

Factors determining the brand awareness and brand acceptance of organized retailers in rural markets.

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Abstract: The Indian rural market has a very vast size as well as demand base with great potential and opportunities for the organised rural retailers. More than 70% of Indian consumers are living in rural areas. Still, the rural market of the country is unexplored and neglected area for the marketers and especially, by the organised retail sector. The present research work concentrated on the acceptance of organised retail in rural areas of U.P., India. In order to study the reasons of organised retail brands' acceptance and awareness level in rural areas, items (independent variables) related to five major SQL dimensions were included in the questionnaire to finally evaluate the perception of the retailers for the same. The five major SQL dimensions were Physical evidence, Distribution, Product, Price and Behavioural Competence. A questionnaire was distributed among retailers in the rural areas to measure the acceptance level of organised retail brands in rural areas from the retailers' perspective. In order to identify the Factors determining the acceptance and awareness of organized retail in rural markets, factor analysis was performed to analyse the data.

Keywords: Organised Retailing, Brand Acceptance, Brand Awareness, SQL Dimensions & Rural Areas.

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I. Introduction

This research deals with the role of organised retailing in the rural markets of Uttar Pradesh. It focused on the acceptance and awareness for the organised retail brands in the rural markets of U.P., India.

India is the seventh-biggest nation as far as geographical area is concerned, and the second nation having more than 1.2 billion people.

Nearly 70% Indians living are living in rural areas consist of 6.38 lakh villages and 30% Indians are living in urban areas. Urbanization in India was 27.81% in the year 2001 Census and it rises to 31.16% in the 2011 Census. (Source: <http://indiapopulation2017.in/>)

1.1. Organised Retailing

Uttar Pradesh known as UP, is considered to be the most crowded state in India, it has more than 200 million people.

Generally Indian rural retail format are in the form of

- Haats,
- Bazaars
- Melas

The urban market of U.P., offers great business opportunities to organized retailers but because of e-commerce and online shopping websites, urban market may saturate in the coming years. Hence, organised retail companies are envisioning entering rural retail market which is still untapped.

The major organised rural retailers are-

- Hariyali Kisan Bazaars (DCM),
- Aadhars (Pantaloons-Godrej JV),
- Choupal Sagar (ITC),
- Kisan Sansar (Tata),
- Reliance Fresh,
- Project Shakti (HUL) and
- Naya Yug Bazaar

Several government initiatives are supporting rural population and are increasing the income level of rural people. Consequently, increased level of income is resulting in increased consumption levels and changing life styles and consumption pattern and preferences. Following are some of the government initiatives-

- Minimum support price (MSP) for several cereals
- Agricultural loan waiver schemes,
- Various development schemes (SGRY, SGSY)
- PradhanMantriKrishiSinchaiYojana,
- PradhanMantriGramodayYojana.
- MNREGA and
- The make in India Programme for building rural infrastructure

1.2. Significance & Justification of Research

It is necessary for organised rural retailers to do a thorough market research in rural areas in order to have a profound understanding of rural markets. This research would be helpful to the organized rural retailers in understanding the factors which are more significant for rural consumers in creating awareness towards rural retailing and also the factors which rural consumers consider insignificant. Thus, by focusing on the significant factors, the retailers can design their rural retail marketing strategies and can manage their stores in accordance with the needs of rural consumers. They can train and groom their staff on points which can create greater awareness level among rural consumers and also help satisfy consumers. This in turn would result in increasing footfalls in their store. On a bigger level, this research can be of much importance in-

- Strategy formation
- Decision-making related to rural malls
- Understanding of rural consumers
- Consumers' buying behaviour
- Consumers' spending patterns.

India is a country with great diversity, where majority of consumers are residing in rural areas. This huge market is almost untapped by organized retailers despite of having great potential and various kinds of opportunities for marketers. Still, rural areas are not likely to become an extension of developed urban areas in the coming years because; there exist different types of demand in both the areas. This research can assist in bridging the gap between organized retailers' perspective and rural consumers' perspective and understanding rural consumers' demand patterns.

1.3. Research Question:

1. What are the factors of awareness and acceptance of rural retail from the perspective of retailers?

1.4. Research Objective:- To identify the factors of brand awareness and acceptance of organised rural retail from the **perspective of retailers.**

II. Literature Review

The previous researches on the topic of brand awareness and brand acceptance had defined the concept profoundly. Here in this research paper, researchers applied the same concepts in the rural market for the organised retailing. Gustafson & Chabot, (2007), concluded that, brand awareness is the probability that, consumers are acquainted with the availability and accessibility of any organised retailer's product/service. If any organised retailer has popular brand awareness, it means that the products/services have a good reputation in the rural market and are very much acceptable to the rural consumers.

According to Baker W, J, & Nedungadi, (1986), the awareness of the brand plays a substantial role while buying a product/service and may have control on perceived risk assessment of consumers and their level of assurance about the buying decision due to awareness with the brand and its distinctiveness.

Stokes, (1985), argued that brand awareness creates a powerful association in memory about a particular brand, hence incase of rural market as consumers are not aware of many rural retailing brands, it would be a great opportunity for the organised retailers to create brand awareness in this introductory stage and enjoy its positive results later on.

Farquhar, (1989), described that for creating a strong brand image in the consumer's mind, company must create-

- Reliable brand representation.
- An optimistic brand assessment,
- Reachable brand approach, and

According to Aaker D., (1996), the importance of brand awareness in the mind of the customers can be evaluate at various stages e.g. recognition, recall, top of mind, brand dominance (they only call that particular brand), brand knowledge (what brand means to you). Aaker argued that brand awareness must precede brand

associations. Washburn and Plank (2002), further argued that first, a consumer must be well aware of the brand so that a set of associations can be developed.

Aaker (1996), recognizes other higher levels of awareness besides recognition and recall. He took account of-

- Brand dominance,
- Brand knowledge and
- Brand opinion.

Brand awareness is very important because if there will be no brand awareness no communication and no transaction will occur (Percy, 1987). Some of the consumers can make rule to purchase only those brand which are famous in the market (Keller, 1993).

Keller (2003) defines awareness as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Keller conceptualized brand awareness as the extent to which a consumer can recognize or recall the brand name and identify it with a product /service and/or a product category.

III. Research Design And Methodology

A research design is a plan or blueprint of how to conduct the research. The research design basically focuses on-

- Final results
- What kind of study is being planned and
- What kind of result is aimed at?

Research methodology focuses on-

- The research process and
- The kind of statistical tools and procedures are to be used.

3.1. Methodology

In order to study the brand awareness and brand and the factors association with quality of rural retail services in U.P., India, a questionnaire / schedule was designed and used which was based on five dimensions namely: Physical evidence, Distribution, Product, Price and Behavioural Competence. **Structured questionnaire**, having multiple choices, dichotomous, objective questions (5 point LIKERT scale based) was used.

The **Sample Unit** was a retailer involved in organised retailing in U.P., India and the **Sample Size** for the proposed research was **100** which were taken from different rural areas of Uttar Pradesh, a state of India, the **Universe** of the research.

The researcher used **Convenient Sampling Technique** to collect **primary data** with the help of **Questionnaires as well as Schedules**. Questionnaires were given to retailers through personal contact as well as by randomly visiting organised retailing shops of rural U.P. Researchers used statistical test- frequency analysis for analysing demographic information and factor analysis to identify the factors of awareness and acceptance of rural retail from the **perspective of retailers**.

IV . Data Analysis and Interpretation

4.1. Frequency Analysis: Demographic Profile of Retailers

Table: 1 Demographic Profile of Retailers

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	84	84.0	84.0	84.0
	Female	16	16.0	16.0	100.0
	Total	100	100.0	100.0	
		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30	39	39.0	39.0	39.0
	31-40	46	46.0	46.0	85.0
	41-50	15	15.0	15.0	100.0
	Total	100	100.0	100.0	
		Educational Level			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Uneducated	14	14.0	14.0	14.0
	Non-Graduate	32	32.0	32.0	46.0
	Graduate	30	30.0	30.0	76.0
	Post- Graduate	24	24.0	24.0	100.0
	Total	100	100.0	100.0	

The main demographic information of respondents is summarized below:

In case of the **retailers** of rural retail in U.P., India, the majority of the retailers surveyed, were males (84.0%) and females were (16.0%). We can see that 39.0 % retailers belong to below 30 age group, 46.0% retailers belong to 31-40 age group while 15.0% retailers belong to 41-50 age group. 14.0% respondents were Uneducated, 32.0% respondents were Non-Graduates, 30.0% respondents were Graduates & 24.0% respondents were Post- Graduate.

4.2 FACTOR ANALYSIS: Awareness and Acceptance of Organised Rural Retail from Retailers’ Point of View

In order to study the factors of retailers’ perception of consumer awareness and preferences, firstly researcher tried to identify the most important variables that play major role in creating awareness among consumers for preferring buying from rural organised retailing. After profound literature review 22 independent variables were identified and tested with the help of statistical tools namely- factor analysis.

4.5 Factor Analysis

Factor Analysis was performed to determine the Factors which make Consumers aware from retailers’ point of view.

Table: 2 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.619
Bartlett's Test of Sphericity	Approx. Chi-Square	3357.804
	df	231
	Sig.	.000

INTERPRETATION: Adequacy of the data is tested on the basis of results the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett’s test of sphericity (homogeneity of Variance) provided in **table-2** The KMO measure of sampling adequacy is **0.619**, which indicates the present data is suitable for factor analysis. Similarly, Bartlett’s test of sphericity is significant ($p < 0.001$); that explains existence of sufficient correlation between variables to proceed with the analysis.

Table-3 Total Variance Explained

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.562	43.465	43.465	9.562	43.465	43.465	7.300	33.181	33.181
2	3.375	15.343	58.808	3.375	15.343	58.808	3.594	16.337	49.518
3	2.276	10.348	69.156	2.276	10.348	69.156	3.080	14.002	63.520
4	1.748	7.948	77.104	1.748	7.948	77.104	2.515	11.434	74.954
5	1.221	5.549	82.653	1.221	5.549	82.653	1.694	7.699	82.653
6	.863	3.922	86.575						
7	.750	3.407	89.982						
8	.535	2.430	92.412						
9	.458	2.080	94.491						
10	.281	1.278	95.769						
11	.246	1.117	96.886						
12	.219	.997	97.882						
13	.126	.572	98.454						
14	.084	.381	98.835						
15	.074	.338	99.173						
16	.070	.319	99.492						
17	.040	.183	99.675						
18	.032	.144	99.819						
19	.020	.090	99.909						
20	.012	.053	99.963						
21	.006	.026	99.989						
22	.003	.011	100.000						

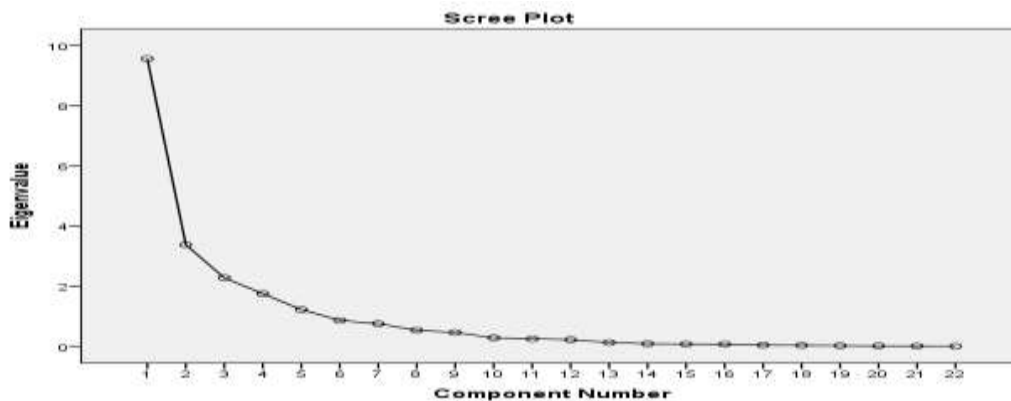
Extraction Method: Principal Component Analysis.

In **table-3**, this output lists the eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. Before extraction, Output has identified 22 linear components within the data set (we know that there should be as many eigenvectors as there are variables and so there will be as many factors as variables). The Eigen values associated with each factor represent the variance explained by that particular linear component and output also displays the Eigen value in terms of the percentage of variance explained. Before rotation, some factors accounted for considerably more variance, and some factors accounted for considerably less variance. It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance. **Then all factors with Eigen values greater than 1 are extracted**, which leaves us with **Five factors**. According to Kaiser Criterion, only first **5 factors** should be used because subsequent eigenvalues are less than 1.

But after extraction and rotation, all the 5 factors explain the following percentage of total variance. So, **factor 1 explains 33.181% of total variance, factor 2 explains 16.337% of total variance, factor 3 explains 14.002% of total variance, factor 4 explains 11.434% of total variance, factor 5 explains 7.699% of total variance.**

As evident from the **table-3**(Total Variations Explained) we find out that from the total 22 components (play role in consumer preferences for organised rural retailing), 05 factors are extracted and these 05 factors together account for only **82.653%** of the total variance (Information contained in original 22 variables) hence we have reduced the number of variable from 22 to 05 underlying factors. Only **17.347%** of the total variation or Information is sacrificed.

Figure-1Cartell’s Scree test



Cartell’s Scree test (**Figure-4.1**) involves plotting each of the eigenvalues of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. This test recommends retaining all factors above the elbow or break in the plot as these factors contribute the most to the explanation of the variance of the data set.

Usually the number of factors can also be extracted using the scree plot yet such a decision may be rather subjective. The analysis also showed that 5 factors may be obtained, as the line afterwards was almost straight. After careful examination researcher decided to obtain 5 factors as they produce the most meaningful solution.

Table-4Rotated Component Matrix^a

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
Availability of products on credit	.953	.042	.060	.089	.177
Shopping from malls is a status symbol	.920	-.203	-.085	.003	-.006
Better parking facility	.842	.069	-.032	.148	.126
Better physical environment	.782	.096	.028	.360	.258
Availability of variety of brands	.768	.393	.245	.381	-.017
Better quality	.767	.123	.087	.338	-.037
Better complain management	.746	.114	.195	.246	.161
Better payment system	.743	.374	.305	-.120	-.371

Better shopping experience	.696	.220	.049	.413	.400
Pleasing behaviour of sales persons	.602	.390	.205	-.207	.556
No bargaining	.544	.334	-.483	.396	.053
Better customer care service	.152	.875	.196	.028	-.081
Efficient sales persons	-.139	.870	-.029	.192	.254
Systematic buying process	.178	.708	.354	.304	-.011
Products are available in small quantities at cheaper rates	.575	.666	.327	.108	.065
Better sales promotion schemes	.068	.513	-.490	-.134	-.499
Systematic product assortment	.011	.234	.894	-.013	-.046
Availability of variety of products at one place	.224	.119	.839	-.106	-.200
Well dressed sales persons	.135	.249	.690	.412	.198
Fixed price	.206	.099	.099	.846	.029
Easy exchange or return facility	.384	.156	-.114	.754	.116
Competence of sales persons	.357	.078	-.279	.163	.723
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 8 iterations.					

V. Findings

5.1. Factors responsible for Consumer Awareness and acceptance for organised rural retailing

In the present study Factor Analysis exhibits the rotated factor loading for the statements (Variables) of **Consumer Preference** for organised rural retailing from the **Retailers' perspective in U.P., India**. Looking at Rotated Component Matrix (**Table-4.5.3**), we find out that Factor/Component 1 contains the items-

1. Availability of products on credit
2. Shopping from malls is a status symbol
3. Better parking facility
4. Better physical environment
5. Availability of variety of brands
6. Better quality
7. Better complain management
8. Better payment system
9. Better shopping experience
10. Pleasing behaviour of sales persons
11. No bargaining

While the Factor/Component 2 contains the items-

1. Better customer care service
2. Efficient sales persons
3. Systematic buying process
4. Products are available in small quantities at cheaper rates
5. Better sales promotion schemes

While the Factor/Component 3 contains the items

1. Systematic product assortment
2. Availability of variety of products at one place
3. Well-dressed sales persons

While the Factor/Component 4 contains the items

1. Fixed price
2. Easy exchange or return facility

While the Factor/Component 5 contains the items

1. Competence of sales persons

V. Conclusion

A major contribution of this study is the provision of an approach for the retailers to identify the factors of consumer awareness, acceptance and preferences in organised rural retail industry, especially in rural U.P., India. Results of factor analysis have produced aforementioned factors, which can be considered as most important factors of rural retailing. **Hence, we can say that our Research Objective-1 is fulfilled.**

VI. Conclusion, Discussion & Implications

Over the past several decades, modern retailing has been focusing on the diffusion of retailing innovations not only in urban areas but rural areas as well. By and large, the retail market environment in India was also influenced by the globalization forces. The influence of these external forces is evident with regard to various aspects of retailing such as-

- Retailing supply chain,
- Product assortment,
- Store format, and
- Branding.

While in most of the markets, rural retailers face challenges typical for mature markets, in emerging markets such as those adjoining villages near to the metropolitan cities and other country, rural markets with similar characteristics growing at and/or are projected to grow at significantly higher rates, they face a different set of challenges. Likewise, less developed markets.

While markets across the U.P. state show considerable heterogeneity in terms of the development stage – and associated structural and supply chain characteristics – one can broadly distinguish between two subgroups of rural retail markets:

- Mature rural markets
- Immature rural markets

The researcher finally has drawn following conclusions:

1. There is a growing awareness regarding growth patterns of rural organised retail formats.
 2. Most of the rural retailers are concentrating on understanding consumers responses to different retail formats and marketing strategies.
 3. The rural retailers are trying to identify the factors that are responsible for consumers' awareness and acceptance of the products.
- The major factors of brand awareness and brand acceptance of rural retail from the **perspective of retailers** are availability of products on credit, which is indeed a requirement of rural consumers and they also think that to shop from organised rural retailer is a status symbol and has better parking facility as well as better physical environment.
- Rural consumers are also very much concerned with availability of variety of brands having better quality and better payment facility without bargaining. Consumers also praises better complain management which better shopping experience. Rural consumers also expect

- Better customer care service,
- Systematic buying process,
- Systematic product assortment
- Availability of variety of products at one place
- Availability of products in small quantities at cheaper rates
- Proper sales promotion schemes.
- Fixed price
- Easy exchange or return facility

Now, practical implications of this research will help organised rural retailers to develop proper brand awareness and brand loyalty programmes for the rural consumers. Findings of this research are basically, covering the thorough rural strategic plan to make consumers aware of the rural retailing brands, and satisfy the needs related to pricing decisions of the rural consumers

Limitations and future directions

The present research paper intended to study the major factors determining the brand awareness and brand acceptance of organized retailers in rural markets and mainly focused on identifying the most important factors only.

In future researches, these items can be grouped into several dimensions and researchers can analyse the impact of each and every dimension on rural consumer satisfaction and loyalty.

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