.1: Occupation of respondents

Respondent	Response
Student	49
Married and House wife	37
Total	86

5.1 Interpretation:

> 57% of the respondents in this age group surveyed were students while 43% were married and housewife/home

maker.

5.1 Inference:

> Good percentage of students and women were surveyed.

5.2) To know the family income of the respondents

Table 5.2: Income per Month

Income per month	Respondents
Rs.5,001 – 8,000	57
Rs.8,001-11,000	29
Total	86

> 57 on 86, i.e., 66% have monthly income between Rs.5,001 to Rs.8,000., while 43% have monthly income between Rs.8,000 to 11,000.

5.2 Inference:

> Few of the respondents own Nilgiri plantation, few mango plantation, few own cows/livestock . Nilgiri plantation which is cut after a minimum period of time fetches them lakhs together, selling cow's milk fetched good money, while few of them worked in brick and tiles factory near to the village. Thus, any of the above income category, is a potential rural respondent.

5.3) To know if mobile phones and personal computers were possessed by rural respondents.

Table 5.3:Ownership of mobile phone and personal computers

Product	Response	
	Yes	No
Do you own a mobile		
Do you own a personal computer?	——	86
Total		

5.3. Interpretation:

> 100% of respondents own a mobile phone, while none own a personal computer

5.3. Inference:

> The above table shows that all own a mobile phone and none owns a personal computer.

5.4) To know the reasons for using mobile phones and computers:

Table 5.4: reasons for using a mobile phone

Reasons for using the products:	Mobile phones	Computers	Reasons for using the products:	Mobile Phones	Computers
Studies	3	35	Calls and Radio	8	N/A
Games	—	07	Calls /Watch Videos/Movies	8	N/A
To check results	---	07	Capture Images	8	N/A
Make calls and receive calls	48	N/A	Internet/calls	3	N/A
Calls and SMS	8	N/A	Total	86	49

5.4 Interpretation:

> It can be noticed that only 3.5% of the respondents use the phone for education purpose, 3.5% for internet, while the rest use it for basic purpose like sms, receiving/making calls and capture images.

5.4 Inference:

> Since only 7% use for education and internet, it can be noticed that respondents do not have exposure to other useful benefits like knowing about what is happening in the world, to be in par with the urban youth.

> Marketers should educate the respondents about the online market, online complaints, and many more advantages for using mobile phones in a much more better way. This could be value added service and hence the potential market for smartphones.

5.5) To know the kind of brand of mobile phones possessed (not applicable to computers since none owns it).

Table 5.5: Brand of mobile phones possessed.

Mobile Brand	Number of respondents	Mobile Brand	Number of respondents
Samsung	8	Lava	13
Nokia	23	Micromax	7
Karbonn	29	Others	6
		Total	86

5.5 Interpretation:

> 34% own Karbonn, 27% own Nokia,15% own Lava, 9% own Samsung, 8% own Micromax, while the rest 7% own other brands.

5.5 Inference:

> It can be noticed that Karbonn sells the most followed by Nokia, Lava, Samsung and Micromax and a few of the rest of the brands.

> Karbonn smart phones are priced relatively low, and hence sells most in rural market.

> Nokia being a customized product having lifetools sells due this fact in rural market.

5.6) Criteria for owning a mobile phone:

Table 5.6: criteria for choosing a mobile phone:

Criteria	No. of respondents
Based on Brand	9
Based on Price	59
Both Brand and Price	18
Total	86

5.6 Interpretation:

69% preferred mobiles based on price.

10% preferred mobiles based on brand.

21% preferred mobile phones based on both options.

5.6 Inference:

The youth belonging to this category, preferred buying mobile phone based on price more than a brand. Thus, they were price sensitive.

5.7.a) To know the price of the mobile phones possessed by the respondents?

Table 5.7.a: to know the price of the mobile phones

Price Range	No. of respondents		No. of respondents
Between Rs.2,001-3,000	27	Between Rs.5,001-6,000	9
BetweenRs.3,001- 4,000	18	BetweenRs.6001-Rs.7,000	7
Between Rs.4,001-5,000	18	Above Rs.7,000	7
Total			86

5.7.a Interpretation: 31% had mobile phones between the price Rs.2,001 to Rs,3,000, 21% had mobile phone priced between Rs.3,001 to Rs.4,000, 21% owned mobile phone priced between Rs.4,001 to Rs.5,000,10% owned mobile phone between Rs.5,001 to Rs.6,000. 8% owned between Rs.6,001 to Rs.7,000, while the rest owned mobile phone above Rs.7,000.

5.7. a Inference: For marketers selling mobiles, Araleri is a very potential market, since the minimum affordability itself is between Rs.2,000 to Rs,3000. Since many respondents have mobile phone priced between Rs.3,001 to Rs.5,000, it would not be difficult to sell smartphones with customized features for this market.

5.7.b How much satisfied are you about your mobile phone?

Table 5.7.b: Satisfaction level of respondents on existing mobile phones.

Degree of satisfaction	No. of respondents
Extremely satisfied	10
Very much satisfied	50
Satisfied	12
Not very much satisfied	14
Total	86

5.7.c To understand the preference in mobile phone due to dissatisfaction in the existing mobile phone.

Table 5.7.c: Preference due to dissatisfaction of existing mobile phone.

Preference in mobile phone	No. of respondents	Preference in mobile phone	No. of respondents
Samsung	10	Nokia	----
Lava	----	Karbonn	----
Micromax	----	others	----

5.7.d To understand the source of awareness and major influencer in decision-making amongst target market

Table 5.7.d: To understand source of awareness and influencer in decision-making.

Source of Awareness	No. of respondents	Influenced from
TV	10	5
Friends	47	47
Relatives	21	21
others	10	10

About personal computers in continuation with the 5.3 and 5.4 observations:

5.8) To understand if the respondents wish to have a personal computer.

Table 5.8: If you do not own a personal computer, would you wish to have one?

Preference to own a computer	
Yes	14
No	72

5.8 Interpretation: 16% wished to have a personal computer at home.

5.8 Inference: this village under study, Araleri, can be a prospective market for computers. It can be also noticed that in villages, WOM acts as a biggest influencer. If the few who buy, are satisfied, that may generate more sales.

5.9 To understand the reason for not having a PC in spite of wishing to have one.

Table 5.9: Hurdles in having a computer at home.

Reasons for not having a personal computer	Response
No encouragement from home	14
Unconvinced parents	14

5.9 Interpretation: 100% of the respondents gave the reason to be no encouragement and unconvinced parents to buy a computer.

5.9 Inference: if awareness is created by the manufacturer of personal computers through awareness programmes in schools and colleges, supported by teachers/faculties, computers can probably be sold in this village.

5.10) To understand if respondents are willing to buy a better mobile phone or a computer on EMI.

Table 5.10: Response to EMI option

Preference to buy on EMI	Response
Mobile phones priced above Rs.6,000	Yes=10
Computers	Yes=8
EMI option	Rs.500 for 12 months (after giving various options)

5.10 Interpretation:

> 12% of the total respondents were open to the EMI option

> 57% on a total of 14 who wished to have a computer were open to EMI option.

5.10 Inference:

> In spite of possessing a mobile phone few were willing to have a different one with EMI option. This indicates that rural market is prospective market for smartphones.

> Even if the demand for computers is comparatively lesser when compared to the demand for mobile phones, it can be inferred that through WOM, marketers can benefit if EMI option is provided.

6. CONCLUSION AND RECOMMENDATIONS:

Araleri is a village rich in power supply compared to many villages. Since it is just 7 Kms away and well connected by road from Malur, transportation for marketers will not be a problem.

From the above ten tables we can conclude that:

> All had mobile phones.

> Rural youth is price sensitive, since a majority prefer spending Rs.2,000 – Rs.3000 on mobile phones. Thus, price can be considered as a factor influencing purchase decision-making.

> Most of them had Karbonn, 69% preferred buying a mobile phone based on price, rest based on price and brand as well.

> 31% had mobile in the range Rs.2,000 to Rs.3,000, 21% had between the price Rs.3,001 to Rs.4,000, 21% between Rs.4,001 to Rs.5,000, 10% had between Rs.5,001 to rs.6,000,8% between Rs.6,001 to rs.7,000, and few above Rs.7,000. The statistics show that it is a potential market for smartphones for this age group.

> Since from the table 5.10, it is clear that EMI options acceptable among rural youth, marketers can customize the features in the mobile phones and computers to price between Rs.4, 000 to Rs.6, 000 and Rs.15,000 respectively. EMI options can also be customized for phones and computers.

> Few from the age group 25-34 yrs preferred owning a computer. May be due to parents in this category, for the children's education they were prepared to buy a computer.

RECOMMENDATIONS:

Advantages to marketers:

> Since Malur has literacy rate 67% higher than national average according to 2001statistics, Araleri being closer to it, with both the segments showing students (and many were educated) rate high, will be an effective market to design promotion mix.

> Well-connected roads.

> Good electric/power supply

> Many factories like tiles, brick, fabrication, engineering are located in Malur to which many from Araleri travel to work, thus is an indicator for purchasing /disposable income. Malur also has Honda and Volvo plant in Malur taluk, providing employment to many and opportunities for ancillary industries/entrepreneur.

Recommendations based on research findings:

> Since Araleri is a potential market for mobile phones, incorporating value added services to the mobile phones and helping them use it better through retailers or through self-help easy procedure in mobile phone, can generate good sales.

> Mobile phones designed for 25-34 yrs will be more productive since all 100% had mobile phones and wished to go for buying Samsung due to its benefits. Due to the presence of too many retailers (from observation)selling mobile phones in Malur , the retailers can be encouraged to sell more by offering good commission to the retailers and training to their salesperson. Since entire population was not covered in the research, due to the observation it can be predicted to be a prospective market for mobile phones.

> Parents of India being more concerned about their children's future and wellbeing can be focused by marketers to sell more of computers. Since institutions have computers, companies should tie up with schools/colleges/government to create awareness of computer and internet connectivity. They can convince the schools/colleges to provide their center as a venue to conduct a training programme to show the benefits to be connected to external world and thus create empowerment. Educating on computer with internet benefits can be taken as a CSR initiative also.

> Previous studies carried out in various parts of Indian rural markets have addressed in common the following:

o Rural market is price sensitive

o They also prefer brands with the kind of affordability they have

o They are influenced through relatives, friends and neighbor

The same was noticed in Araleri. India may vary in geography, socio-cultural reasons, but are finally the same on above lines.

Thus, due to the need for mobile phones and personal computers existing in Araleri, it can be suggested for marketers to have customized marketing mix programme to enhance retail opportunities for shopping goods.

7. LIMITATIONS

> Even when a questionnaire was constructed in Kannada, all the respondents opted to answer verbally.

> Had to spend 15 minutes per respondent while collecting data thus time consuming.

> 3 to 4 days was spent in travelling and reaching respondents.

> Few were asked questions through telephone, thus lack of observations.

> Few of them showed fear while answering

> Questionnaire being too long, taking photocopies of it was expensive.

> Since one village was considered, the response may not be valid for entire Kolar District.

8. RESEARCH GAP:

> The study can be further carried out to the entire rural population or can be categorized into different age group for overall or better understanding of the respondents.

> The study can further be carried out for different products under shopping goods.

> The study can further be carried out at different villages in the same district and the state for further customizing marketing mix for Karnataka region.

6. REFERENCES:

1. Jamie Anderson, (2008), "Developing a route to market strategy for mobile communications in rural India", International Journal of Emerging Markets Vol. 3 No. 4, 2008 pp. 339-347 q Emerald Group Publishing Limited.
2. Sushil Vachani, and N. Craig Smith, 2008, University of California, Berkeley vol. 50, no. 2 winter , cmr.berkeley.edu. http://www.pcworld.com/article/168354/article.html
3. ,India's Rural Mobile Phone Users Hit 100 Million, Jul 13, 2009 10:50 PM
4. Ajith Paninchukunnath, (2010), "3P framework: Rural Marketing in India", SCMS Journal of Indian Management, January – March.
5. 6. Praveen K. Kopalle, Donald R. Lehmann, John U. Farley, 2010, Consumer expectations and culture: the effect of belief in karma in India, Journal of consumer research, vol. 37, august 2010
7. Rajesh K. Aithal, 2011, Marketing channel length in rural India, Influence of the external environment and rural retailer buyer behaviour, International Journal of Retail & Distribution Management Vol. 40 No. 3, 2012
8. C. Samuel Craig and Susan P. Douglas, (2011), "Empowering rural consumers in emerging markets", International Journal of Emerging Markets , Vol. 6 No. 4,
9. Falguni Vasavada-Oza, Aparna Nagraj and Yamini Krishna(2012) , "Marketing to Rural Women: How Various Leading Brands Are Doing It?" The IUP Journal of Brand Management, Vol. IX, No. 2.
10. Ali, Thumiki and Khan,2012,Factors Influencing Purchase of FMCG by Rural Consumers in South India, International Journal of Business Research and Development, ISSN 1929 – 0977 Vol. 1 No. 1, pp. 48 – 57 , 2012
11. Dr.Ashfaque Ahmed, (2013), "Rural Marketing Strategies for Selling Products & Services:Issues & Challenges" , Journal of Business Management & Social Sciences Research, Volume 2, No.1, January. http://www.assocham.org
12. Sunday, January 27, 2013, With rural push, FMCG sector set to witness robust growth, says ASSOCHAM EcoPulsestudy . http://www.rediff.com/money/report/indias-rural-markets-are-a-powerful-economic-engine/20130711.htm
13. India's rural markets are a powerful economic engine', July 11, 2013 http://www.ibef.org/industry/indian-rural-market.aspx
14. Indian Rural Market, IBEF, November 2013
15. 1 http://www.bms.co.in/rural-marketing-notes/,4th June 2014.