

## The Influence of Opinion Leaders in the Rural Markets

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### Introduction

Rural India is the buzzword and eldorado for marketers. Organizations are shifting their focus towards this huge and largely untapped market. Rural India, (Ernst and Young) reports 600,000 plus villages spread over a geographical area of over 3.2 million square kilometers, with a 60% of the country's overall consumption amounting to Rs.9.135 lakh crore (\$228 billion). Mckinsey recently surveyed rural India for Bharat Nirman project and concluded that rural India's market size in 2020 would be US \$ 500 billion. Even by 2025, 63 percent of India's population will still live in rural areas of India (Mckinsey). The problem for marketers lies in reaching out to this huge magnitude of the rural masses with varied social, cultural backgrounds speaking a few hundred dialects.

In rural market, the influence of opinion leaders in decision making and purchasing the product is remarkable. An **Opinion leader** is like a peer group leader in that, this person tends to lead the opinions of a group of people in a **reference** group (kotler 2002). Opinion leaders are important to marketing because they are able to influence the opinions of others (Sticky-Marketing.COM). The **word of mouth** is an important message carrier in marketing executed by opinion leaders and reference group (AC Nielsen survey). Promotion of brands in rural markets requires the special measures and opinion leaders play an important role in promoting the product in rural India (ET2007). Roper ASW pollsters Ed Keller and Jon Berry (The Free Press, 2003) argue that consumers today place more weight on the word-of-mouth insights of their more influential neighbors than on what they hear on TV or read in the newspaper. The study envisages to find out, the influence of opinion leaders in the **rural market**. In the study, the researchers define opinion leaders as friends and relatives.

**Key Words:** Opinion leaders, Rural market, Word of mouth.

### Opinion leader

Opinion leader is the agent who is an active media user and who interprets the meaning of media messages or content for lower-end media users. Typically the opinion leader is held in high esteem by those that accept their opinions. Opinion leadership tends to be subject specific, that is, a person that is an opinion leader in one field may be a follower in another field.( Wikipedia, the free encyclopedia).For dissamination of information in Market, opinion leaders are the most important source.(Channey M.Isabella;2001).

In our study opinion leaders are considered as Friends (farmers, village heads, religious leaders, rural youth (who go to the nearest town to study in a college or work) and relatives (rural and urban).

### Rural Marketing

According to National Council for Applied Economic Research (NCAER) the 70% of India's population lives in 60,000 villages in rural areas. The 90% of the Rural India is concentrated in villages with a population of less than 3000 with Agriculture being the main business. The

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number of middle income households in Rural India is expected to grow from 80 million in 2006 to 113 million in 2008.

Kerala is said to be a Conglomerate of small towns. In between these are villages sandwiched between. Though there is paddy cultivation, it is dwindling fast and is taken over by cash crops like Rubber, Spices, Cashew nut, etc.

### **Word of Mouth (WOM)**

The word of mouth is an important message carriage in Rural Areas. It travels fast .A bad mouth carries many a persons while a good one few (Kotler P,2002). The impact of WOM is at strongest when it originates from social contacts because of their greater perceived reliability.(Ennew,T,Christine, Banerjee,K,Anish, Li,Derek, 2000). The strength of WOM is influenced by perceived communicator characteristics and is moderated by perceived risk. (Wangenheim, V, Florian, Bayon, Thomas, 2004).

In our study, we define WOM as the positive words said about the products used or heard by the customers which influence people to purchase products.

### **Objectives of the Study**

1. To examine the influence of opinion leaders in the purchasing decision of colour televisions (CTV).
2. To examine the effectiveness of their word of mouth campaign.
3. To examine the different effect of relatives and friends.

### **Hypotheses of the study are:**

1. H0: The opinion leader has got influences in the rural market.
2. H0: There is a favorable effect of the word of mouth campaign in the rural market.
3. H0: There will be differential effect between relatives and friends among opinion leaders in rural marketing.

### **Methodology**

The study is based on the primary data, derived through sample survey using pre-tested structured instrument (questionnaire).The questionnaires are designed in such a way that it covers all relevant factors regarding the influence of opinion leaders in the purchase of colour television (CTV).The CTV is chosen as it has the attributes of high involvement, deal prone, brand influence, technology driven and available as as a shopping good. The sample design is based on random sampling. The data is collected from 120 heads of households. The respondents include the small and medium level rubber planters, government employees, private employee and business people residing at Arakulam Grama Panchayat selected at random. The Arakulam Grama Panchayat is chosen as it is a typical agricultural region where all types of people; agriculturists, employees, business people etc. are staying together. The people are holding small(less than 1 Hector) and medium (more than 1 Hector) land area. The respondents are not far away from urbanization but not completely under its influence.

Questions were asked to elicit information about their perception on the influence of Opinion Leaders, the effect of Word of Mouth and the differential effect of friends and relatives among the influence of opinion leaders in Marketing. For testing the hypotheses, chi-square tests were to be administered at 5% level of significance with the aid of SPSS package.

## Findings of the study

### 1. Occupation and opinion about influence of opinion leaders

#### Inferences

Table I shows that, among the 120 respondents, irrespective of occupation the purchase of color television are influenced by the opinion of friends and relatives. Of that 33 (27.5%) of are government employees and 31 (25.83%) are private employees. And the rest is constituted by people among agriculture and business fields. From, the studies the above 50 % are employers are permanent employers who has regular and disposable income to spend.

**Table I: Occupation and opinion about influence of opinion leaders**

Occupation	Always	Usually	Sometimes	Total	Percentage
Government Employees	17	11	5	33	27.5%
Private Employees	15	10	6	31	25.8%
Business	13	12	7	32	26.6%
Agriculture	11	8	5	24	20.0%
Total	56	41	23	120	

Critical Value = 12.59157742  $p$ -Value = 1

### 2. Effect of word of mouth campaign

#### Inferences

Table II shows that 33 (27.5%) respondents are affected by the word of mouth campaign. Of that 15 respondents are very much effective on this. The study could reveal that if a friend purchased and told good opinion about a product, it motivates others to purchase that particular product. Where as in private employees there were only 31 (25.83%) effected by the word of mouth campaign. In business and agriculture it was 32 (21.6%) and 24 (20%) respondents respectively. It shows that the word of mouth campaign is independent of the category of respondents. The respondents unanimously agree that the word of mouth campaign is effective.

**Table II. Effect of word of mouth campaign**

Occupation	Very High	High	Moderate	Low	Total	Percentage
Government Employees	15	8	6	4	33	27.5%
Private Employees	10	13	5	5	31	25.8%
Business	13	9	5	5	32	26.6%
Agriculture	14	6	3	1	24	20.0%
Total	52	36	19	13	120	

Critical Value = 16.91896  $p$ -Value = 1

### 3. Differential effect of friends and relatives

#### Inferences

Table III shows that there is no differential effect between friends and relatives among opinion leaders in rural marketing. What the respondents want is information regarding the product, before making a decision, whether it is from relatives or friend. out of the 33 (27.5%) respondents that is government employees 22 respondents of them said friends or relatives does not matter in making a decision.

**Table III. Differential effect of friends and relatives**

Occupation	Yes	No	Total	Percentage
Government Employees	11	22	33	27.5%
Private Employees	12	19	31	25.8%
Business	17	15	32	26.6%
Agriculture	15	9	24	20.0%
Total	55	65	120	

Critical Value = 7.814725  $p$ -Value = 1

## Conclusion

The study finds ample evidence to conclude that there is influence of the opinion leaders in the purchase of a product in rural market. In summary the conclusions drawn from the study are:

- Irrespective of the occupation respondents are saying that their purchase is influenced by the opinion of friends and relatives who are the opinion leaders. So (Null Hypothesis H1 is not rejected).
- Effect of word of mouth campaign is effective in Rural market. So (Null Hypothesis H1 is not rejected).
- There is no Differential effect of friends and relatives in rural market. So (Null Hypothesis H1 is not rejected).

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