

Influence of Education on the Use of Informal Referent Groups as Information Source by Consumers in Rural Markets

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The information source used by consumers in rural markets is expected to differ from those of urban markets with greater influence of informal referent groups. This is examined for an innovation to avoid variations in prior information among consumers. The influence of education on the use of informal referent groups among rural consumers was also examined.

The rural markets present a challenge to marketers in promoting products and services. The reach of mass media in rural markets is lower compared to the urban markets and is therefore a constraint in efficiently reaching the consumers. Mass media reaches about half the rural population. The reach of terrestrial television and satellite television is less in rural areas as compared to urban areas, although it has the largest reach compared to other media, like the press or radio. Outdoor media is relevant but is expensive, has a restricted reach and with no benchmark for pricing or quality (Velayudhan, 2007). The difficulty in promotion because of the limited availability of mass media is magnified by the limited source of information that consumers use in purchase decisions. The amount of external search tends to be limited rather than extensive (Newman and Richard Staelin, 1972), (Mourali, Laroche and Pons, 2005). Midgley (1983: 74) proposed that consumers tend to 'rely on a small subset of all available information sources (personal, neutral, and advertising)'. It is possibly for this reason that the influence of personal source of information is observed to be high in rural markets (Sirbaiya 1993, Rajan 2005). There are observations that suggest that this is possibly changing and is no longer true. It was observed that the influence of television and retailers are high and that the influence of personal sources including the village headman was limited (Khatri 2002). Increased literacy and education increase the accessibility to media and the ability to process the information from an informal source. The study therefore seeks to understand the information source used by rural consumers and to understand if education can explain this behavior.

Literature and Hypotheses

Use of informal referent groups as information source by rural consumers

The personal orientation observed in the Indian context can be expected to vary by location. The variation in the preference for information source for purchase is observed between communities in varying residential area because of differences in social behavior (Tinson and Ensor, 2001). It is likely that the influence of family is higher in rural areas compared to urban areas. This is because the system of interaction in rural areas is through primary contacts unlike in urban areas where secondary contacts are predominant (Desai, 1969 p-12). The influence of personal source of information is therefore expected to be higher in rural areas compared to those in urban areas.

H1: Rural consumer use more of informal referent groups as source of information compared to the urban consumers.

Influence of education on use of referent groups as source of information

Segment of buyers who seek information from retail and neutral source are educated and likely to consider alternative brands. The segments that visit few retail stores and rely primarily on advice from personal sources are the least educated. (Westbrook & Fornell 1979). The consumers with low experience and low perceived ability were observed to rely on interpersonal sources and the

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consumers who used magazines and advertisements in their search effort were well educated (Furse, Punj & Stewart 1984) (Newman and Staelin 1973). In addition to education the use of books, pamphlets and articles was observed among the professional and technical workers and managers (Newman and Staelin, 1973). Interpersonal search was influenced by product knowledge. Product knowledge is inversely related to preference for interpersonal source (Beatty and Smith, 1987), (Mourali, Laroche, Pons. 2005). In the case of innovative product, the product knowledge and prior experience does not vary among consumers. The influence on the use of informal reference groups is therefore moderated largely by education and not so much by product experience for innovative products.

H2: Education reduces the preference to use informal referent groups as the source of information for purchase decisions by rural consumers.

Methodology

The study examined the information source used by buyers of solar cookers. As solar cooker was an innovative product the potential buyers were expected to uniformly have limited knowledge and prior experience. The data for “information source used” and “level of education” was obtained using survey method.

Measures and scale used

The identification of the different information sources used by buyers of solar cooker were identified based on in-depth interviews with two manufacturers, four state level nodal agencies and fourteen field officers. A pilot study was carried out among 15 users to test the structured questionnaire. Nominal scales were used with categories for education and different types of information source that buyers of solar cooker possibly used. Nominal scales were preferred as it did not require respondents to have high discriminating ability and without substantial loss of data for this study. The presence of consumers from rural location was an influence on the preference for nominal scale as the ability to discriminate was expected to be lower.

Sample

The data was obtained through a consumer survey. The survey was carried out in four states in India. The states were selected based on discussions with the national level development agency. The different states were selected to capture possible regional variations in the rural-urban behavior. Reasonable acceptance of solar lanterns within the state was another criterion for the identification. This was considered as the acceptance of the product was not good and therefore in many states rural users for the product would not be available. Within the identified states, districts and locations were selected using the criteria applied for selection of the states. For a particular location, town or village, the district official of the state level agency provided the users list. Approximately 16% of the 224 users in the list could not be contacted either because they had shifted their residence or their residential address was incomplete. The 188 users interviewed were spread over 10 districts.

Analysis

The data (Table1) indicates that in urban markets the informal referent groups is used least but in rural markets the informal referent groups is the largest source of information. The results are significant. This supports the first hypothesis that rural consumers use more of informal referent groups as the source of information compared to the urban consumers. ‘Advertising’ and ‘Demonstrations’ were combined because of inadequate frequency count under each of the categories.

The data (Table 2) was analyzed for the influence of “ability to search” on type of information source used. The categories of secondary education and graduates were combined as there was inadequate number of respondents. The data analyzed to explain the reasons for the preference for the use of informal referent groups as the information source is limited to rural markets. The analysis of data indicates that the use of advertising or demonstrations as a source of information was very low and almost non-existent both for those with primary school education and those with secondary education or higher. The results were not in the direction expected as most consumers with high level of education use informal referent groups. The results were also not significant. Therefore the second hypothesis is not accepted.

Discussion

One possible explanation for the absence of influence of education on information source used could be the measure used. Earlier studies used perceived ability unlike in this study where education is used. A consumer with ability need not perceive ability and therefore may still seek evaluative information.

There other possible explanation could be the variation in product knowledge and experience between the urban and the rural consumers. This would get reflected in expertise or ability but the concept here is measured using education and not experience. Perceived risk is an influence on the type of information source used. The experience and perceived risk is possibly not an influence on the results as the product is an innovation and therefore buyers of solar cookers uniformly have no prior experience. The product is the same and therefore the perceived risk is not expected to vary substantially.

The inadequate number of respondents in some of the categories could also be an explanation. This however should not influence the direction of relationship and only the significance of the relationship.

Implications

The practitioner needs to work towards using targeted communication to opinion leaders in the rural markets. This is a practice that is generally followed intuitively by marketers. The support for the practice comes from the diffusion of innovations literature and also the theory on two-step flow of communication. These observations are not limited to rural markets. This study suggests that the influence of the informal referent group is much more in the case of rural markets compared to urban markets and therefore provides support to the practice of marketing.

The opinion leadership is however not related to the level of education. The marketing practice is usually to focus on the educated audience because of their presumed motivation to search for information and their access to media and also convenience of sending targeted messages.

Limitations and Directions for future research

The measures used for ability to search for information is education, but the type of information source used is possibly influenced by the perceived ability and not necessarily the actual ability.

The Chi –square estimates are possibly higher because of inadequate frequency count in some of the cells. This is unlikely to have an impact on the conclusions as the limited numbers were in the case of influence of education and here the direction of the influence was itself not necessarily in the expected direction.

Table 1: Comparison of information source used between urban and rural markets
(Respondent numbers)

S.No.	Market	Information Source			Total
		Adv/Demo	Government	Friends/oth	
1	Urban	27	49	10	86
2	Rural	1	30	34	65
Total		28	79	44	151

Significance level 2.46296E-09

Table 2: Influence of education on the type of information source used in rural markets
(Respondent numbers)

S.No.	Education	Information Source			Total
		Adv/Demo	Government	Friends/oth	
1	Primary	1	21	17	39
2	Sec & Grad	0	9	17	26
Total		1	30	34	65

Significance level 0.188876

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