

COMPARATIVE STUDY OF ONLINE BUYING BEHAVIOUR OF RURAL VS URBAN INDIA: A LITERATURE REVIEW

SHALINI KANCHAN PANDA
NITTE SCHOOL OF MANAGEMENT
BANGALORE- INDIA,
PGDM STUDENT.

Abstract : Consumer behaviour is the study of people's way of deciding to spend their available scarce resources like money time and energy on their chosen item for consumption based on their demand and life style. It's the behavioral science which conveys how the consumer behaves while searching for, purchasing, using, evaluating and disposing of products and services. There are different classifications of consumers based on the fact that a buyer is not always the end user or the only user of the product, so the marketers must understand there are basically three types of consumers mainly user, buyer, influencer. This paper attempts to understand the difference in the online purchasing behavior among the rural and urban people. This paper will help everyone to understand the factor which is creating the differences between the urban and rural people based on their buying behavior, perception towards e-commerce and also based on their demand and life style. This paper will also convey the reason behind the less user-friendly attitude of rural people towards online facilities in the rural market. Through this paper the readers will come to know which e-commerce site is ruling the market in India depending on these two sectors.

Keywords: Online Buying Behavior, E-commerce, perception, value seeking, Influencing factors Next generation, Rural and urban Buying behavior.

I. INTRODUCTION

Diversity is the identity of India. There are twenty-four languages that are spoken by a million people or more, and countless other dialects. India has seven major religions and many minor ones, six main ethnic groups, English is the major language of trade and politics, but there are fourteen official languages in all. In this vast geographical, demo graphical & cultural diversity the perception, attitude, way of living & buying behavior from one region to another will vary. Now in this 21st century everything is on the finger tips. In this fast-moving era, time is the biggest concern, which is the boon for the e-commerce industry to rise.

2.LITERATURE RIVIEW

Vidya, & Selvamani in their paper analyzed the Consumer Behavior towards Online Shopping with due considerations with the product related dimensions. Demographic profile of the respondents, awareness to online shopping, influence of product dimensions on Online Shopping Behavior were the objectives framed for the study. Descriptive research study is adopted and snow ball referencing method was used for sample identification. The sample size constituted was 412 which include 188 samples from Erode district and 224

samples from Trichy district. Data were analyzed using SPSS and tools like chi-square, ANOVA and Correlation were applied. The results indicated that the online shoppers are satisfied with all the product dimensions and the variables like educational qualification, knowledge of online shopping, frequency of online purchases and preferred mode of payment had a significant relationship with the awareness level on online shopping. With due attention to product delivery at remote places and increased advertisements online sales can be increased over a period of time.

Hemanti Richa & vadera in their paper analyzed Determinants of online shopping behavior in India .Their study here justified with low-cost smartphones and affordable data packages Internet penetration is rapidly growing in India. The research identifies the salient features of online customer behavior in Indian context. An Exploratory factor analysis was conducted and identified determinants that govern consumer buying behavior. Six factors emerge which were named utilitarian attributes, post purchase issues, Hedonic motives, freedom, intrusion and convenience. These factors are consistent with the global studies, but freedom emerges as a new factor in Indian context. Given the fabric of Indian society making independent choice & freedom of choice is a significant issue, which online shopping portals can use in their marketing strategy.

Sehrawat and Kundu in their paper analyzed Buying behavior of rural and urban consumers in India. Their study aims to establish whether the residential background of consumers has a varying influence on their buying decisions. A survey of 1090 urban and rural respondents was carried out of which 523 were rural and 567 were urban. The gathered data were analyzed by applying counts, percentages, means, and analysis of variance. Rural residents found that packaging is more helpful in buying, that better packaging contains a better product and that they are more influenced by the ease of storing a package than their urban counterparts. Ease of carriage, package weight, simplicity, transparency and similarity of packaging have comparatively less impact on purchase decisions of rural consumers than urban ones. However, rural consumers are more critical about packaging as they strongly consider that it contributes to misleading buyers and is also an environmental hazard.

3. OBJECTIVES OF THE STUDY

To understand the behavior of urban and rural people while purchasing a product online.

To understand how the geographical and demo-graphical factor affects the buying behavior of the People.

To analyze the effect of attitude, perception of the urban and rural consumer towards online shopping and what factor creates the difference.

4.METHODOLOGY

This is based on descriptive research method. This is a conceptual paper. The study area confined with various places and state of India randomly based on the two sectors i.e. rural and urban. The most of the

data collected resources from secondary data like journals, news bulletin, various online reports, books, various online study portal, and other online resources.

5.RURAL INDIA

India is predominantly a rural country with two third of the population and 70% of the workforce residing in rural areas. Rural economy constitutes 46 percent of national income. Despite the rise of urbanization more than half of India's population is projected to be rural by 2050. The administering body of the village area is "Panchayat" headed by five person. According to RBI rural area is that area whose population is less than 49,000. According to the National Sample Survey of India's report rural expenditure holds 55% of national monthly expenditure. The rural population currently accounts for one third of the total Indian FMCG sales.

6.URBAN INDIA

Urbanization in India is accelerating post-independence due to mixed economy. According to 2011 census report the urban population increased to 30% , according to world bank report currently its 31.3% in near future by 2031 it will be 40.76%. In urban area population is more than 400 persons per square kilometer and the population of the place should be more than 50,000 according 2011 census report, as well as 75% and more male population should be employed on nonagricultural activities .The urban area is mainly administered by municipality committee, cantonment board etc.

7.RURAL AREA VERSES URBAN AREA

The following are the reason behind creating the difference in rural area and urban area

1. Standard of living: Still there is a small economic gap existing between the rural people and urban people .Now also in remote area there is lack of proper civic amenities, infra-structure, and health care system. On the other hand the urban area people can't imagine themselves without proper infra-structure, health care systems and basic need.
2. Another main reason is lack of proper education: Currently also parents from rural area force their children to go for work rather than having them admitted to school. Apart from that some rural remote village yet to have their educational institute. Which is leading to high illiteracy rate in rural India. On the other hand the urban people are at least high school or university graduates contributing highest literacy rate in urban India.
3. Currently it has been founded that villages without electricity facilities still exist in India but the cities without electricity facilities one can't imagine. So government of India is trying to electrifying each and every corner of India and also has been successful on this.
4. When consider to high speed internet facility urban India is far ahead to its rural counterpart. Many villages are there without internet facilities. So government of India launched a digital India plan to provide high speed internet facility to every door steps of the country so that can create a new era of digitization.

8. BUYING BEHAVIOUR OF INDIA

Situation in pre-1990 era Indian economy was protected economy. Implementation of consumer protection system was weak and consumers were not so proactive. But the changes in last 30 years are amazing the next generation profile are quite different and dynamic. What differentiates Indian consumer is four core verticals i.e.

1. Family orientation: Being nuclear family doesn't mean being divided. Although people nowadays doesn't prefer to stay in joint family due to some reason, they may stay apart from family for their jobs and other reasons but still their priority is always family. People give first priority to their family member's well-being for example "Women Horlicks" made for women but the advertisement can influence a father, husband, a brother for well-being of their women.
2. Value seeking: Nowadays consumers are smart they are not only concerned about price but also the value. While purchasing any electronic gadget the customers although go for less price gadget but at the same time they are brand conscious for any gadget with reasonable price. Unknown brand may not attract customers because value (quality) matters. Product as well as service both seeking i.e. along with product some extra service should be added to increase its value.
3. Progress orientation: This current generation is very competitive always want to win and progress. Consumer is more demanding and is open to new products and ideas. Earlier a poor farmer's son would also become a farmer. The father's or ancestor's profession would become the family profession due to lack of knowledge, education, technology, infrastructure & facilities but nowadays it's not like that. A lower income group family who can't afford any luxury products it's difficult for them to get the basic needs but now their children's due to education and social awareness becoming educated and rich, hence can be able to afford all the luxury goods what was a dream for them once.
4. Class consciousness: Not only in India but also in the world people are very prestige conscious. Since ancient times to till this modern era people want to show their status and impose their supremacy on others. So in the market the same utility goods divided by categories like luxury goods (for upper class people), premium goods (for upper middle class), non-premium products for general public with low income. For example a normal android phone with almost same features with the apple iPhone but the apple iPhone represents the status symbol comes under luxury goods likewise HONDA, HUNDAI, BMW & FERRARI are used for the same cause but the first is considered as non-premium brand but the rest two symbolize consumer's status and supremacy as it's a luxury good.

This four core verticals are the driving force of consumer's buying behavior. Apart from that income, environment, society and culture are also some important factors which influence and motivate individual's perception, attitude and buying behavior.

9.COMPARISON BETWEEN CHARACTERISTICS OF TWO GENERATION OF CONSUMERS IN INDIA

PREVIOUS GENERATION (ABOVE 40)	TODAYS GENERATION(BELOW 40)
Security	Confidence
Idealism	Practicality
Risk Avoidance	Risk Taking
Saving oriented	Investment Oriented
Job security	Job Satisfaction
Postponement of Gratification	Instant Gratification
Considered and Planned Decision	Impulsive Decision

10.BUYING BEHAVIOUR OF RURAL CONSUMERS

A few decades ago, rural consumer was a silent person who uncomplainingly purchased the goods. But this is not so today. Now the consumer is choice empowered. The companies have started recognizing the potential of the rural market. The changing lifestyle, higher education, better per capita income of the rural consumers and high growth rate of the rural economy has forced the companies to redesign their marketing strategies. They have started focusing on the changing tastes and demand of the new modern rural consumers. This change in consumption pattern is observed due to enhanced awareness, expansion of information technology, changes in consumer taste, preference and income at micro level, it ultimately affects the buying behavior of consumers. The research study indicates that the rural consumers are becoming quality conscious in their food consumption, like going out for dinner and preference for fast food, ready made items is increasing hence saving woman's time. Now the young generation of rural India going out to city area and foreign area for studies and job hence got influenced by modern latest trends, western fashion and they are opting for branded outfits and latest fashion trends. A higher trend of outings and visits to restaurant and movie halls is started emerging rural part. Media, especially television has played a vital role in this emerging consumption pattern and change in buying behavior pattern. The rural people are very brand loyal compare to its dynamic urban counterpart. Rural people not only price conscious but also they give importance to products durability hence they don't believe on frequently switching the brand on the fear of cheated by the other brand on the durability and also lack of knowledge and awareness about the alternative product is the main reason of brand rigidity. In the rural area some remote places are also there where the people still doesn't have technology, awareness so they recognize the product not on the basis of brand name but on the basis logo, symbol, color, packaging, structure. According to the data the Indian rural consumers have reduced their expenditure on food products and increased expenditure on non-food products. Marketers should try to understand the psychology of the rural consumers before designing the product for them. In rural area word of mouth marketing strategy has great impact rural people has great culture value and social impact and hence they mostly got influence about the

product by the reference of their trust worthy person. In the rural area most of women and children who always stay in the home for house hold work influence the male head of their family to buy a product and make aware of new product. Routine is important to rural consumer's life .Routine is governed by nature season not by calendar and clock. For rural people weekend concept is not there they shop on their requirement basis on every day , because most of the rural people work all day in a week whenever required as most of the people's occupation is agriculture or self-employment etc. Most of the rural people believe on see and touch of purchasing mode.

11.BUYING BEHAVIOUR OF URBAN PEOPLE

The current urban middle and upper class Indian consumer buying behavior to a large extent has western influence. There is an increase in positive attitude towards western. The urban consumer are much more open-minded and experimental in his/her perspective. Foreign brands have gained wide consumer acceptance , they include items such as; Beverages, Packed food, Ready to eat food , Pre-cooked food, Canned food, Personal care products , Audio/video products, Garment and apparel, Footwear , Sportswear, Toys and Gift items .The way urban consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) are falling. For urban India, averagely 30 days consumer expenditure was split up into food, and for nonfood. Food expenditure includes cereals and cereal substitutes, milk, milk products, milk substitute, vegetables, edible oil and others. Non-food expenditure included fuel and light, and rest on clothing, footwear and on other non-food expenditure. In urban India, the higher income group spends more amount of their income on luxury goods and trendy products than fast moving consumer products. The middle income group spends more on consumer expendables than the rich.

12.ONLINE BUYING BEHAVIOUR OF INDIAN CONSUMER

The e-commerce sector needs to use the government's focus on digitalization and the changes in the business environment and, redefine the traditional business levers to accelerate the growth. The new age Indian consumer living in metros & tier I cities is very aware, and demanding in terms of convenience, comfort, variety, being hassle free and always want to optimize the time. Online shopping is the need of the time in such cases with quick deliveries at home. In case of tier II & tier III cities, the aspirational consumers use online shopping portals to buy their choice of various brands and products which are not easily available in their city. Also, the online shopping portals offer better deals and discounts round the year, which is normally not the case with brick and mortar stores. The Rural people are not so technology savy but when needed moat of the youth who have knoweldege and experience and have online facilities with them spend their time and money on online shopping for buying e-ticket for travel and tourism ,apprel, electronic gadegets like phone and laptop. Other online shopping facilities like food,cloud kitchen and transport services like ola uber are yet to be introduced in Tire V and Tire VI cities. Still in india so many remote places are there where people are unawre of this facilities due to lack of knowledege , experience , as

rural people are very innocent not as much smart like their urban counterparts so they have trust issues and have fear to be cheated.

13.FINDINGS

- The concept of online shopping is quite familiar in the urban areas. As there lies a difference in the livelihood of the different regions, this influences the minds of the people to behave differently in the way of online purchasing. While a person from an urban area will not give it a lot of time to decide to buy a particular thing, a person from a rural area will hesitate to do so. The reason may be the lack of experience, knowledge and most probably trust issues.
- The geographical and the demographic factors influence the difference in the buying behavior of the people in the way that whether the place they live in has the facilities and the knowledge and also the need of online purchasing. The new generation in the rural areas are however having more knowledge of the internet world than their elders while the age and gender does not matter in the urban areas. This makes the youth more reliable to the online purchasing in the rural areas. Also job of a person plays a role in this, as in urban areas people are having a very busy schedule which makes them to rely on the online purchasing to save their time.
- The standard of living, profession and the economic standard results in the difference of the attitude and perception of the rural and urban consumers. In the urban areas the most families are nuclear and almost all the members are working and have a busy work life which influences them for the online purchasing. While in the rural areas the people are mostly daily wagers and live in a joint family which results in the division of labor among them and thus having a slow lifestyle. The rural people are mostly related to the agriculture and allied sectors and they prefer to get their daily needs by themselves on a daily basis while the people in the urban areas want the things to be on their doorsteps at one click due to the time constraints so online shopping is growing in urban areas.

14.SUGGESTION

- The company can make its own delivery options to identify the consumers at the remote places as some online companies' don't facilitate product delivery at specific places.
- Example: Amazon has set up its own logistic company in India to deliver its goods to each pin code namely Amazon transportation service private limited. Like wise Flipkart has also its own delivery company namely E-kart. Which help both of these companies to penetrate in to the rural market.
- Companies' frequent advertisements can be given during offers and discounts so that awareness of the offers can be reached to every one.
- Internet penetration through digital India campaign was quite successful still awareness is needed in the rural market for strong establishment of online shopping industry. There should be strong establishment of logistic infrastructure.
- E-commerce company can target youth and students more in the rural part of the country as they youth in rural has knowledge, they are technology friendly.

- The promotional emphasis should be given because both in rural as well as in urban people are very emotional family oriented so emotional and rational appeal can reach to maximum people while designing an ad campaigning for a online product as well online shopping site
- Currently urban market is already saturated so companies can focus to penetrate more in the rural market .

15.CONCLUSION

Internet is integral part of our life nowadays. The average Indian consumer has made space for online retailers alongside the traditional offline stores that he/she visited. As per the research most of the urban area people prefer online shopping as their mode of shopping because its relevant and convenient way of shopping for urban India delivery is not a biggest concern due to well-equipped logistic feature. Apart from that they are greeting some extra feature like entertainment coupons, offers from online shopping which is useful for them. While in rural still people prefer physical store shopping their perception is they can touch and feel the product delivery charges won't be there. They can easily return the product if defect is there, they can really assure the quality of the product before purchasing. So really it will be a challenging task for the e-commerce industry to gain the trust of rural people and also to create an awareness regarding safe & secure online shopping, Hence today it offers the biggest challenge to marketer to understand the cultural transformation going on and offer products and services based on an understanding of this new, emerging and changing India and Indian consumers. Consumer buyer behavior will play a critical role in the success of many new ventures entering in India.

Acknowledgment: My sincere gratitude and thank you to Professor Satya Sidhartha Panda, HOD at (NITTE School of Management) for guiding and sharing his expertise, suggestion during 2nd semester and encourage to write paper .

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