



A descriptive study on propensity of rural customers of Nepal with reference to super market shopping

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Abstract:

Nepal is the land of mountains, hills and flat land in three parts, which stretched from Himalayan region to UP and Bihar borders of India. With the majority of Hindu religion, it consists of more than 100 known ethnic groups out of 26 million population. It is an economy which consists of 83% of rural population and 7% growth in the urban population in recent past. Due to rapid changes in urban population, it is vital to ascertain the rural customer's propensity to adopt for the changing pattern in customers. It is happening in all parts of the regions. In this paper an exertion has been put to identify the propensity of rural customers, who are converting into urban status at larger quantity. With the outcome of the research the super marketers can alter the logistics and stores as per new entrants' expectations. The first supermarket in Kathmandu established 27 years ago in the name of 'Blue Bird' and had only 8 in 2008. From last 4 years the number goes to 120 individual and retail chains in this industry and expecting the growth of about 15% every year. As Nepal sandwiched between two big Asian giants India and China, it is very easy to import imitate and creative products from both the sides. The study was done in the outskirts of Kathmandu valley which consists of Lalitpur and Bhaktapur where the rural customers use to visit in larger numbers. Analysis has been done on the responses given by them. The outcome of the research expresses the propensity of the rural customers in supermarkets of Nepal in retail industry is considerably different than the propensity of the urban customers in many factors. In this article most of the factors have been discussed in detail.

Keywords: Propensity, Rural customers, Super Markets

Introduction:

As the economic liberalisation begins in the 1990s, a larger growth of imported foreign goods has been registered. Middle-class income rose due to remittances from abroad since 2000. Same factors are also fueled the supermarket trend all over Nepal in the recent past. The growth of economy is always correlated with the political conflict years from many decades but picking up from last three years. Being a sandwiched country factor between India and China, Nepal also fueled the growth with other two big nations. Other two important factors of growth in the supermarket culture in Nepal are the growth in the percentage of the urban population and number of malls in the Kathmandu valley. The customer's behavior in Nepal with reference to supermarket is always affected by the number of Kirana shops which are dominating the entire retail sector from more than 100 years. The regular perception on supermarkets is that of high prices are also getting changed resulting in the growth of people entering into supermarkets. (Thapa, 2013)

From 2008 the number of supermarkets has been increased from 8 to 120 due to growth in the middle income population, culture of using debit and credit cards, transportation modes, liberalization of the economy, consumer demand to foreign brands, consumer preferences for shopping in new environments, reach of satellite T.V. channels, teen age population and government support (Himalayan News, 2013) for real estate and malls. In the same way the customer and consumer behavior also had been altered in various ways due to income and westernization. At the larger context, the supermarkets are unable to identify and capture their customers who are totally committed



to kirana shops from many years. Now it is the time to gear up to identify and convince the prospect customers from unorganized sector which is always better for an economy in various ways. With this study we can identify the customer behavior with preferences of larger population which is about to enter the big market.

Review of Literature:

There are number of researches have been done in the field of retail industry, consumer behavior in retail industry and the key motives for customer preferences in retail purchasing & supermarkets which have given many participations and proper bearing to this research. As per some of the earlier researches, the key drives for retail purchasing are, hedonic shopping motive, market maven, peer group association, utilitarian shopping motive, status conscious personal shopper, recreational shopping motive, impulse shopping motive, economic shopper (Singh, 2007). Many customers look for the product quality, value, customer service and product choice when they think of supermarket (ICM Research, 2012). Consumer propensity is depends on various factors such as cost, quality, value, accessibility, competition, choice, availability, and so on which gives us the overall idea of the customer propensity. In terms of rural customer's propensity, it is well evident that the price makes the entire difference (Raut, 2005).

The various research conducted in Nepal shows that, still supermarkets are not able to crack the customers of kirana shops who are the cream of customers for supermarkets. Despite a burgeoning mall culture, Kathmandu's citizens haven't given up on their neighborhood kirana shops. In fact, these mom and pop stores are doing quite well despite the competition from the megastores (NG, 2008). It is not the scenario now, the supermarkets are gearing up and trying to catch up the prospects from kirana shops through many ways of marketing. The rural consumers plan their buying to greater extent as compared to urban counterparts. They carefully search for the models of their choice and at the same time they remain careful in terms of amount being spent on an item. Therefore, marketing offerings should be designed very cautiously keeping in view their explicit as well as latent needs within their budget constraints (Singh, 2012).

The detailed research has been done on the ratios and composition of rural and urban population as well as the changing pattern of the demographics of Nepal by World Bank which shows the growth and the extent of urbanization in Nepal (World Bank, 2013). The other reasons for quick urbanization in Nepal is the growth opportunities due to the geographical factors of the country (World Bank, 2013). As Dr. S.S Shanthakumari has discussed in her article, perceptions of the rural consumers are different from the urban and semi-urban societies and the market share of the regional brands is decreasing and national brand market share are on an increasing trend (Kannan, 2010). Customers are seeking more choice, convenience and experience while shopping. Thus, there is no denying the genuine demand for shopping malls. However, the profitability of this concept will depend upon the selection of the right tenants and realistic estimates of demand, footfalls and conversion (E, 2013)

Research Gap:

The previous researches shows the customer preferences in different parts of the world in an overall approach. There is a need for the entire organized retail industry in Nepal to understand the trend and customers as well as the propensity of the customers in Nepal to have the same growth further which was geared up from 2008. So this research gives us the outcome, which can be utilized by the super marketers to tap and get the rural customers satisfied for longer term.

Objectives of the Study:

- To understand the tendencies of purchasing of dissimilar products in supermarkets by rural customers.
- To recognize why and why not rural customers prefer purchasing from supermarkets.
- To realize why rural customers do not prefer purchasing certain products from supermarkets.
- To identify the rural customer behavior with respect to supermarket purchasing.



Research Design:

Area of Research: Business and Marketing

Type of Research: Primary and Descriptive Research

Descriptive Research Design has been used in this study. In descriptive research, Multiple Cross-Sectional Design was used. (Sample of respondents is drawn from the target population, and information is obtained from the sample only once).

Mall-intercept talks have been used to find out opinions of shoppers and personal interviews with the people related to super markets management to find out the data related to operative procedures of super markets and challenges faced by super markets management. Interviews were controlled partly and Controlled Questionnaire was used in the survey. Own Observation method was used to find what kind of people visit supermarkets in the outskirts of the Kathmandu city? What kind of products they are buying? How many people have just come for an outing? Etc.

Sampling Design:

Target Population: All Male or Female visiting dissimilar supermarkets in Kathmandu city.

Sampling unit: Individual

The answer was composed from respondents at diverse supermarkets during morning, afternoon and evening, and also all types of throng on week days as well as on weekends.

Sampling Technique: Non-probability sampling, in that Convenience Sampling technique was used to draw the responses.

Sampling Size: 200

Data Collection:

Primary Sources: Questionnaire, Interviews & observation techniques.

Secondary Sources: Journals, Internet, Books, Official published Reports of government or private organizations are used to collect secondary data.

Data Analysis Methods: Statistical analysis techniques such as median, rating scale etc.

Data Analysis and Interpretation:

Frequency of Visit:

The respondents were asked about their occurrence of visit to a supermarket on a 5 point rating scale and replies are shown in table 1.

Response	Percentage
Very frequently	08%
Frequently	16%
Usually	20%
Rarely	56%
Total	100%

Table 1: Frequency of Visit

As per data analysis, 56% respondents visit supermarkets 'Rarely'. It is clear that most of the people usually don't visit supermarkets on regular basis for shopping purpose. Craze for shopping is not evident by day in Kathmandu by rural customers.

Shopping Categories for Visiting the Supermarkets:

Respondents were asked to mark all the possible shopping categories (out of given ten categories) for which they visit to a supermarket. Table 2 shows the compiled data of all respondents.



Categories	Number of Responses
Meat and Meat products	45
Fruit and Vegetables	95
Dairy products	38
Grain mill products	83
Other Groceries	188
Cosmetics	58
Toiletries and Perfumes	68
Liquor products	08
Bay care products	54
Books and Cd's	12
Kitchen items	78
Pet Care	56
Health and wellness	128
Electronics	34
Clothing	43

Table 2: Shopping Categories for Visiting Supermarket

188 respondents have given other groceries which is included all other groceries apart from 1st 4 categories in the table and 128 respondents have given health and wellness products, as one of the main reason to visit supermarket. This is very much clear from the table, that maximum crowd puller factors are groceries, health and wellness products. Very few people come to supermarkets for shopping liquor products.

Preferences of rural customers on Supermarkets v/s Retailers in disorganized market:

Respondents were asked about their preference of supermarkets to unorganized market on 5 point rating scale (Do they 'always' prefer or 'usually' prefer or 'sometimes' prefer or 'rarely' prefer or 'never' prefer supermarkets to unorganized market).

Response	Percentage
Always	6%
Usually	32%
Sometimes	46%
Rarely	13%
Never	3%
Total	100%

Table 4: Preference of Supermarkets to Unorganized Market

Till now, rural areas in the out skirts of Kathmandu city are still using the traditional ways of shopping. Most of the people (46% respondents) have responded that they sometimes prefer supermarkets than the retail shops in market. As it is clear from previous table also, that they go to the supermarkets for certain products only, their major purchases are still done in the unorganized retail market. 32% of the respondents have answered that they 'Usually' prefer supermarkets than retail store. They are the regular visitors of the supermarkets and are more Brand Conscious.

Reasons for people preference to purchase from Supermarkets:

Respondents were asked to tick all those reasons (out of six) for which they prefer buying from supermarkets.

Reasons	No. Of Responses
One Stop Shopping	167
Good Environment	123
Outing & Shopping	112
Sophisticated Crowd	67
Greater Variety	132



Table 5: Reasons of Preference of Supermarkets

According to the data collected, 167 respondents have said that 'One Stop Shopping' is the greatest reason for them to prefer supermarkets. 'Greater Variety' also seems to be the major factors (132 respondents have said this). 'Good environment' also attract more and more people to the supermarkets (123 respondents have said this). So this is the major factor to pull the crowd and increase the footfall. Sophisticated Crowd is less important.

Prices in Supermarkets:

Respondents were asked on a 5-point rating scale, whether the prices in supermarkets is fair.

Response	Percentage
Very fair	0%
Fair	27%
Some what	36%
Average High	23%
Very High	14%
Total	100%

Table 6: Prices in Supermarkets

27% respondents have said that prices in supermarkets are fair. Otherwise the general view regarding prices is that they are somewhat more than average (36% respondents have said this). Rural customers compare the cost and benefits of purchasing from a supermarkets and then decide whether to purchase a particular product from supermarkets or not? But some people feel that prices are very high or high in comparison to prices in the retail market outside (23+14=37% respondents feel this way). They usually do not purchase products from malls.

Reasons for people preference retail shops in Unorganized Market:

This was an open-ended question, so it was expected that a wide range of answers could be there. But great similarity was there in the responses. Just few reasons came in front from the responses and those were:

- High Prices
- No Bargaining
- Less Variety of some products
- Non-availability of some products

Role of gender in buying behavior

Table 11 shows that how many males have ticked on shopping option and how many females have ticked on shopping option in question no. 2.

Shopping Gender	Percentage
Female	62%
Male	38%
Total	100%

Table 11: Gender Impact on Shopping Percentage

Out of 164 respondents who ticked shopping as one of the reasons for coming to a supermarkets, 101 (62%) were females and remaining 63 (38%) were males.

So we can say that females are more interested in shopping than males.

Findings:

The values of supermarkets are in its toddler stage in outskirts of Kathmandu city for rural customers and so is not very much common as in within cities for urban customers. Number of trends is increasing but not balanced to the conversion rate growth of rural to urban population of Nepal. But in near future situation will be different. Number of supermarkets is increasing rapidly. Maximum mass



pulling factors in supermarkets are groceries and health & wellness categories. The segments which are getting supreme demand in supermarkets are toiletries and groceries. In shopping, rural customers generally don't prefer branded items for males and females, but for kids favorite is both for branded and non-branded items but price is the trigger. Generally, rural customers prefer purchasing those items from retail shops in the messy market which are non-branded, cheaper and whose great variety is available. Main reasons for preferring supermarkets over other retail shops are the benefits provided by supermarkets in form of: One Stop Shopping, Good Atmosphere and Superior Assortment.

The corporate social responsibility of a business firm is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources which had been discussed by Dr. S.S. Shanthakumari in her research article. (Kannan, 2010) Generally rural customers reflect that the prices in supermarkets are rather on higher side. By their final decision be contingent upon the worth provided. In case of liquor and non-branded items, rural customers generally do not prefer buying from supermarkets and those who purchase, prefer purchasing discounts and offer products. On week days and in day time most of the mob consists of students and age group of 13 to 23. And most of them come for spending and not for outing. In evening either on week days or on weekends, the rural customers are almost nil or very less.

Conclusion:

The rural customers are very important in Nepal because of its size and now it is also a crucial part for super markets due to rise in the rate of urbanization in terms of demographic factors. By the analysis of the data it is more evident that the propensity of the urban customers and rural customers are quite different and need to be addressed very carefully. It is true that the urban consumers do not plan much before buying their durables whereas; the rural consumers significantly planned before the buying of the same (Singh, 2012). From the information of the findings supermarkets could address the rural customers in terms of their preferred category of products, price, discounts and other important factors which are discussed in this research paper. It is also true that, both rural and urban consumers experience significant influence of their families for buying the selected products.

However the rural consumers experience greater influence of their families as compared to their urban counterparts and the consumers with high general self-confidence but with low specific self-confidence prefer to take the help of a friend who knows something about the buying of the product (Singh, 2012). This research article also proposes the need for an operative instrument for the appropriate administration of the supermarkets in this reasonable situation. One must principally appreciate the desires of the rural customers where a precise supermarket is going to be fixed up. An accurate blend of retail and supermarket management will together texture an accomplishment story.

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