

## Does the Influencing Factors of Low-Income Consumer Change based on Their Location? A Comparative Study Between YSR Kadapa and Chittoor Districts of Andhra Pradesh in India

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**Abstract:** The objective of the present research paper is to expound and compare the influencing factors of low income consumers with respect to their consumption expenditure in Y.S.R.Kadapa and Chittoor districts. Only primary data was used in the present study and it was analyzed systematically as per the required order by using descriptive statistics, chi-square, and ANOVA. **H02:** There is no significant relationship between the YSR Kadapa and Chittoor districts' low-income people with respect to Veblenian socio-psychological factors during the purchase decision. **H03:** The influencing factors of all levels of consumption expenditure are same irrespective of their location that is YSR Kadapa and Chittoor district. It is found that 82 and 74 respondents belong to YSR district elected family and social class consecutively as their influencing factor during the purchase decision. Whereas with regard to Chittoor district 80 and 63 respondents chosen social class and family consecutively as their instigating factor while making the purchase decision (Table3 and 4). And in another table, it is found that the calculated significance value is 0.025 which is less than the stipulated significance value 0.05 with 4 degrees of freedom. This means that the above stated null hypothesis 'the influencing factors of all levels of consumption expenditure is same irrespective of their location' is being rejected. It says that there is significant difference with regard to influencing factors of different levels of consumption expenditure in YSR and Chittoor districts of Andhra Pradesh. (Table no. 5 and 6).

**Keywords:** Consumer behavior, ethnographic study, socio-cultural factors, Veblenian theory, location.

### Low- income consumers

Those incomes are below rupees One lakh sixty thousand per year were treated as low-income consumers in both the districts that is Y. S.R. Kadapa and Chittoor districts in Rayalaseema region of Andhra Pradesh. Since majority of the Scheduled Castes people belong to low-income consumers we would take this tribe as one ethnic group in the present study.

### Veblenian Socio-psychological model

Thorstein Veblen saw man as primarily a social animal conforming to the general forms and norms of his larger culture and to the more specific standards of the sub cultures and face to face group to which his life is bound. His wants and behaviour are largely moulded by his present group memberships and the group memberships to which he aspires. The basic theme is that man's attitudes and behaviour are influenced by several levels of society, culture, sub-culture, social classes, reference groups, face to face groups and family. The challenge to the marketer is to determine which of these social levels is most important in influencing the demand for his product.

### Statement of the problem

The present study which is similar to anthropological studies looked at low-income consumer behavior of selected social group in cultural perspective. Here, people of scheduled caste were divided into two income categories only that is low income and high income; the first one was selected for the study. It includes the study of what they buy, why they buy it, where they buy it, and how often they buy it in Y.S.R. Kadapa and Chittoor districts in Rayalaseema region of Andhra

Pradesh. The study also focuses on the study of the relationship between the low-income people and the influencing factors while purchasing or shopping.

### Sample selection

Convenience and multi stage stratified random sampling techniques would be adopted in sample selection. Accordingly, Kadapa and Chittoor districts would be selected as sample district, based on convenience sampling technique. The Kadapa (51 mandals) and Chittoor ( 61 mandals) districts are the 2 districts in Rayalaseema region of Andhra Pradesh.

The multi-stage stratified sampling procedure comprised the selection of mandals from each district at its first stage, selection of villages in the second stage, and finally the selection of families in the third stage. Accordingly, 5 villages at random would be selected from each Mandal of Kadapa and Chittoor districts, and then 5 respondents from each village will be selected to elicit responses to the questionnaire administered. Hence, the total sample size would be 550. To be convenient one Mandal from Chittoor district would not be taken into account for sample selection.

### Tools for data analysis

Primary data was collected, classified, calculated, tabulated and analyzed systematically as per the required order by using descriptive statistics, chi-square, and ANOVA.

### Objectives of the present study

In the present study, the ethnographic study was employed in the hope of accomplishing the following objective:

1. To expound and compare the influencing factors of low income consumers with respect to their consumption expenditure in Y.S.R.Kadapa and Chittoor districts.

### Hypotheses of the present study

The following are the hypotheses which were established for fulfilling some of the objective of the present study:

**H01:** There is no similarity between the low-income consumers of YSR Kadapa and Chittoor districts with respect to their specified influencing factors while making a purchase decision.

**H02:** There is no significant relationship between the YSR Kadapa and Chittoor districts' low-income people with respect to Veblenian socio-psychological factors during the purchase decision.

**H03:** The influencing factors of all levels of consumption expenditure are same irrespective of their location that is YSR Kadapa and Chittoor district.

**H04:** There is no significant difference among the influencing factors of the low-income consumers such as social class, culture, sub-culture, family, reference group.

### TO FIND OUT THE ASSOCIATION BETWEEN THE INFLUENCING FACTORS AND THE LOCATION OF THE SAMPLE RESPONDENTS

**Table 1: Selected factors influencing the low-income consumers during the purchase.**

| Location    | Influencing Factors |                   |              |                  |                  |       |
|-------------|---------------------|-------------------|--------------|------------------|------------------|-------|
|             | Cross tabs          | 1.Economic status | 2.Profession | 3.Literacy level | 4. Others if any | Total |
| 1.YSR       | • Counted           | 48                | 72           | 96               | 34               | 250   |
|             | • Expected          | 53.5              | 55.0         | 111.5            | 30.0             | 250.0 |
| 2. Chittoor | • Counted           | 59                | 38           | 127              | 26               | 250   |
|             | • Expected          | 53.5              | 55.0         | 111.5            | 30.0             | 250.0 |
| Total       | • Counted           | 107               | 110          | 223              | 60               | 500   |

|  |            |       |       |       |    |       |
|--|------------|-------|-------|-------|----|-------|
|  | • Expected | 107.0 | 110.0 | 223.0 | 60 | 500.0 |
|--|------------|-------|-------|-------|----|-------|

**H01:** There is no similarity between the low-income consumers of YSR Kadapa and Chittoor districts with respect to their specified influencing factors while making a purchase decision.

It is clear from the above table that 59 respondents of the Chittoor district followed by 48 respondents of the YSR district expressing their influencing factor is economic status. 72 respondents of the YSR district followed by 38 respondents of the Chittoor district saying their influencing factor is profession. 127 respondents of the Chittoor district followed by 96 respondents of the YSR district saying their influencing factor is literacy level. While 34 respondents of the YSR district and 26 respondents of the Chittoor district referring their influencing factor is others such as earning capacity, asset value, number of earning people and image etc during the purchase.

Out of total 500 respondents 223 respondents preferred literacy level as their influencing factor while making the purchase decision for goods. Secondly 110 respondents choose profession of the people as their influencing factor. Thirdly 107 respondents elected economic status as their influencing factor. And lastly 60 respondents selected the other factors as their influencing factor during the purchase.

It seems to me that literacy is playing a vital role than profession economic status and other factors for making a purchasing decision. Hence if the low-income consumer's literacy level is raised then there will be a chance of making a good purchase decision. So, it is suggested to the government and other institutions to take measures to improve the literacy level of the poor people so that they can take right decision for purchasing goods. (Table no. 1)

**Table 2: Association between influencing factor and the location of the low-income consumers**

| Association                  | Value     | Df | Asymp. Sig. (2-sided) |
|------------------------------|-----------|----|-----------------------|
| Pearson Chi-Square           | 17.016(a) | 3  | .001                  |
| Likelihood Ratio             | 17.209    | 3  | .001                  |
| Linear-by-Linear Association | .035      | 1  | .852                  |
| N of Valid Cases             | 500       |    |                       |

In the above table the calculated significance value is .001 which is lower than the standard significance value (0.01 and 0.05). Hence, the null hypothesis 'there is no similarity between the low-income consumers of YSR Kadapa and Chittoor districts with respect to their specified influencing factors while making a purchase decision' has been rejected. This means that there is a relationship between the YSR and Chittoor districts' low-income consumers behaviour with respect to their instigating factor while purchasing decision. (Table no: 1 and 2)

**Table 3: Location \* factor Cross tabulation**

| Location | Cross tabs | VB. Factors       |                |           |            |                | Totals |
|----------|------------|-------------------|----------------|-----------|------------|----------------|--------|
|          |            | 1.Reference group | 2.Social class | 3. Family | 4. Culture | 5. Sub-culture |        |
| 1. YSR   | • Counted  | 38                | 74             | 82        | 37         | 19             | 250    |
|          | • Expected | 39.0              | 77.0           | 72.5      | 41.0       | 20.5           | 250.0  |
| 2. CTR   | • Counted  | 40                | 80             | 63        | 45         | 22             | 250    |
|          | • Expected | 39.0              | 77.0           | 72.5      | 41.0       | 20.5           | 250.0  |
| Totals   | • Counted  | 78                | 154            | 145       | 82         | 41             | 500    |
|          | • Expected | 78.0              | 154.0          | 145.0     | 82.0       | 41.0           | 500.0  |

Table no. 3. describes the cross tabulation of the veblenian socio cultural factors and the location of the low-income consumers. In YSR district out of 250 respondents, 82 respondents were choosing family as their influencing factor during the purchase. Secondly 74 respondents selected social class which determines them how to exhaust their income for various goods. Thirdly, 38 respondents' priority was reference group as their influencing factor. Fourthly, 37 respondents preferred culture and lastly only 19 respondents preferred sub culture as their influencing veblenian socio cultural factors while making the purchase decision.

Regarding Chittoor district out of 250 respondents, 80 respondents chosen social class as their influencing factor during the purchase. Secondly, 63 respondents selected family as their instigating factor. Thirdly, 45 respondents elected culture as a factor which would influence them for exhausting their income on various goods. Fourthly, 40 respondents gave their priority to reference group. And lastly only 22 respondents chosen sub culture as their influencing factor for making a purchase decision.

From the overall observation it is clear that 82 and 74 respondents who belong to YSR district elected family and social class consecutively as their influencing factor during the purchase decision. Whereas with regard to Chittoor district 80 and 63 respondents chosen social class and family consecutively as their instigating factor while making the purchase decision.

**Table 4: Chi-Square Tests**

| Statistics                   | Value | Df | Significance |
|------------------------------|-------|----|--------------|
| Pearson Chi-Square           | 3.775 | 4  | .437         |
| Likelihood Ratio             | 3.783 | 4  | .436         |
| Linear-by-Linear Association | .024  | 1  | .877         |
| N of Valid Cases             | 500   |    |              |

The calculated significance value in the above table is 0.437 which is greater than the standard value 0.05 and 0.01. The Chi-square value is 3.775 which are lower than the table value at 5 percent and 1 percent significance level with 4 degrees of freedom. Hence, we can accept the null hypothesis that 'there is no relationship between YSR and Chittoor districts' respondents with regard to Veblenian socio cultural factor for purchasing goods and services. This means that the YSR districts' influencing factors are different from Chittoor districts' influencing factors.

**Table 5: Distribution of respondents according to their consumption expenditure**

| Location     | Consumption expenditure per annum | V.B. Factors      |                |            |           |               | Total      |
|--------------|-----------------------------------|-------------------|----------------|------------|-----------|---------------|------------|
|              |                                   | 1.Reference group | 2.Social class | 3.Family   | 4.Culture | 5.Sub-culture |            |
| YSR          | 1. Up to - Rs. 40,000             | 21                | 49             | 65         | 12        | 9             | 156        |
|              | 2.Rs. 40,001 above                | 17                | 25             | 17         | 25        | 10            | 94         |
| Chittoor     | 1. Up to - Rs. 40,000             | 30                | 27             | 42         | 41        | 19            | 159        |
|              | 2. Rs. 40,001 above               | 10                | 53             | 21         | 4         | 3             | 91         |
| <b>Total</b> |                                   | <b>78</b>         | <b>154</b>     | <b>145</b> | <b>82</b> | <b>41</b>     | <b>500</b> |

Table no. 5. explains the distribution of the respondents according to their consumption expenditure and veblenian socio cultural factors in YSR and Chittoor districts. In YSR district out of 250 respondents, 65 respondents belong to the consumption expenditure up to Rs. 40000 per annum and 17 respondents belong to Rs. 40,001 and above per annum expresses their influencing veblenian factor is family. Secondly, 49 respondents concerning to the expenditure level up to Rs. 40000 and 25 respondents belong to the expenditure level Rs. 40001 and above implies their influencing factor is social class. Reference group is preferred by 21 respondents having their consumption expenditure up to Rs. 40000 and 17 respondents having their consumption expenditure Rs. 40001 and above consecutively. 12 and 25 respondents belong to the consumption expenditure up to Rs. 40000 and Rs. 40001 and above selected consecutively the culture as their influencing factor during the purchase. And 9 respondents belong to the consumption expenditure up to Rs. 40000 and 10 respondents belong to the consumption expenditure Rs. 40000 and above per annum chosen sub-culture as their influencing factor.

With regard to Chittoor district out of 250 respondents, 27 respondents belong to the consumption expenditure up to Rs.40000 and 53 respondents concerning to the consumption expenditure ranging from Rs. 40001 and above implies their main influencing factor is social class during the purchase. Secondly 42 respondents belong to the consumption expenditure up to Rs. 40000 and 21 respondents belong to the consumption expenditure ranging from Rs. 40001 and above refers their influencing factor is family. Culture is selected by 41 respondents belong to the consumption expenditure up to Rs. 40000 and only 04 respondents having the consumption expenditure ranging from Rs. 40001 and above. 30 and 10 respondents each from the consumption expenditure up to Rs. 40000 and Rs. 40001 and above per annum selected their influencing factor is reference group. And lastly 19 respondents belong to the consumption expenditure up to Rs. 40000 and only 03 respondents having the consumption expenditure Rs. 40001 and above chosen sub-culture as their influencing factor.

On the overall observation it is clear that 156 respondents belong to the consumption expenditure up to Rs. 40000 are from YSR district. And only 94 respondents are belonging to the consumption expenditure ranging from Rs. 40001 and above. Where as in the case of Chittoor district majority (159) respondents are belonging to the consumption expenditure up to Rs. 40000 and only 91 belongs to the consumption expenditure ranging from Rs. 40001 and above.

**Table 6: ANOVA**

| Statistics     | Sum of Squares | df  | Mean Square | F     | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 13.579         | 4   | 3.395       | 2.815 | .025 |
| Within Groups  | 596.971        | 495 | 1.206       |       |      |
| Total          | 610.550        | 499 |             |       |      |

**The null hypothesis:** The influencing factor of all levels of consumption expenditure is same irrespective of their location that is YSR and Chittoor districts.

The calculated significance value from the above table is 0.025 which is less than the stipulated significance value 0.05 with 4 degrees of freedom. This means that the above stated null hypothesis ‘the influencing factors of all levels of consumption expenditure is same irrespective of their location’ is being rejected. It says that there is a significant difference with regard to influencing factors of different levels of consumption expenditure in YSR and Chittoor districts of Andhra Pradesh. This means that based on the consumption expenditure the low-income consumers’ influencing factors are keep on changing.

#### Post Hoc Tests.

**Table 7: Multiple Comparisons**

Dependent Variable: consumption expenditure

| (I) factors | (J) factors | Mean Difference (I-J) | Sig. | 95% Confidence Interval |             |
|-------------|-------------|-----------------------|------|-------------------------|-------------|
|             |             |                       |      | Lower Bound             | Upper Bound |

|                           |      |            |       |        |        |
|---------------------------|------|------------|-------|--------|--------|
| <b>1. Reference group</b> | 2.00 | -.17366    | .786  | -.5915 | .2442  |
|                           | 3.00 | .24076     | .523  | -.1814 | .6629  |
|                           | 4.00 | -.07942    | .991  | -.5550 | .3961  |
|                           | 5.00 | -.01845    | 1.000 | -.5984 | .5615  |
| <b>2. Social Class</b>    | 1.00 | .17366     | .786  | -.2442 | .5915  |
|                           | 3.00 | .41442(*)  | .010  | .0665  | .7623  |
|                           | 4.00 | .09424     | .971  | -.3168 | .5053  |
|                           | 5.00 | .15521     | .929  | -.3732 | .6836  |
| <b>3. Family</b>          | 1.00 | -.24076    | .523  | -.6629 | .1814  |
|                           | 2.00 | -.41442(*) | .010  | -.7623 | -.0665 |
|                           | 4.00 | -.32019    | .217  | -.7356 | .0953  |
|                           | 5.00 | -.25921    | .670  | -.7910 | .2726  |
| <b>4. Culture</b>         | 1.00 | .07942     | .991  | -.3961 | .5550  |
|                           | 2.00 | -.09424    | .971  | -.5053 | .3168  |
|                           | 3.00 | .32019     | .217  | -.0953 | .7356  |
|                           | 5.00 | .06098     | .998  | -.5141 | .6361  |
| <b>5. Sub-culture</b>     | 1.00 | .01845     | 1.000 | -.5615 | .5984  |
|                           | 2.00 | -.15521    | .929  | -.6836 | .3732  |
|                           | 3.00 | .25921     | .670  | -.2726 | .7910  |
|                           | 4.00 | -.06098    | .998  | -.6361 | .5141  |

\* The mean difference is significant at the .05 level.

The above table no. 7. denote the multiple comparisons of the factors which are supposed to influence the low-income consumers' behaviour while they are on purchase. The factors taken for the above analysis are 1-Reference group, 2-Social class, 3-Family, 4-Culture and 5-Sub-culture. These factors are cross checked with analysis of variance to know whether there is any similarity with regard to influencing factors of low-income consumers during the purchase.

The significance value of the reference group, social class, family, culture and sub culture is greater than 0.05. Hence, there is no significant difference among these factors. Whereas the social class and family are not significantly difference. The significance value of the social class and family is less than 0.05. Hence, the null hypothesis that 'there is no significant difference between the social class and the family with regard to veblenian socio-psychological factor' is being rejected. This means that there is a significant variation between social class and the family with regard to influencing factors during the purchase decision. But the significant value of the other variables such as reference group, culture and sub-culture is greater than the stipulated significant value 0.01 and 0.05. So, the null hypothesis related to these factors is being accepted.

#### Findings and Suggestions:

- Finding:** It is found that the YSR district respondents gave first priority to literacy level and whereas the Chittoor district respondents also gave first priority to literacy as their influencing factor during the purchase. (Table no: 1 and 2)  
**Reason:** Because the education is the most influencing factor for any decision making irrespective of their income level. (Table no: 1 and 2)  
**Suggestion:** It is suggested to the government and other institutions to improve the literacy level among the low-income consumers as much as possible, why because it is clearly notified that the education is the main influencing factor during the purchase decision. (Table no:1 and 2)
- Finding:** It is found that 82 and 74 respondents belong to YSR district elected family and social class consecutively as their influencing factor during the purchase decision. Whereas with regard to Chittoor district 80

and 63 respondents chosen social class and family consecutively as their instigating factor while making the purchase decision.

**Reason:** Because the YSR districts' influencing factors are different from Chittoor districts' influencing factors. (Table no. 3. and 4)

**Suggestion:** It is suggested to the marketers and producers to produce and market the goods and services according to the opinions of the family. And also consider the social status of the low-income consumers during the production and selling of the goods and services. (Table no. 3. and 4)

- **Finding:** It is found that 156 respondents belong to the consumption expenditure up to Rs. 40000 are from YSR district. And only 94 respondents are belonging to the consumption expenditure ranging from Rs. 40001 and above. Where as in the case of Chittoor district majority (159) respondents are belonging to the consumption expenditure up to Rs. 40000 and only 91 belongs to the consumption expenditure ranging from Rs. 40001 and above. (Table no. 5)

**Reason:** Because the earnings of the low-income consumers are very less. So, majority of the low-income people are belonging to the consumption expenditure up to Rs. 40000 per annum in both YSR and Chittoor districts. (Table no. 5)

**Suggestion:** It is suggested to the marketers and producers to take in to account the responses of the low-income consumers whose consumption expenditure is up to Rs. 40000 per annum. (Table no. 5)

- **Finding:** It is found that the calculated significance value is 0.025 which is less than the stipulated significance value 0.05 with 4 degrees of freedom. This means that the above stated null hypothesis 'the influencing factors of all levels of consumption expenditure is same irrespective of their location' is being rejected. It says that there is significant difference with regard to influencing factors of different levels of consumption expenditure in YSR and Chittoor districts of Andhra Pradesh. (Table no. 5 and 6)

**Reason:** Because the respondents in the present survey are belonging to the low-income category and even in the low-income category based on their income level the influencing veblenian socio psychological factor is changing. (Table no. 5 and 6)

**Suggestion:** It is suggested to the marketers and producers that the veblenian socio psychological factor which influence the low-income consumer during the purchase is not the same it is different. This means that the YSR and Chittoor district low-income consumers' behaviour is not changing base on the same socio-psychological factor during the purchase decision. (Table no. 5 and 6)

- **Finding:** It is found that the significance value of the social class and family is 0.010 and 0.010 consecutively. The significance value of the social class and family is less than 0.05. Hence, the null hypothesis that 'there is no significant difference between the social class and the family with regard to veblenian socio-psychological factor' is being rejected. This means that there is a significant variation between social class and the family with regard to influencing factors during the purchase decision. But the significant value of the other variables such as reference group, culture and sub-culture is greater than the stipulated significant value 0.01 and 0.05. So, the null hypothesis related to these factors is being accepted. (Table no. 7)

**Reason:** The significance value of the reference group, culture and sub-culture is greater than 0.05 levels except social class and the family. (Table no. 7)

**Suggestion:** It is suggested to the marketers and producers to take into account the social class and the family conditions of the low-income consumers. Why because these two factors are differing from the other factors of the veblenian socio-psychological model. And it is clear that based on their consumption expenditure the influencing factor is changing. (Table no. 7)

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