



CONSUMER BEHAVIOR: RURAL VS URBAN CUSTOMER

**Dr. Suryakant
Ratan Chaugule**

Assistant Professor, Department of Commerce, Jalna Education Society's, R.G. Bagdia Arts, S.B. Lakhotia Commerce & R. Bezonji Science College, Jalna-431203 (M.S.)

ABSTRACT People, whether located in city or village, buy products and consume them. They are all consumers. However, the locale has influence on their buying behavior and some dissimilarity has been noticed in their purchase, decision making process and use of the products. This article dwells on the differences between the rural and the city customers. Irrespective of the kind, the customers are of equal importance to the marketers and it is imperative that one understands the differences between the two categories of customers to serve them well and for the effective use of the resources.

KEYWORDS :**INTRODUCTION:**

It is obvious that a customer from a rural area is called a rural customer. What is not clear is the term 'rural'. The term 'rural' is defined differently by different people. Government of India has defined rural area as that which is not urban and urban area is defined as:

- All locations within a municipality/corporation, cantonment board or a notified town area committee,
- All other locations satisfying all of the following criteria:
- Minimum population of 5,000,
- At least 75% of male workforce engaged in non-agricultural activities, and a population density of over 400 persons per sq.km

However, this definition of rural area does not meet the requirements of marketers. Most of the companies have their own interpretation of what is rural. Companies, depending on the products they sell, have classified places ranging from below 20,000 to 50,000 populations as rural. There is yet another classification of India, as Urban, Rural and urban (Jha, 2003) in a continuum from urban and rural. With the rapid strides in economy, technology and population, a large number of settlements have grown larger to be a typical rural area. However, they are not yet urban. These areas which have a population of more than 5,000 are now called as urban areas. Urban is an area which rural in nature and has some urban amenities. It may have basic sewerage, drainage, health care unit, water supply and transport facilities. It might have more people involved in non-agricultural activities. In a marketing sense, they neither behave like a rural market or an urban market.

Marketers who have been long ignoring the uneducated, dhoti clad poor; have now realized that – “The real India lives in the villages”. (Zia Haq, 2008). As described by Adi Godrej, Chairman of Godrej Group, “The rural consumer is discerning and the rural market is vibrant. At the current rate of growth, it will soon outstrip the urban market. The rural market is no longer sleeping. We are.” The silent metamorphosis that the Indian countryside is undergoing has not gone unnoticed by the marketers. They have realized the importance of understanding the rural consumers and their behavior.

RURAL CONSUMERS WANT:

Consumer behavior in rural markets changed over the last 10 years owing to better roads, higher education, stronger media reach and mobile phones rural consumers are changing. They are not loyal to brands. Their reasons for consuming a brand are very different from those of their urban counterparts and what makes them even more complex is that often, their reasons for consuming products are starkly different even to consumers in other rural markets. These key findings are from an indicator study titled R| Scape which was released late on Monday evening. The study, which was launched with the aim of helping marketers understand rural consumer behavior, was conducted by the Indian Institute of Management Ahmadabad (IIMA); MaRs Monitoring and Research Systems Pvt. Ltd, a full service research agency; Decision Point Pvt. Ltd, a specialized consumer and retail analytics firm; and Geometry Global Encompass Network an experiential marketing firm from the WPP Group. The study covers 6,000 rural consumers across eight states—Uttar Pradesh, Rajasthan, West Bengal, Maharashtra, Bihar, Gujarat, Andhra Pradesh and Tamil Nadu—and includes 20 popular categories including deodorants, shampoos, hair oil, lipsticks, toothpaste, cooking oil, biscuits,

breakfast cereal, shoes, mutual funds and life insurance, among others. “The idea is to stop looking at the (rural) market as a monolith, said, professor of marketing, IIMA, explaining that up until now, marketers would at best acknowledge that there was a difference in states. “We believe that it is time for companies to move beyond developing just market strategy to developing a consumer-based strategy,” he said.

The need for the study emerged as consumer behavior in rural markets changed over the last 10 years owing to better road connectivity, higher education, stronger media reach and increasing penetration of mobile phones, among others. While consumer product companies were aggressive about reach in rural markets to drive sales growth, in the last few years that growth had started tapering, explained Ravi Shankar, founder and CEO at Decision Point.

“Increasingly, it became clear that companies would need to focus on consumer segments rather than rural geographical segments,” he said. The study, which was able to generate category-level adoption, purchase and consumption-related insights based on inputs such as age, gender, religion/state threw up some key findings. “Rural consumer segmentation needs to be a function of adherence to village norms and urban centricity,” said, group chief operating officer, Geometry Global Encompass Network, explaining that segmenting them on socio-economic class parameters alone was no longer relevant. For instance, rural consumers who were more rural-centric tended to be more fixed in their views and consumption patterns and were more worried about what their peers in the village thought. While urban-centric consumers were more open to exploring what their counterparts in Indian cities were consuming.

The study also found that consumers were exhibiting a lack of brand fidelity both attitudinally and behaviorally. Some consumers maintained that they liked to change the product they used, even if it was a good product, which meant that there was a need for brands to start creating stronger brand loyalty among rural consumers. What came out strongly in the study was that reasons for adoption and consumption of categories was very different for urban and rural consumers, hence the same advertising and brand positioning rarely worked across both markets. For instance, when it came to studying the usage of deodorants by young males in rural India, a majority of respondents maintained that they bought deodorants as it worked against perspiration (45%), followed by the fact that it gave them confidence in front of their male friends (28%). A mere 5% bought it because it would impress girls. “Which is interesting, considering that a majority of advertising in this category is about impressing girls,” said, chief executive, MaRs Monitoring and Research Systems. Another important finding was that rural markets were not homogeneous, and that rural consumers in different markets behaved differently. Making a case in point, , manager marketing analytics-South Asia, Hindustan Unilever Ltd, maintained that regional markets were not homogenous. “What is interesting as well as challenging for us is that consumers in rural markets can have starkly different reasons for buying and consuming products. For instance, migrants in Bangladesh who are used to sending chunks of money back home each month, tend to prefer buying large pack sizes. While consumers in Bihar, who largely earn daily wages, tend to buy small pack sizes, as they don't have that kind of liquidity.”

The Differences:

The economic growth experienced in India may have reduced the absolute number of poor (depending on which report one refers to) and lifted millions out of poverty, however, income disparities and regional imbalances persist. The variations in the level of development in a region have resulted in tremendous heterogeneity. The success of marketing lies in understanding these differences.

1. Although there are more literate people in rural India (49.3 crore) than in urban India (28.54 crore), the rural literacy level is only 68.9% compared to 85% in urban area. A rural customer may not be very educated but has lot of common sense. He is as intelligent if not more and sharper in many ways than his urban counterpart. This is bought out by an incident where in an aggressive farmer held out a cut section of a tyre in his hand and complained to the tyre company executive that though the tyre companies claimed that the tyres had '8 ply's' and he could see only 4 ply's in the tyre. The executive had to explain in detail about the process of tyre making to convince the farmer that not all the 8 layers used in making the 8 ply can be seen.
2. A rural customer is very conscious of "value for money", and may not always go for cheap products or premium or image products. As he may not afford high price, he does not fancy products with features that do not enhance the basic functions of the product.
3. Rural customers do not trust the outsiders easily. It is not very easy to convince a rural customer. It is a challenge to introduce anything new to rural customers.
4. Rural customers are more brand loyal than urban customers. However, as the literacy level is low they recognize the brand more through colour, symbol and logo.
5. The rural customer's involvement in purchase of any product is high. In some cases such as buying TV, he consults a number of people. Both rural and urban consumers experience significant influence of their families for buying the select products. However the rural consumers experience greater influence of their families as compared to their urban counterparts. (Singh, 2012)
6. Another important difference is that the rural customer's life is highly reutilized and laid back. Sunday is not a holiday in the village and the he cannot be made to hurry through.
7. The rural income mostly depends on the agriculture and hence income and purchase reaches greater heights after harvest time. Hence, the disposable income varies across the nation depending on the area, crop, weather etc. Consequently, the buying patterns vary with urban buying patterns.
8. Traditional values, customs and perceptions have a stronger hold on the rural customers than urban customers. This impacts developing common communication programme for entire country.

Keeping the differences between the two class of customers in mind, Hindustan Unilever's started a unique multi-brand rural marketing programme called 'Khushiyon Ki Doli' in 2010 in three states namely Uttar Pradesh, Andhra Pradesh and Maharashtra. Through this initiative more than one crore consumers were contacted directly in more than 28,000 villages across these three states in 2010. Through this initiative about 1, 70,000 retailers were also contacted in these villages in 2010. This programme, which turned out to be a success, is being extended to other parts of India. Another marketing giant ITC, is coming out with an advanced version of e-Choupal. "Distribution of FMCG products in rural markets through the e-Choupal network gained traction with throughput during the year 2009-10 recording an increase of 44%," said S Sivakumar, ITC's chief executive (agri-business). ITC has recently come out with 'Choupal Pradarshan Khet', in order to help the small and marginal farmers. Godrej, very innovatively and bravely introduced a nano refrigerator – Chotu Kool – especially for the rural market. It was priced at Rs. 3,200 and was designed to withstand the erratic power supplies in the rural areas. This too has proved to be a success.

There has also been a shift in the awareness levels of the rural consumer and the increased media penetration has played a vital role in rural India's values and attitudes. These economic trends, socio-economic changes and recent advances in technology, have triggered major changes in how rural consumers make purchase decisions and what they buy and from where they buy. Accenture undertook a research to understand how Indian rural consumers' behaviors and attitudes have evolved in the past few years and what influences their buying behavior the most. The study included focus-group discussions in 10 states as well as a quantitative survey that went to more than 2,800 consumers in 320 villages and 32 census towns in eight states.

Our study identifies three broad dimensions characterizing behavior change emerging among India's rural consumers: First, rural consumers are more aspiration. Accenture research findings indicate that Indian rural consumers are fuelled by a deep desire to provide their children a better future through education and healthcare. About 50 per cent of the survey respondents claimed that they plan to spend more on education of their children and healthcare of their family in the coming year. Today's rural consumer is also more brand savvy and is willing to spend more as long as quality is assured. As per Accenture's report, about 71 per cent of respondents purchase branded products only. About 60 per cent of respondents, in fact, believe brands are trustworthy and reliable. As consumers are becoming brand conscious, they are also trading up and seeking more features and better product designs that enhance their social image. About 42 per cent of our survey respondents indicated product upgrading as a reason for spending more in a category.

Second, rural consumers are better networked. They are better connected in both the physical and digital sense. Technological developments, particularly deeper penetration of mobile telephony and direct-to-home (DTH) television into India's hinterlands, have also reshaped lifestyle and consumption patterns among rural consumers. The total number of telecom subscribers (mobile plus landline) in rural India crossed 378 million in July 2014. And of the 205 million internet users in India in 2013, 68 million lived in rural areas. Even more impressive, one-fourth of the 100 million people in India who access the Internet using mobile devices live in rural areas. Women and children now play a more empowered role in purchase decisions. The recent Indian Census data shows that as many as 35 per cent of rural households have both husband and wife earning money for their families.

Third, rural consumers are more discerning. Rural consumers are street-smart about common retailer ploys and schemes and view value through a broader lens and share more information with more peers. While companies might feel that a rural consumer can be swayed by celebrity endorsements or catchy ad lines, in reality, consumers don't fall for such tactics.

While the rural consumers' needs at different points in the purchase cycle are evolving, they are also quite different from those of their urban counterparts. Companies need to develop products and services that address the unique needs of customers, innovate on the mobility platform to drive awareness for their brands and increase their physical as well as mental reach to win loyalty.

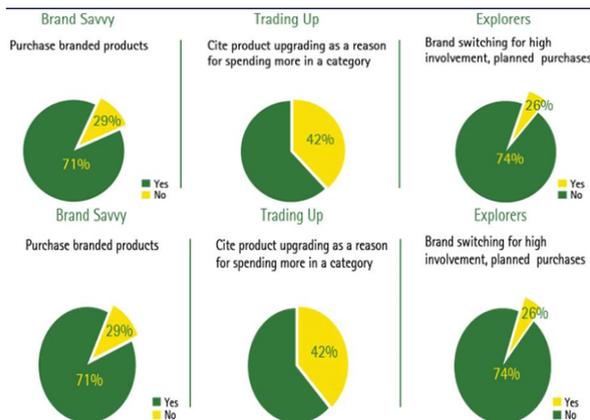
India's Rural Consumers are changing Fast:

New attitudes, priorities and behaviors are reshaping the purchase decisions of India's rural consumers. These consumers are becoming far more aspiration, networked and discerning. Our latest research challenges many traditional assumptions about how rural consumers make their purchases, and demonstrates how a few companies have managed to understand the changing rural consumer behavior. We found that rural consumers in India are waiting to be served—in new ways, and with new offerings. They have already started deciding which brands they will pledge their loyalty to. What can companies do to lock in these consumers' loyalty before their competitors can? We believe that companies must augment their physical reach by understanding the minds of these customers—what they really want and why. This report, the product of extensive research involving Indian rural consumers, business leaders, economic analysis and company case studies, aims to help your company better understand rural consumers, and identify ways to delight them at every step of their



Dimensions Characterizing Change in Rural Consumer Behavior:

Our research identifies nine behavioral characteristics emerging among the rural consumers in India. These have been organized into three broad dimensions: really want and why. This report, the product of extensive research involving Indian rural consumers.



As incomes of India's rural consumers rise, they want to provide their children with a better future through education and healthcare. In addition, their shopping basket has begun resembling that of their urban counterparts and includes products from categories they have not purchased from in the past. In the process of becoming more aspirational, rural consumers in India are now:

Brand Savvy: Willing to invest in branded products to ensure quality

Trading Up: Want more features and better product designs to boost social image

Explorers: Adopt new categories, using multiple channels

CONCLUSION:

The rural market (68.84%) is larger than urban market (31.16%) and the marketers cannot afford to ignore studying the rural consumer behavior. an insightful article. "The Changing Villager" in Seminar. "Clearly the village is not what it used to be. When one reads accounts of rural India of the 1950s and 1960s, it appears as if we are describing another country. Where are all those landlords? Those bonded laborers? They are difficult to find even in India. But this should not be startling. If 80% of the landholdings are below 5 acres, where is the scope to hire workers on the farm? In fact, there is an excess of family labor in most agrarian households. This is why villagers hope to send as many of their boys as they can to the city." This is reflected in the increased level of urbanization from 27.81% in 2001 Census to 31.16% in 2011 Census. With so much of changes happening in the major part of market – with the fortune lying at the bottom of pyramid – it is vital that the marketers understand the rural customers well.

REFERENCES

- <https://hbr.org/2011/01/new-business-models-in-emerging-markets>.
- <https://www.accenture.com/in-en/insight-rural-india-markets-research-2015>.
- <http://www.business-standard.com/article/companies/increased-rural-spend-to-boost>.
- Jha, M. (2003). Understanding Rural Buyer behaviour. IIM B Management Review , 15 (3), 89.
- Prahalad, C. K. (2010). The Fortune at the Bottom of the Pyramid – Eradicating poverty through profits. New Delhi: Dorling Kindersley (India) Pvt. Ltd.
- Rajan, R. V. (2001). Knowing the Rural Customer. Anugrah Madison.
- Singh, B. D. (2012). Influences on Rural and Urban Consumer Buying. Global Journal of Management and Business Research , 12 (7), 35-42.
- Zia Haq, H. T. (2008, February 28). Real India lives in villages. Hindustan Times .