



An economic analysis of consumer behavior towards RCM direct selling business in Kerala

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Abstract: Understanding consumer behavior is crucial in the direct selling industry's explosive growth in emerging economies. With an emphasis on interpersonal impact, trust, and product perception, this study examines the behavioral patterns, motives, and decision-making processes of customers who use direct selling. In contrast to traditional retail, direct selling provides customers with a customized and frequently socially influenced buying experience through in-person sales encounters and relationship-based marketing. This study looks at how important these contacts are in influencing consumer attitudes and preferences, especially in emerging nations like India where direct selling is becoming more and more recognized as a means of fostering both consumer engagement and entrepreneurship. The study investigates the factors that influence consumers decisions to buy from direct sellers, including social interactions, salesperson trustworthiness, pricing, and product quality. The findings aim to provide actionable insights for direct selling companies, independent sales representatives, and policymakers to better align marketing strategies with consumer expectations.

Key Words: Consumer behavior, direct selling, consumer satisfaction.

1. INTRODUCTION:

Consumer play an important role in the growth and development of a nation. The business environment has been undergoing drastic changes to satisfy the needs of consumer. The 'Consumer' was treated as a king and their behavior reflects in the demand for the products and alter the profit margin of the business unit. Consumer behaviour is the study of how individuals, groups and organisations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and wants (Kotler and Keller, 2006). The consumer behavior means the decision by the consumer about what to buy, why to buy, how to use, from where to buy and where to dispose it. The term consumer behavior is a wider concept in the field of economics and business. The behavior of consumer differs due to the differences in income, wealth, location of market, price of the product, type of use, type of product etc. that is, there exist individual differences in the behavior towards a product and company. Studying consumer behavior is crucial for direct sellers because it helps them comprehend and forecast the purchasing patterns of targeted consumers. Direct sellers who want to enhance their consumer interactions must have a thorough understanding of consumer purchasing behavior.

According to Consumer protection act 2019, "direct selling" means marketing, distribution and sale of goods or provision of services through a network of sellers, other than through a permanent retail location. The World Federation of Direct Selling Association (WFDSA) describes direct selling as: "a dynamic, vibrant, rapidly expanding channel of distribution for the marketing of products and services directly to consumers" (World Federation of Direct Selling Associations, 2013b). "Direct Seller" means a person appointed or authorized, directly or indirectly, by a Direct Selling Entity through a legally enforceable written contract to undertake direct selling business on principal to principal basis. Tilok Chand Chhabra founded RCM, The Right Concept Marketing. RCM firm offers a large range of high-quality products in variety of categories at affordable costs. The company has several branches across the country. As a direct selling company, the products are not sold through any wholesalers or retailers. There is no advertisement cost to the firm; the sale has done not through advertisement but through word of mouth strategy. An individual purchases the product directly from the direct seller or through delivery centres operated by the direct seller. The company provides discount on product purchased because there is no any advertisement cost, cost to the retailer and to the wholesaler. The sale of the company accelerated with the quality of the product. With the satisfaction on the quality, the individual



recommend the company's product to their relatives, neighbours and colleagues. The company develops its consumer community through word of mouth strategy. Marketing strategies of any company largely depend upon consumer buying behaviour. The study mainly intends to throw lights upon consumer behavior towards RCM direct selling business in Ernakulam District of Kerala

2. LITERATURE REVIEW:

Ranjit Voola et.al (2022), focused on the need for responsible production and consumption practices to reduce the environmental problems via production and consumption. The United Nations Sustainable Development Goals (SDGs) call for responsible consumerism by providing awareness on sustainability. The market researches on these field will impact the society to transform the scenario of production, consumption and marketing.

Carla Cavallo et.al (2020), pointed out the case of shift in the food supply chain in Italy after the Covid-19 pandemic. The Italians adjusted their consumption behavior in accordance with the regulations issued by government. In the first stage of outbreak, there has been a big shift in consumption to essential food items. But after a certain point the retailers adopted home delivery of products. This regained their business as well as ensured smooth flow of food security system in Italy

Mahmoud Alghizzawi (2019), made an attempt to review the published works related to the role of digital marketing plays on consumer behavior in tourism. The paper stress on the use of mobile apps by consumer, use of other social media and other electronic word-of-mouth strategy adopted. The tourist behaviour, digital communication and mobile app use affects the development of tourism.

Gupta and Verma (2018) in their analysis of rural consumer behavior pointed out that in rural market places product utility, word of mouth strategy and affordability had a bigger impact upon consumer behavior than branding and packaging.

Andrew T Stephen (2016), pointed out that consumers were greatly influenced by the digital and social media marketing strategies. The study focus upon consumer digital culture, responses to digital advertising, effects of digital environments on consumer behavior, mobile environments, and **online word of mouth (WOM)**.

Kumar and Singh (2016) studied impact of online shopping upon consumer behavior in India. The study mainly focused upon the important factors that influence consumer behavior. The study found that convenience in buying, discounts on purchase, and peer influence were major factors that influence buying decision. The trust and digital literacy are the major challenges faced by them.

Rani (2014) studied the various psychological factors that influence buying decision of consumer and found that the factors like belief, motivation, and perception of them greatly influence their purchase decision.

Kotler and Keller (2012) examined the adoption of different type of marketing strategies to gain consumer attention. They analysed the consumer behavior and conclude that the consumer decision to buy products goes through five stages, i.e., need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

3. RESEARCH GAP:

From the review of literature it is found that many studies have been conducted about consumption and direct selling in India in different aspects but no study was conducted with consumption of products of direct selling in Ernakulam district. Hence, the study attempt to explore some insights about consumption pattern, factors influencing consumer choices and their satisfaction.

4. OBJECTIVES:

- To identify the factors influencing consumer purchase decisions
- To analyse the satisfaction of consumers towards direct selling business.

5. RESEARCH METHOD:

The present study is based on both primary and secondary data. Using Cochran's sample size determination formula for infinite population, 400 samples were selected. Using convenient sampling method 50 samples from 8 taluks were identified. The secondary data were collected from various sources like annual reports of ministry of consumer affairs, WFDSA reports, IDSA annual reports, FICCI reports, various books, journals, periodicals, articles & newspapers, etc. In order to analyse the collected data, simple statistical tools like tables and averages are used.



6. DATA ANALYSIS:

Table 6.1 Demographic profile of respondents

Variables	Number of respondents	Percentage
Age		
0-19	44	11
20-39	86	21.5
40-59	174	43.5
60 and above	96	24
Gender		
Male	200	50
Female	200	50
Religion		
Christian	69	17.25
Muslim	115	28.75
Hindu	216	54
Marital status		
Single	57	14.25
Married	335	83.75
Widow/Widower	8	0.02
Education		
No formal education	24	0.06
Primary school	46	11.5
Secondary school	159	39.75
Diploma/technical education	11	2.75
Bachelor's degree	134	33.5
Master's degree	26	6.5
Occupation		
Self-employed	20	5
Government employee	42	10.5
Private sector employee	338	84.5
Residential location		
Urban	126	31.5
Rural	274	68.5
Family size		
Nuclear family	382	96
Joint family	18	4

Source: sample survey

The table shows that 43.5 % of respondents were middle aged (age category of 40 to 59 years). The present study used 200 male and female respondent each from Ernakulam district of Kerala. The religion wise classification shows that 54 % of the respondents were Hindus, followed by Muslims (28.75 %). The marital status shows that 83.75 % were married. 33.5 % were graduates, followed by 39.75 % secondary education. The occupation status shows that majority (84.5 %) of the respondents were employed in private sector. The area of the study shows that most of them comes from rural area and were live in nuclear families.

7. ANALYSIS OF FACTORS INFLUENCING CONSUMER PURCHASING DECISION

Respondents were asked to rate 10 factors influencing their decision to purchase from direct sellers on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The mean and standard deviation were computed.

**Table 7.1 Factors influencing purchasing decision**

Factors	Mean Score	Std. Deviation
Trust in seller	4.40	0.96
Product quality	4.70	0.48
Price affordability	3.60	0.51
Brand reputation	5	0
After-sale service	3.2	1.03
Demonstration by seller	4.70	0.48
Promotional offers	4.10	0.87
Social influence (family/friends)	3.80	1.31
Seller's behaviour and persuasion	4.40	0.51

Source: Sample survey**Interpretation:**

The highest-rated factors that influence consumers purchase decision includes brand reputation, demonstration by seller, product quality, trust in the seller, seller's persuasive behaviour, indicating that interpersonal aspects strongly influence consumer decisions in direct selling. The least rated factors include after-sale service, price affordability, and social influence.

8. ANALYSIS ON CONSUMER SATISFACTION:

Customer satisfaction is a gauge of several factors of contentment that represent the company's goods or services. A key element of a business strategy is ensuring customer happiness in order to sustain retention and encourage repeat business.

Table 8.1 Attributes of consumer satisfaction

Consumer satisfaction/Attributes	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Product quality	245	85	39	12	3
Price	143	72	96	60	13
Availability	248	38	86	10	2
Variety	210	56	89	22	7
packaging & presentation	193	128	53	9	1
shopping experience	225	76	72	6	5
customer service & support	228	86	38	29	3
Brand	236	78	64	4	2
income from consumption	264	58	12	48	2
Discount	280	74	16	9	5

Source: Sample survey

It is clear from the table that respondents were highly satisfied with the discount provided by direct selling companies, get an income from mere consumption, availability on time, and the quality assure by the company at the time of purchase. Packaging and presentation of the product is good with 50.3 % highly satisfied person and 33.3 % satisfied. The variety of product categories and shopping experience shows moderate satisfaction. Consumers has low satisfaction on Price of the product, and customer service and support provided by the direct selling company in Ernakulam district.

9. RESULTS:

- 43.5 % of respondents were middle aged
- 54 % of the respondents were Hindus, followed by Muslims (28.75 %).
- The marital status shows that 83.75 % were married.
- 33.5 % were graduates, followed by 39.75 % secondary education.
- The occupation status shows that majority (84.5 %) of the respondents were employed in private sector.



- The area of the study shows that most of them comes from rural area and were live in nuclear families.
- The highest-rated factors that influence consumers purchase decision includes brand reputation, demonstration by seller, product quality, trust in the seller, seller's persuasive behaviour
- Consumers were highly satisfied with the discount provided by direct selling companies, get an income from mere consumption, availability on time, and the quality assure by the company at the time of purchase.
- The variety of product categories and shopping experience shows moderate satisfaction.
- Consumers has low satisfaction on Price of the product, and customer service and support provided by the direct selling company in Ernakulam district.

10. CONCLUSION:

In summary, the study shows that by providing financial advantages, high-quality goods, and the use of personal networks based on trust, direct selling in the Ernakulam region has established a sizable niche in the consumer market. Customers are still unhappy with excessive costs and poor customer service, but they still value the savings, revenue potential, and dependability that direct selling businesses offer. The results show that direct selling has two sides: on the one hand, it empowers customers by generating revenue and offering personalized services, but if basic problems like pricing equity and post-purchase support are not resolved, it runs the risk of alienating them.

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