

Consumer Behaviour : A comparative Review of Rural and Urban Consumers

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ABSTRACT

In today's dynamic and complex business environment it is need of the hour to comprehend the behavior of consumers. For the purpose of understanding the behavior of rural and urban consumers the literature is reviewed and it was found that there is difference in the buying behavior of rural and urban consumers. The main aim of the paper is to compare the buying behavior of consumers in rural and urban areas. It will help the marketers to know the requirement of consumers in different areas so that they can make the appropriate strategies accordingly.

Introduction:

Consumer behavior is very essential for marketers to study because it helps to understand and predict the behavior of consumers in market place. It is not only helpful in knowing what they buy but it helps to understand why, when, from where they buy the products. According to Professor Theodore Levitt of the Harvard Business School the study of Consumer Behaviour is important in business education because the purpose of a business is to create and keep customers. A lot of marketing strategies are required to accomplish the objective of organization. Consumer behavior is helpful in building relationship between consumers and market.

Consumer behavior is defined as the behavior that consumer display in searching for purchasing, using, evaluating and disposing of product and services that they expect will satisfy their needs. For attracting more and more consumers it is required for the marketers to reach both rural and urban consumers. With a large population, India is becoming a wide consumer market. It is rightly said by father of the Nation Mahatma Gandhi that most of the population of India lives in villages. Thus it is important for the marketer to know the need and requirements of rural consumers. Rural markets are featured by less income and less literacy but now a day's India's

rural markets are growing at double the rate in comparison of urban markets (Gupta 2011). There is boom in rural markets due to many reasons such as discretionary income, market surpluses, rural development schemes, improved infrastructure, increased retailing and retailers, increased awareness, expanding TV networks, liberalized government policies for rural development. Rural area's generation consider themselves to be like urban generation. (Ramana Rao 1997).

Purpose:

The objective of this study is to review the consumer behavior of rural and urban consumers.

Methodology:

In this study the existing literature is reviewed to understand the difference between rural and urban consumers buying behavior. Buying behavior towards FMCG, mobile phone and online purchasing is studied under this study. The reason behind selection of these product is growing popularity among the masses.

Reviews on Comparison of Rural and urban Consumer behavior:

Erda (2008) conducted a comparative study in Jamnagar Gujarat district on rural and urban consumers. 400 respondents were selected for the study 200 from each area. Convenient and judgment study was used for the study. Five variables as motivational factor for purchase of mobile phone were taken i.e. Price, Quality, Style, Function and Brand. It was found that there is no significance difference regarding price and style for purchase of mobile phones in rural and urban consumers. But there is significance difference regarding quality, function and brand for purchase of mobile phone in rural and urban consumers.

Singh (2012) conducted a study on influences on rural and urban consumer behavior. The study is conducted in Punjab with 3 durable goods i.e. television, refrigerator and automobile. The variables taken to the influences were influence of family, friends, relatives, Dealers, advertisement rating in the magazines and influences of manufacturer brochures. Discriminant analysis was used in the study. It was found that for both the consumers' i.e.



urban and rural, family had a significant influence buying decision w.r.t. television, refrigerator and automobile. But rural consumers have greater influence in comparison to urban consumers.

Prajapati et al (2012) conducted a research to know the differences and similarities in the buying behavior of rural and urban consumers for purchase of mobile phones, purpose of using phone, brand and place of purchase. The study was conducted in Ahmadabad with a sample of 116 mobile users. It was observed that in both the areas consumer prefer to use Nokia phones. Source of information is television for rural consumers and friends for urban consumers. In both the areas the mobile phones were used for general calling. Influence for purchasing of mobile was family in case of rural area and self-decision in case of urban area. For rural consumers, price, function and brand were extremely important factors whereas in case of urban consumers quality and function was extremely important. In rural area people preferred latest technology phones and in urban area people wanted touches screen and long battery backup. Both type of consumer prefer to buy mobile phone from company's showroom.

Upadhyay et al (2013) has observed the consumer expenditure behavior of rural and urban consumer. The study was conducted for the period from 1987 to 2002. The study was conducted to know the rural and urban consumer expenditure behavior on food and non-food items in India and to examine the relationship between rural consumption expenditure and rural household income. Data related to expenditure has been taken from published reports of NSS 43-58th round. Items like cereals, milk, edible oils, meat, fish & egg, sugar, spices, salt, beverages, prepared food, clothing, and non-food items like medicine, personal care, education, transport, recreation, rents and taxes were taken to conduct study.

It was find that the percentage share in total expenditure of food items in rural and urban area both was declining and for non-food items it was increasing. The compound growth rate of expenditure on food items was more in urban areas and expenditure of non-food items was more in rural areas. Regression result shows that there was positive relation between household income and consumption expenditure in rural India.

Arulkumar (2013) conducted research in Tamilnadu to know the pre-purchase search pattern of urban and rural consumers in the selection of television, reference group, attitude of respondents towards advertisement and preferable media, pre-purchase search, past experience, new information search and information through others. For analysis t-test, Friedman's test, Kruskal test were used. It was found that there is difference in rural and urban consumer in terms of their attitudes towards, product promotion through mass media advertising, pre-purchase search reference, reference group and self-opinion.

kumar et al(2014) investigated in their study, with objective to analyze product attributes, media, sales promotion and HH expenditure moderating the purchase attitude behavior of rural-suburban HH, influence of SED of consumer on purchase behavior, influence of buying motive and attitude on the purchase behavior, significant attributes of shops influencing the purchase behavior and find the most preferred brand. The study was conducted in Ernakulam with 100 respondents. FMCG product soap and detergent were taken for study. The most salient attributes of purchase behavior of rural respondents were quality-value for money, brand image, pricing, product attributes like- fragrance, health and skin friendly, personality lifestyle. Print media, CTV and FM radio had more influence on rural consumers where as internet, exhibitions and CTV had more influence on Semi-urban consumers. In rural areas people prefer to spend on welfare and building assets for family members whereas in semi-urban area people prefer to spend on investment. In both rural and semi –urban area price-off and discount is most effective sales promotion measure. Age, Gender, family size, education level, occupation, disposable income, personality lifestyle, purchase attitude and consumption motive has influence of purchase behavior but suggestion from other has no influence on purchase behavior. Packaging luster have not influence husband-wife for purchase decision but media, brand liking, value for money, retailer patronage, product specific attributes, past experience, consumption motive, personality lifestyle has a influence on husband-wife purchase decision. Consumers are more quality and price oriented.

Singh et al (2014) mentioned the impact of brand on rural and urban consumer behavior for mobile phone buyers. The objective of the study was to compare preference of brand among different income group, role of advertisement and most preferred brand of mobile phone among rural and urban consumers. The sample of 200 respondents was taken. The respondents were of different age, income and occupation. Survey with the help of questionnaire was done and data is analyzed through percentage and pie charts. The authors found in the study that urban consumer was more brand conscious and rural people gives preference to functionality and price.

Darda Pooja et al (2015) conducted their study in Pune to know the functioning of online purchasing and difference between consumer behavior of rural and urban consumers while online purchasing. The study was descriptive in nature. 202 respondents were taken for study, 69 from urban area and 133 from rural area. Mean, standard deviation, t-test and f-test were used to analyze data. The author found that trust was the factor to drive urban as well as rural consumer for online purchasing. In rural areas due to lack of information and non delivery at home people were not involved in online purchasing so consumers are scared of doing online shopping.

Lohari K.B stated in his study on rural vs urban marketing that Consumer behavior in rural markets can be changed by providing quality products, easy availability of credit, good transport facilities, price value equation, experimenting with new products and brand awareness.

Finding

It was found from the literature that there are differences in rural and urban consumers buying behavior. The rural and urban consumers have different view points on different grounds and thus it is mandatory for the marketer to understand both the markets and consumers. The rural and urban consumers are not significantly different in considering the packaging as value addition to the product (Sehrawet 2007). Urban consumers are status seeking consumers where as rural consumers are budget conscious consumers. Factors like environment, occupation, income, place of purchase, decision making by male head affect the rural consumer behavior and on the other hand in case of urban consumer peer groups, family, personality, brand and information affects the buying behavior.

Urban Vs. Rural Markets

Urban Markets	Rural markets
Concentrated Markets	Scattered Markets
Dense Markets	Thin Markets
Developed Markets	Developing or Underdeveloped Markets
More Sellers	Small Number of Sellers
Well-defined Distinct Segments	Overlapping and Small Segments
Highly Responsive/Higher Exposure to Marketing	Low Response/Low Exposure to Marketing
Higher No. of Products/Brands	Limited Products/Brands
High Degree of Competition	Lower Degree of Competition
Strong Infrastructure (Displays, Logistics)	Weak Infrastructure
Consumerism	Low Consumerism
Unit Family Structure	Joint Family Structure
Mall Culture/Buying Convenience	Small Shops/Limited Display
Higher influence of Social Media	Lower influence of Social Media
More aware of consumer rights	Less aware of consumer rights
Buy high package/stock units at once	Buy low package/stock unit at once
lower brand loyalty	higher brand loyalty
High penetration of plastic money - credit cards/debit cards	Low penetration of plastic money - credit/debit cards

Source: Sagi(n.d.)

Discussions

The literature discusses the difference between rural and urban consumers buying behavior with respect to mobile phones purchasing, FMCG, consumer durables and online purchasing. In case of purchase of mobile phone both the customers have different opinion regarding quality, function and brand but they have similar view point regarding price and style of mobile phone. In case of online purchasing both consumers take trust as equality important factor but in rural areas customers scared of doing online shopping because of lack of information and non delivery at home. In case of FMCG Print media, CTV and FM radio had more influence on rural consumers where as internet, exhibitions and CTV had more influence on Semi-urban consumers. In rural areas people prefer to spend on welfare

and building assets for family members whereas in semi-urban area people prefer to spend on investment. In both rural and semi –urban area price-off and discount is most effective sales promotion measure. The reason behind selection of these products is the growing popularity and intensifying market share.

Practical Implication

This study helps the marketers to know the behavior of consumers in rural as well as urban areas. Different factors affect the buying behavior of consumers while selecting, buying and using any product. So the business organizations are required to conduct marketing research to know the behavior of consumers and then make their marketing strategies accordingly.



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