

Dissimilar of Customer Perception and Expectation Among Rural and Urban Markets

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ABSTRACT

This paper will be focusing on the dissimilarities between rural and urban customer expectation and perception. The reasons are India lives in villages, close to 72 percent of Indian population live in rural areas. The rural economy contributes nearly half of the country's GDP which is mainly agriculture driven and monsoon dependant. More than 50 percent of the sales of FMCG and Durable companies come from the rural areas. Now-a-days a lot of service sectors are entering into rural market like banking, telecommunication, insurance, healthcare etc., Service quality measurements start with measuring the perception and expectation. The gap between expectation and perception of customers for different service dimensions were identified. Customer satisfaction and loyalty as a consequence of high quality provides a long term survival and success. In order to survive and have a long- term relationship with customers, understanding them, meeting their expectations and being different from rural and urban aspects should be focuses on. The concept of customer expectation and perception has received considerably high attention. Many service providers develop long-term relationships with clients where both the parties accumulate experience with each other. There is a gap between the customer expectation and service quality offered in urban and rural areas. It leads to a shift in the customer preference from one service provider to other parties. There is a need to identify the gap between rural and urban customer perception and expectation. This study will prove the dissimilarities of expectations and perceptions among the rural and urban customers.

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Introduction

"Today, the people in urban and rural areas are the same — aspiration, quality and price but differing only in order." — D SHIVAKUMAR, NOKIA

According to The Census of India "Urban areas are falling within the administrative limits of a municipal corporation, municipality or cantonment board or have a population of at least 5,000, with at least 75 per cent of the male working population working outside the primary sector and a population density of at least 400 per square kilometer. The rest is rural India. India clearly represents a large market, but one issue is that it is far from homogeneity. There are, in fact, rural and urban, rich and poor, tropical and temperate, coastal plains and mountains, Western influence and traditions, colonial influences and communism, and a number of religions. Currently over 70% of the population lives in rural India and it's contribute 55% of GDP. Many consumers live in rural areas (41% of India's middle class, representing 58% of total disposable income are dispersed across numerous villages and towns). According to the latest Census of India figures (2001), there are 638,365 villages in India. These are the basic dissimilarities of rural and urban areas.

Expectations

Expectations are "pre-trial beliefs" about a product or service and is an important concept because they provide the frame of reference for evaluation. (Boulding, et al., 1993). In other words,

expectations represent the mental categories used by consumers in their evaluation of service performance with obvious implications for service quality. (Oliver, 1996) There have been significant variations in the conceptualization of expectations, (Parasuraman, Zeithaml and Berry, 1988) in terms of what people feel they should be offered, rather than would be offered and pre-trial beliefs about a product or service and its performance at some future time. (Boulding, et al., 1993; Spreng, MacKenzie and Olshavaksy, 1996)

Perceptions

The word comes from the Latin words *perceptio*, *percipio*, and means "receiving, collecting, and action of taking possession, apprehension with the mind or senses." (Oxford) Perception is the process of attaining awareness or understanding of sensory information. It is a task far more complex than was imagined in the 1950s and 1960s, when it was predicted that building perceiving machines would take about a decade, a goal which is still very far from fruition.

Consumer Behavior

The understanding mechanisms of perception are relevant to understanding the function of a consumer behavior. Perception and expectation both are very close to behavior. The factors determining consumer behavior are classified in to four. They are Cultural, Social, Personal and Psychological.

Factors	Components
Culture	Culture: a person's wants and behavior, Values, Perceptions Subculture: Groups of people with shared value systems based on common life experiences. Social Class: People within a social class tend to exhibit similar buying behavior. (Occupation, Income, Education, Wealth)
Social	Groups: Membership, Reference Family: Husband, wife, kids, Influencer, buyer, user, Roles and Status
Personal	Personal Influence: Age and Family Life Cycle Stage, Economic Situation, Occupation, Personality & Self-Concept Lifestyle Identification: Activities, Opinions, Interests
Psychological	Motivation, Perception, Beliefs and Attitudes, Learning.

Rural and urban consumers are differing on the above mentioned factors. They have some dissimilarity in their cultural, social, personal and Psychological factors.

Perception and expectation in SERVQUAL

Perception and expectation are playing a major role in measuring Service Quality. The gap between perception and expectation of consumers will determine the Quality of services. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994a; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). Service quality can thus be defined as the difference

between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990). The SERVQUAL approach, which is studied in this paper is the most common method for measuring service quality.

Model of Service Quality Gaps

There are seven major gaps in the service quality concept. The model is an extension of Parasuraman et al. (1985). According to the following explanation (ASI Quality Systems, 1992; Curry, 1999; Luk and Layton, 2002), the three important gaps, which are more associated with

the external customers are Gap1, Gap5 and Gap6; since they have a direct relationship with customers.

Gap1: Customers' expectations versus management perceptions: as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

Gap2: Management perceptions versus service specifications: as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardisation and an absence of goal setting.

Gap3: Service specifications versus service delivery: as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

Gap4: Service delivery versus external communication: as a result of inadequate horizontal communications and propensity to over-promise.

Gap5: The discrepancy between customer expectations and their perceptions of the service delivered: as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.

Gap6: The discrepancy between customer expectations and employees' perceptions: as a result of the differences in the understanding of customer expectations by front-line service providers.

Gap7: The discrepancy between employee's perceptions and management perceptions: as a result of the differences in the understanding of customer expectations between managers and service providers.

Reason for the Study

The corporate world is targeting the rural consumers. The rural market share for the fast moving consumer goods (FMCG) is greater than ever. The McKinsey report (2007) on the rise of consumer market in India predicts that in twenty years the rural Indian market will be larger than the total consumer markets in countries such as South Korea or Canada today, and almost four times the size of today's urban Indian market and estimated the size of the rural market at \$577 Billion. AVID Insight (2006) The thoughts of C.K. Prahlad, the "bottom of the pyramid" segments will be the growth drivers of the future – this is certainly being borne out by the market revolution that is taking place in India's villages. In Indian rural market

have more and more opportunities. So the marketers give special attention to the rural market.

Review of Literature

The market potential is far from uniform in rural and urban Market and the basic amenities such as food and clothing show a more typical pattern of demand, while luxury goods and aspirational products are twisted towards the urban areas. Rural and semi-urban India is a large market, but is difficult to target since spending power is low, people are not familiar with brands and buy mainly during festivals, weddings and at specific times of the year. Urban India, however, is a more attractive market due to greater spending power and more regular buying habits. The market approach will differ, depending on whether you are catering to the urban market alone or to the entire market. The same store format cannot be used to cater for both urban and rural segment. (Naimish Dave) The marketing/promotion approach to be taken for rural population should be different as compared to their urban counterparts. This is due to the major differences in perception of financial products of the rural population. (Deutsche Bank AG)

There is no doubt that quality is the cornerstone of strategic management and marketing for service firms. Customer satisfaction and loyalty, as a consequence of high quality, provides long term survival and success. (Robledo, 2001). In order to survive and have long-term relationships with customers, understanding them, meeting their

expectations and being different from rivals are important. Hence, the concept of customer expectations and perceptions has taken considerably high attention both from researchers and practitioners. Nevertheless, the debate is still going on in different areas of service industry, especially in conceptualization and measurement of customers viewpoint (Eda ATILGAN, Serkan AKINCI, Pafak AKSOY)

Perceived quality is the customer's perception of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose. (P Baba Gnanakumar)

The marketing and distribution strategies of banks are different in urban and rural areas due to diverse demographic and socio-economic nature of these markets. Private banks are mostly concentrated in urban areas due to higher income, better infrastructure, higher investor base and concentration of commercial activities in the urban areas of the country. (Deutsche Bank AG)

While there is no consensus, some research indicates that rural parents more likely than urban parents to be involved in their schools (Sun, Hobbs and Elder, 1994). and rural communities are less likely than urban communities to value education (Broomhall, 1992, DeYoung, 1993); but that rural

teachers are more likely than urban teachers to be linked to their school's communities through kinship and history. (Lutz, F., Lutz, S., Tweeddale, 1992).

SEC is the classification of Indian consumers on the basis of two parameters: Occupation and education of the chief wage earner (head) of the household. According to SEC, urban Indian households are classified on the basis of the two parameters — education and occupation — into SEC A1, A2, B1, B2, C, D, E1, E2. Rural Indian Households are classified into SEC R1, R2, R3, R4. Here, the parameters are the education of the chief wage earner and the house type. The model is based on the assumption that higher education leads to higher income thus higher consuming potential. This may not be true in all cases. (Mr Vaghul)

Objectives of the study

The main objective of the study is to find out any dissimilarity in the perception and expectation among rural and urban consumers. Another one is to find out whether all the consumers are equal or different based on the Cultural, Social, Personal and Behavioral factors.

Methodology

Exploratory research design is used and more than 100 research articles have been studied. The

secondary data are collected from the research articles, newspaper, books and internet. The scope of the study is to know whether the same behavioral character exists among urban and rural consumer or is there any dissimilarity. If any difference exists, the service providers differentiate their service to the rural and urban market.

Findings

The study finds the following thing related to show the dissimilarity of rural and urban consumer. Literacy rates in rural areas are comparatively lower than urban areas. (Deutsche Bank AG) . According to Census 2001, all India literacy rate is 64.8% of which the literacy rate among urban population is 79.9% whereas for the rural population it is 58.7%. The demand for financial products mainly depends upon the investor awareness which further depends upon the literacy levels of the rural investors. (AM Davis, RE Boles, RL James, DK Sullivan, JE Donnelly, DL Swirczynski, J Goetz, 2008) Children in rural and urban areas consumed equivalent calories per day and calories from fat, but rural children ate more junk food and urban children were more likely to skip breakfast. Urban children engaged in more metabolic equivalent tasks and had slightly higher total sedentary activity than rural children. The BMI percentile was equivalent across rural and urban children but rural children were more often overweight and urban children were more often

at risk for overweight. Some variables were equivalent across urban and rural children. The results indicate some key health behavior differences between groups. (DeYoung, A. 1993)

The perceptions of the rural consumers are different from the urban and semi-urban societies. (Levi 2003) The market share of the regional brands is decreasing and national brand market share are on an increasing trend. 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. (Levi 2003)

From the results that ease of carriage, package weight, simplicity, transparency and similarity of packaging have comparatively less impact on

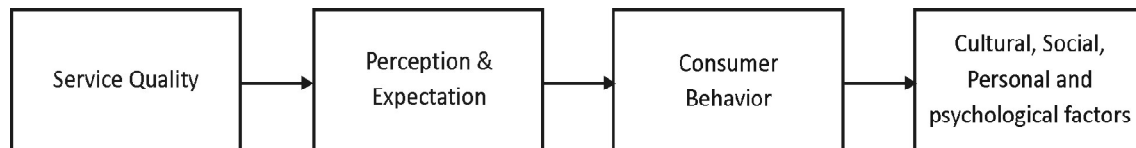
purchase decisions of rural consumers than urban ones. Regarding the checking of ISI mark, WOOLMARK and AGMARK. A very similar pattern has been observed in rural areas. This shows that the buying decisions of urban and rural consumers are different. (Meena Siwach and A.S. Dahiya 2009)

In urban markets, aspiration is key — it is all about brands, lifestyles and show-of value. This is followed by quality and finally price. Rural India is driven primarily by price, followed by aspiration and then quality. (D Shivakumar)

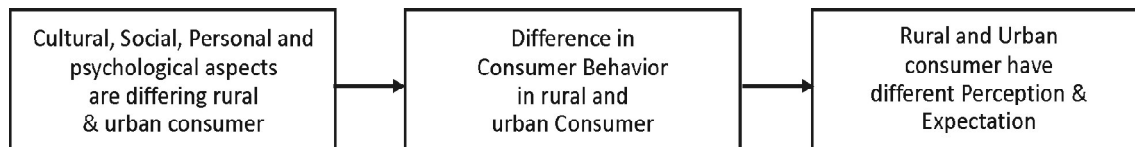
Insurance companies are offering small premium term insurance products to the rural sector to increase sale of insurance policies in rural areas. Literacy rates in rural areas are comparatively lower than urban areas. (Deutsche Bank AG)

Results

Rural and urban customers are differing on the following factors. They are Personality, education, behavior, perception, buying pattern, lifestyle, belief, attitude, occupation, income.



This is the way which helps to measure the Perception and expectation of the consumers. Through consumer behavioral factors we will know about the Perception and Expectation of consumer. There are huge dissimilarities in the Rural and urban consumer behavior. This study also shows their dissimilarity. The Consumer Behavior factors are dissimilarities among rural and urban consumers. So, their Perceptions and expectations are differing.



The perceptions and expectations are the important factors in measuring the service quality. These differences are conformed that separate SERVQUAL measuring scale is needed for rural or urban market

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