



Reciprocity

in the rural community and in the retail marketplace **No. 3**

Rural Consumers' Perceptions

Why is it so difficult in small towns to find products consumers need or want? Why can't small-town merchants offer a better selection for consumers and at lower prices? Consumers wonder why small-town stores are unable to meet their needs, while merchants wonder why consumers don't shop closer to home. Recent research at Iowa State University investigated whether reciprocity is important to consumer behavior in rural communities.

This fact sheet is the third in the *Reciprocity* series. It summarizes findings from a 1994 survey of two rural Nebraska communities with populations of less than 10,000 and agriculture-based economies.

Consumers in this study were longtime community residents—43 percent had lived in their community more than 30 years and had strong friendships. Nearly 85 percent were satisfied with living in their community, and only 16 percent said they would ever want to leave.

What is reciprocity?

Reciprocity means giving and receiving in about equal proportions. The objective of this study was to examine consumer attitudes toward reciprocity in shopping in their communities and local marketplaces.

How was reciprocity studied?

A questionnaire about concepts related to reciprocity was developed with home furnishings purchases as the retail category. It was sent to 1,200 consumers ages 18 years and older. The return rate was 39 percent, with 469 responses equally representing the two communities.

Two forms of reciprocity were examined.

Interpersonal Reciprocity: This is found in the form of community-wide activities that concern giving and getting. In interpersonal relationships, members do not formally calculate the payoff or gain in a cost/benefit sense.

Institutional Reciprocity: In this form, members of institutions do consider the

dollar value of the exchange. The focus is on the immediate transfer of goods and services and the calculation of profit or loss.

Interpersonal reciprocal behavior was measured as the level of satisfaction with community-wide reciprocity among residents. In their degree of satisfaction with community-wide reciprocity, consumers were 61 percent neutral, 23 percent dissatisfied, and 13 percent satisfied.

Institutional reciprocity was measured as the consumer's intention to buy from local retailers ("inshop"). With regard to consumers' intentions to inshop, 62 percent were neutral, 18 percent had strong intentions to inshop, and 17 percent did not intend to inshop.

Is motivation linked to reciprocity?

Reciprocity also was measured in relation to moral, social, and economic motivation.

Moral motivation means a person needs to do what he/she considers proper or right to fulfill an obligation or a self-determined commitment. Consumer replies showed 97 percent were morally motivated and three percent were not.

Social motivation means a person needs to do what others think is proper to satisfy their opinions and gain approval of others. Consumer replies showed 25 percent were socially motivated and 75 percent were not.

Economic motivation means a person needs to obtain money, things, or experience and is concerned about costs. Consumer replies showed 18 percent were economically motivated and 82 percent were not.

Consumer satisfaction with community-wide reciprocal behavior was a strong reason to shop with local retailers.

Does reciprocity help explain consumer shopping behavior?

Yes. Consumer satisfaction with *interpersonal reciprocity* in the rural community was the strongest influence on their level of intention to buy from local retailers.

Moral motivation was not a strong influence on purchase intentions but was found to have a significant positive influence on local shopping intentions. That is, consumers with higher moral motivation were more likely to shop at home.

Social motivation had a significant positive relationship with intentions to shop locally.

Economic motivation had a significant negative influence on local shopping intentions. As consumers' economic motivation increased, their intention to shop locally decreased.

Considering the last two factors, social motivation and economic motivation, this study shows it was socially acceptable for consumers to shop away from their hometowns when selection, quality, and price concerns were not adequately met by local retailers.

Why do consumers shop locally?

About 30 percent of consumers' intentions to shop locally was explained by their attitudes toward local retail businesses. Consumers were more satisfied than dissatisfied with local retailers, yet they had little intention to shop with them.

Consumers who were involved in community activities were more likely to shop in the local community. About 50 percent reported they were "average to highly involved" in community activities, and 40 percent reported they would like to be more involved.

Children also influenced shopping decisions. Consumers with older children (ages 19 and older) were more likely to shop locally than respondents with no children. Older families were more likely to shop locally.

Suggestions to build business

- Use business strategies other than price or quality differentiation. Consumers who are concerned with price are less likely to limit their shopping to local stores.
- Appeal to the social side of marketplace exchange. Greet customers by name and offer personalized services.
- Make referrals to other local sources.
- Show expert product knowledge to help consumers make purchasing decisions. Provide customer service by providing information about your products.
- Become involved in community-oriented activities.
- Join organizations; assume leadership positions.
- Contribute time, talent, and money to local causes.

References

- Miller, Nancy J. & Kean, Rita C. (1997a). Factors contributing to inshopping behavior in rural trade areas: Implications for local retailers. *Journal of Small Business Management*, 35 (2), 80-94.
- Miller, Nancy J. & Kean, Rita C. (1997b). Reciprocal exchange in rural communities. *Psychology & Marketing*, 14 (7). 637-661.

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For more information, see other publications in this series:

- *Identifying Attitudes* PM 1765
- *Rural Retailers' Perceptions* PM 1766
- *Attracting Consumers to Towns* PM 1768
- *Community Values and Marketing Strategies* PM 1769

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File: Communities 3-2 Retail Trade Analysis

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