

A Comparative Analysis of Rural and Urban Consumers in India

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Abstract

India is a vast country with a population of over one billion. It is certain that a country like India will have distinct range of consumers. There has been a significant growth of population in urban areas than rural areas over the past few years. However it must be remembered that rural India accounts for about 70% of total population of India. Indian urban markets are saturated and urban consumers are to be convinced a lot by marketers, whereas rural markets are mostly untapped.

Introduction

India is a vast country with a population of over one billion. It is certain that a country like India will have distinct range of consumers. Urban consumers generally are known to have distinct characteristics compared with rural consumers. It is necessary to compare the distinct behaviors of both rural and urban consumers in order to market various goods and services in a country like India.

Objectives of the Study

1. To study the population growth rates in rural and urban areas of India over the past decade
2. To compare and contrast urban and rural consumer of India

Data Collection

Secondary Data is collected through journals, websites and academic textbooks.

Growth rate of population in India (%)			
	1991-	2001-	Differ
In	21.5	1	-
Ru	18.1	1	-
Ur	31.5	3	+0

Source-Census of India 2011 From the above table, it can be analyzed that there has been a significant growth of population in urban areas than rural areas over the past few years. However it must be remembered that rural India accounts for about 70% of total population of India.

Indian urban markets are saturated and urban consumers are to be convinced a lot by marketers, whereas rural markets are mostly untapped.

Review of Literature

Anil Kumar and Jelsey Joseph (2012) studied working women consumer attitude behavior towards durables in Kochi by studying 260 rural respondents

with response rate of 50.12% and 260 urban respondents with response rate of 71.65% and found that there is substantial difference between rural and urban markets

Jagwinder Singh (2011) compared Indian rural and urban consumers by taking a sample of 411 Punjabi consumers (204 from urban areas and 207 from rural areas) and found that there were no significant differences in social and psychological considerations of rural and urban consumers.

Manish Pratim Kashyap, Dibyajyoti Bhattacharjee (2011) studied consumer brand categorization process on selected staple goods from 194 rural respondents and 196 respondents in Cachar dist. of Assam and found that sizes of awareness set of rural and urban consumers are almost the same.

Jagwinder Singh and Goyal (2008) analysed the rural and urban consumers attitude in India towards non Indian products by studying 100 households of Ludhiana (50 from rural, 50 from urban areas) The study revealed that both urban and rural consumers ranked foreign products very high compared with Indian products.

Bhatia and Bawa (2002) compared rural and urban consumer behavior towards consumer goods in Punjab and Chandigarh by studying 300 households from Ludhiana, Gurdaspur, and Chandigarh and found that there are no differences between rural and urban consumer behavior.

Comparison between rural and urban consumers

1. Generally educational levels are very high among urban consumers whereas it is low among rural consumers. High levels of education among consumers leads to qualitative purchase behavior
2. Family structures differ between urban areas and rural

areas. Generally large families in rural areas have single decision maker in purchasing goods and services whereas in urban areas family size being small and women mostly employed, decision making is almost equally divided among male and females.

3. Urban consumers are renowned to show purchase behavior uniformly throughout the year on account of uniform availability of monetary resources which results on account of high employability, therefore demand is uniform. The rural economy of India is primarily agrarian which means that monetary resources are available to most rural consumers only seasonally that is during harvest time and therefore purchase behavior and demand pattern of rural consumers cannot be uniform throughout the year.
4. Product awareness levels are very high in urban areas as advertisements like hoardings, distribution of brochures; product exhibitions etc are very high in urban areas. Rural consumers possess low product awareness levels on account of minimal advertisements like T.V. Advertisements, Newspapers etc. However marketers have become more aware of importance of potential rural consumers, in order to tap rural markets they have started melas, campaigns etc.
5. Timely availability of products to urban consumers is not a wonder on account of established distribution channels whereas rural areas are not having timely availability of products on account of slow movement of products through rural distribution channels.
6. After sales service is adequately available in urban areas due to the presence of huge consumer population, whereas rural areas do not have huge number of consumers therefore after sales service
7. Urban consumers are fast and have ultra modern approach, on account of this urban consumers are renowned for brand switching, whereas rural consumers are conservative and are known to retain the same brand due to psychologically bounded traditions.
8. Urban consumers generally prefer to purchase bigger volume packs to get cost benefit whereas rural consumers prefer to purchase smaller volume packs.
9. Availability of cash credit facility from retailers of urban areas is almost non-existent, whereas cash credit is available from rural retailers.
10. A wide variety of brands are available in urban areas because of huge population in urban areas whereas variety in brand availability is less in rural areas as rural consumers prefer only few

known brands.

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