

## **BUZZ”-A spontaneous marketing tool in rural market for Financial Products**

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### **Introduction**

#### **Rural Buyers**

Rural consumers as a segment have several distinctive characteristics. The values, aspirations and needs of this vast heterogeneous culture of rural consumers is quite different from their urban counterparts. The philosophy in rural marketing is marketing and social concepts, development marketing, and relationship marketing. The market is unorganized and the demand is comparatively lower. The customers are widely spread and their income level, literacy level, expenditure level, and the consumption level etc are low. The awareness of the product, concept, usage, quality, positioning are lesser. The price is a sensitive issue and the distribution system is poor. In spite of the fact that literacy has increased awareness at the level of actual consumers, often, outsiders make the purchase decisions. Mostly the reference groups decide the purchase decision. The reference groups are individual, family, friends, social class, sub-culture, own-culture etc. It is very common that rank outsiders, especially those wielding power decided what would be bought. There is reluctance to introduce something new or unconventional.

The demonstration of financial products is quite difficult to convince the rural customers, especially for the promoters who are strangers to them. The product promoters successfully applied the WOM as a tool of marketing. The modern Word of Mouth Marketing definition includes the ‘buzz’, web dialogues and e-mails.

#### **The Concept of “BUZZ” in “WOM”**

Emmanuel Rosen in his book “The Anatomy of Buzz” uses the compact term ‘Buzz’, which he defines as “the aggregate of all persons to person communication about a particular product, service or company at any point of time”. It is a continuous humming, informal thrill and quick attraction of attention to signal the informal word or speech in a fashionable manner to others.

Normally the buzz includes,

- a. Customers experiencing a new aspect of store experience.
- b. Those who are listening and watching start discussing or talking on that subject.
- c. They repeat it with the same group and other group and even with the people in the formal and informal gathering at any place.
- d. They spare time to listen and act or decide based in the reliability of the people who are casually and formally talking about a product, service or concept.
- e. The people who decided or made such purchase or investment action again start buzzing it repeatedly wherever possible.
- f. So it creates a faster and wider network by word of mouth advertisement.
- g. It makes many related and unrelated people to involve or to listen. Many buzzing people start purchasing or investing on the said items or plan.

#### **The Network of Buzz:**

Buzz group is the group where in the members of the group casually talk or discuss about a thing. The buzz groups are even developed informally and automatically out of the casual talk, discussion, enquiring, watching or listening something, which need not be subject the matter. The discussion or talk might be between the individuals in different groups or between different groups. The ‘buzz’ starts automatically between them.

If the user / users talk about a product or service or a concept, it is believed that as if they talk about their real experience in using it or having it. Some of them might be talking or discussing about it out of mere opinion or little knowledge about them. There will be more listeners when they talk about a concept on which others don't have much idea or something new to them. When people who really experienced it are talking, many others will keenly listen. The reliability and confidence are automatically created among the others by the strong influence of their discussion. So the 'buzz' created two groups called

1. Influencing Group (IG)
2. Action Group (AG)

1. Influencing Group (IG):

The individuals or groups which make others to decide on the purchase action or which initiate the purchase action is called influencing group. The influencing group need not be the actual customer of that product, service or concept. They may or may not purchase it for themselves in future. But their references make others to purchase it or act upon it.

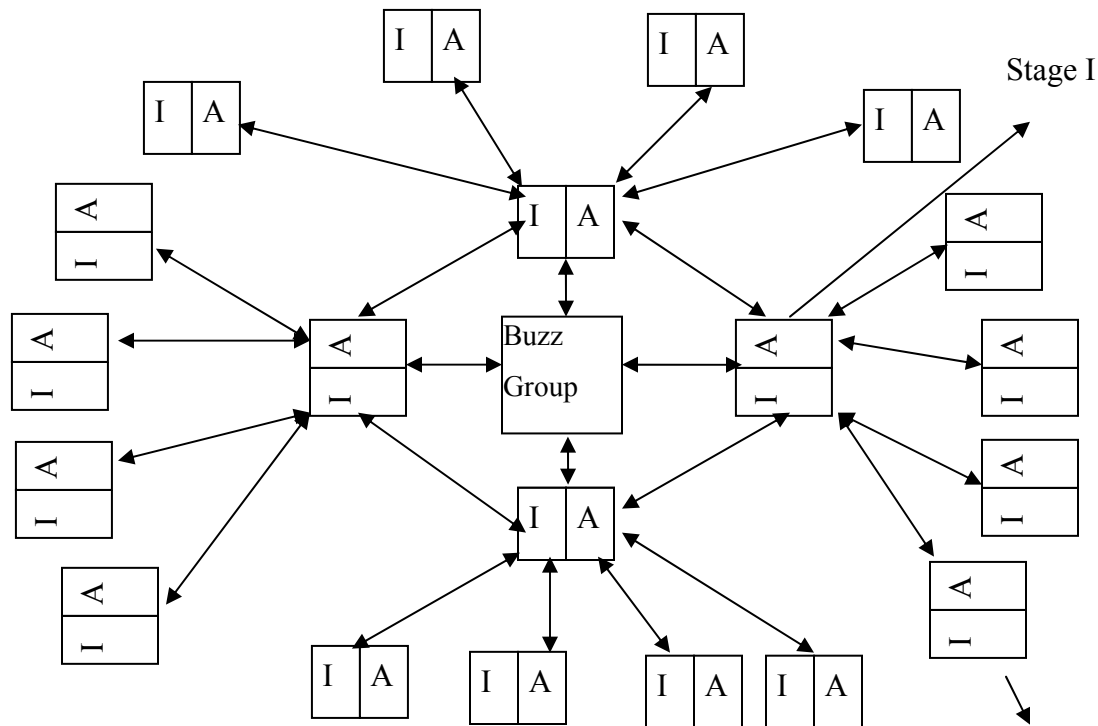
2. Action Group (AG):

The action groups are the groups that decided to purchase it or already initiated the purchase action by the influence of IG. They also involve in creating the 'buzz'.

The IGs and AGs may have communication between themselves either in a formal or informal way. The network of the 'buzz' group is explained with the following graphical representation.

**Central Part (Buzz Group)**

Here the central part is 'Buzz group'. This group is automatically developed or already developed group where in the members casually talk about anything. They also include and entertain the strangers during the course of their discussion



I – Influencing Group, A – Action Group,  $\leftrightarrow$  - Communication (formal or informal)

### **Positive and Negative Buzz:**

The word of mouth has a strong impact in initiating the action. If the individuals and groups are viewing the negative things about a product, service or concept (it need not be true), then the impact will be more and faster on the action groups. If they talk or discuss about them in terms of positive, then the more action groups are automatically formed. But the developments will be comparatively slower. Comparatively the negative buzz has more impact on the action groups. The network created will have multidimensional impact in actions.

### **II. Problem of the Study**

According to the 2000-2001 census the Tamil Nadu has 62.41 million populations. The sex ratio stood at 987 Woman to 1000 Men. The literacy level for Male 82.33% and female 64.77% and the overall literacy level stood as 65.4% in 200. In Tamil Nadu, there are 6 corporations, 152 Municipalities, 385 Panchayat Unions, 562 Special Village Panchayats and 12618 Village Panchayats.<sup>1</sup>

Among the 23 districts of Tamil Nadu the Kanyakumari District has the total area of 1684 Sq.KMs, out of which 1222 Sq.Kms in rural areas. The total population 16,76,034, out of which 5,82,107 people are residing at rural areas. The total literacy rate of Kanyakumari district was 87.55% and the rural literacy rate was 86.17% as per the 2001 census<sup>2</sup>.

There are many private players striving to capture the rural market for marketing their financial products. The insurance companies adopt many techniques to conquer the rural market. There is a stiff competition between private insurance companies and LIC in establishing their market in the rural areas. As per the informal discussion with the insurance company field staff, it is found that the Kanyakumari District villages have good market potential for the financial products, especially for insurance and banking products. Many private insurance and financial players jumped in to tape the rural mass. Now, the big challenge is how to tape the rural market for financial products?

As the rural areas have a good marketing potential, this study would help to adopt suitable strategy to enter and capture the rural market for the financial products offered by them.

### **III. Objectives of the study**

1. To analyze the awareness of the rural population about the different savings options available.
2. To analyze the application of “BUSS” in rural markets to promote the financial products.

### **VI. Area of the study**

Among all the districts in Tamil Nadu the Kanyakumari District has more percentage of investing public among the rural population. The Kanyakumari District Central Co-operative Bank has covered 86.24% of the agricultural families by 2005<sup>3</sup>. As most of the families in Kanyakumari District have agricultural base most of the families have dealings with many financial institutions especially with private financing agencies and the Co-operative Societies. The L.I.C. has a dominant role in covering the life of them.

### **V. Methodology**

In the pilot study it was observed that most of the rural people need lot of clarification and casual discussions for retrieving the relevant information. Hence it was decided to have direct interview

by using the unstructured questions for ensuring the accuracy. As the area of study is larger the study was made by survey method and the opinion scale was also used to measure the intensity of their desire about “BUZZ”. For 10 statements are used to measure the effect of buzz.

- 1 Awareness of Financial products is only by local influential persons
- 2 They are used as source of information
- 3 They are used to choose the plan
- 4 They are used to choose the plan
- 5 They are relied for rate of return.
- 6 They relied for risks
- 7 They are relied for claims.
- 8 They are believed for grievances.
- 9 The strangers are not relied.
- 10 Advertisements not considered for decision.

One thousand respondents are selected and studied for the influence of WOM by using the following scale.

Opinion	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Weight	2	1	3	-1	-2

The intensity valve

$$= (\text{Points in strongly agree} \times 2 + \text{points in agree}) - (\text{Points in strongly agree} \times 2 + \text{points in agree})$$

Points refer the no. of respondent's in that category.

The researcher has also used the simple percentage for analysis, comparison and interpretation.

## VI. Data collection

- Primary data was collected from the respondents by using the questionnaire (unstructured)
- Secondary data from journals, books and reports

## VII. Sample size

In order to make a through study 10 villages in Kanyakumari district were selected. As the survey mainly focuses on financial products, the earning members of the families are selected as respondents. As the population is unknown the respondents are selected according to the convenience of the researcher. There are four Taluks in Kanyakumari District such as Agastheeswaram, Thovalai, Kalkulam, Vilavacode. Each one has more than 5 of villages. The villages are selected randomly based on the number of rural areas in the Taluks. The vilavancode Taluk has more number of villages. Based on the population size the number of respondents is decided.

The villages selected and the sample size for study is depicted in the following Table.

**Table 1. Village-wise sample size of the respondents from Kanyakumari District**

S. No.	Name of the Village	Taluk	Sample size
1	Kurumathoor	Vilavancode	50
2	Nallur	Vilavancode	75
3	Pacode	Vilavancode	50
4	S.T. Mankadu	Kalkulam	75
5	Neenda Karai	Agasteeswaram	150
6	Amsi	Kalkulam	75
7	Kulasekaram	Vilavancode	125
8	Thovalai	Thovalai	150
9	Ethamozhi	Agasteeswaram	150
10	Palliyadi	Kalkulam	100
	Total		1000

### VIII. Analysis

Ten statements are developed and the opinion survey is made from one thousand respondents and presented in the following table 2.

**Table 2. Intensity value and ranks of the ten selected statements**

Statements	St Ag	Dis Ag	No op	Dis ag	St dis ag	Intensity value	Rank
Awareness of Financial products is only by local influential persons	382	502	7	80	29	1128	9
They are used as source of information	627	192	-	127	54	1211	8
They are used to choose the plan	487	319	-	156	38	1061	10
They are used to choose the plan	532	182	-	102	28	1300	7
They are relied for rate of return.	638	232	-	113	17	1361	4
They relied for risks	672	198	-	109	21	1391	3
They are relied for claims	872	56	-	62	10	1718	2
They are believed for grievances	872	56	-	63	9	1719	1
The strangers are not relied	572	325	-	72	31	1335	6
Advertisements not considered for decision	540	365	3	92	-	1353	5
Over all Intensity Value	6250	2527	10	976	237	13577	-

Source: Computed Data

From the above table it is understood that most of the people in rural areas, in general, take the investment and savings decision by some influence only. Among the intensity value of ten statements the grievances, claims, and risks are ranked first, second, third respectively. So it is inferred that rural people rely on influential people because they believe them in risks, grievances handling and claims settlement. As the rate of return is ranked fourth among the intensity values of the ten statements, it is inferred that they believe them for the return on their investments assured. The choosing of plans ranked last among the ten statements based on the intensity value. So it is inferred that even though they rely on the influential people, their personal factors also have little influence in taking their decision. It might be based on the factors they discuss to take the investment decision. As the overall intensity value and the individual intensity value of the ten statements are maximum positive towards the WOM, it is proved that 'BUZZ' is the most influencing factor.

**Table 3. Awareness of different financial products**

Name of the package	Total no. of Respondents	Yes	%	No	%
Loans	1000	1000	100	Nil	0
Chits	1000	1000	100	Nil	0
Deposits	1000	821	82	179	18
Insurance (LIC)	1000	752	75	248	25
Govt. Bonds	1000	133	13	867	87
Mutual Funds	1000	42	4	958	96
Shares	1000	18	2	982	98
Debentures	1000	Nil	0	1000	100

Source: Computed Data

It is clear from Table – 3 that most of the village people are aware of loans, chits, deposits and LIC. Very minimum people are aware of Govt. bonds, Mutual Funds and shares. People are unaware of debentures.

**Table 4. The Impact of influencing people in rural market**

Particulars	Total no. of Respondents	Yes	%	No	%
Source of Information	1000	1000	100	Nil	0
Instrument Option	1000	981	98	19	2
Investment Decision	1000	981	98	19	2
Reliability of Plan	1000	959	96	41	4
Rate of Interest	1000	982	98	18	2
Claims	1000	1000	100	Nil	0
Risks	1000	978	98	22	2

Source: Computed Data

From Table – 4 it is found that most of the people are relying on the influencing group for the knowledge of investment, choosing the plan, deciding the investment, rate of interest and claims. They use influencing group as their main source of information and for claims.

## IX. Findings

The findings of the survey are consolidated as under.

1. Awareness:
  - a. All the people (100%) in the village areas are aware of the agricultural loans and chits.
  - b. 82% of the people are aware of the saving through deposits. They are aware of them by co-operative societies, local financing agents and post office branches available in their villages.
  - c. 75% of this people are aware of the Insurance policies especially L.I.C.
  - d. 13% of the people are aware of the government bonds (only among the graduates)
  - e. Only 4% of the people are aware of mutual funds because of the private insurance players (only among the graduates).
  - f. Only 2% of the people are aware of the share market.
  - g. Nobody is having the idea about debenture.

So it is inferred that the rural population are aware of the savings schemes and they are accustomed with that.

2. Sources of information:

All the people said that they get maximum information through the local people only. Only 8% of this people say that they get information from both local residents and strangers (agents and others). The local finance agents and intermediaries play as a main source of information. All of them agreed that even though they know about the Printed advertisement materials they don't seriously read them at all. Only 12% of the people watch advertisements, which are more of audible. So it is inferred that the WOM plays a vital role.

3. The awareness of investment option:

The people in that locality make 98% of the rural customers aware of the investment options. Only 2% of the people said that they have got the knowledge through the agents. So it is understood that the awareness is made through the local people.

4. Investment decision:

98% of the people said that they used to take the decision as per the advice of the locally influential people in that locality. Only 2% of the people listen the strangers. The strangers are entertained only through the influential residents in that locality. So it is confirmed that influential people make the investment decisions.

5. Reliability of the investment plan:

96% of the people rely only the influential or reputed persons in that locality or the persons introduced by them. They said that they believe those people, as they are locally available, known or reputed people.

6. Knowledge about the rate of return:

98% of the people said that they rely on the local people, who are convincing them. Normally they don't believe the strangers. They believe only the influential local people.

7. Knowledge about the claim:

82 % of the people said that they don't have any knowledge about claims. All the respondents said that the influencing people are solely responsible for getting them the claims. They are made accountable for the claim.

8. Risk Awareness:

98% of the people are really not aware of the risks in each investment plans and schemes. They said that they choose them believing the local people (directly involved or the introducers) that they are accountable for the money paid.

9. Advertisements:

95% of the people said that they don't listen the subject matter of advertisements. They used to take it as an entertainment and time pass.

**X. Inferences:**

It is identified that there are certain individuals or groups who are buzzing about any financial plan, concepts, package policy, schemes or in any form will influence the local village people to decide on the investment. Among the 'buzzing' people the most reliable person or persons or group or groups make the people to finalize the decision. After analyzing their dialogues and conversations it is understood that the word of mouth (WOM) is the main reliable source of information to them to decide the investment option and mostly they act based on their guidance.

It is also observed that the non-personal advertisements are not effective in taking the investment decision and making the investment action. It will not be effective even in intimating or educating a new financial product or concept. The financial products dealing company should bear in mind that the accountability is more on the individuals who are influencing them to make the purchase or investment decision.

As most of the villages in India have many universal factors related to culture, traditions, beliefs, and life-styles the similar situations can be expected in many villages in Tamil Nadu and even in other states also. So it is inferred that the possibility of the existence of observations made in the above villages is more in other villages.

### **Rural Markets for financial products:**

If we see the rural markets in the light of this study, we could infer that the rural population has a strong and faster informal network through word of mouth (WOM) for any financial matters. Even a small negligible element creates a strong social network through a WOM. When financial products like insurance policies, banking products, Mutual Funds, Government Bonds, Shares, Chits etc. people listen the buzz created by it. When a buzz is created they see

1. Individuals involved in the groups. If the individuals are from a reputed social group or family in that locality or around that village or from the known places, then the people strongly believe it. They don't bother about the safety, security, risks involved, and rate of return, credibility and reliability of the financial products.
2. When outside people agents go there for promoting them people will not rely on it even though the subject matter of the financial products are true and fair. But if they approach through the local residents they listen and take investment decision.
3. The influencing group through WOM decides most of the investment actions. (In this study many people quoted some individuals and family names for their investment decision) especially for chits and fixed deposits.
4. Most of the people decide based on the positive aspects of WOM from the people in the same locality. (In this study many people quoted that they purchased the insurance policy because of the positive buzz in the village among the people).
5. Most of the people take advertisements as their entertainment and time pass. They don't rely on the audio and visual media. The pamphlets and offer documents are not read seriously.

### **XI. Suggestions**

1. The financial institutions must first identify a central 'Buzz Group' to form an effective network.
2. The 'Buzz Group' must form a first stage of 'Buzz Groups' which must be influenced to take the investment decisions or and must be capable of influencing others to initiate investment decision.
3. The next stages must be based in the previous 'Buzz Groups' and Action Groups. So the finance companies must carefully spread the positive WOM to make investment decisions into investment actions.

### **XII. Conclusion**

So it is concluded that the companies promoting financial product should create "buzz groups" in villages. In order to create the "buzz groups" they should identify the influencing groups to initiate the investment action in their plans. The cost WOM is very less and the image built is



permanent, continuous and effective. The companies must form strategies to create “positive buzz groups” in the villages to conquer the rural markets. The ‘positive buzz’ is the spontaneous marketing tool in the rural market for financial products.

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## APPENDIXES

### Question Schedule

1. How do you make savings?
2. Are you aware of bank deposits?
3. Do you have account with PACBs?
4. Do you have the practice of saving money by chits?
5. Do you know about LIC?
6. Are you aware of GOVT bonds?
7. Do you have any idea of MFs?
8. Do you have the knowledge of shares?
9. Have you heard about debentures?
10. Do you listen the strangers in investment decision?
11. Will you listen the strangers in finance related matters?
12. Where do you get the investment details?
13. How will you decide the investment?
14. Who will choose the best option?
15. Where will you collect the rate of return on your investment?
16. Are you aware of the risks?
17. Do you listen the ads?
18. Do you relay on the advertisements?
19. Which media brings the information?
20. Who will be the ultimate influencing person to decide the option?
21. Who will give you further advice on investment?
22. If there is any dispute, who will solve the issues?
23. How will you make the claims?
24. Do you approach any authority concerned for claim?
25. How will you get this settlement?