

A Comparative Study of Behaviour of Rural and Urban Online Consumers in Bihar

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Abstract

Consumer buying behaviour is an integral part of marketing, understanding the buying behaviour of consumers determines the success or failure of a company as products are targeted to consumers who ultimately spend money to purchase products to satisfy their needs. It is seen that rural consumers buying behaviour drastically varies from their urban counter parts as the characteristics that define a rural consumer like their education level, level of awareness of products, disposable income are lower than the urban consumers and various other factors like brand name, price, after sale service also determine the purchasing decisions in case of rural consumers. Whereas consumers in urban areas are more impulsive in making their purchases.

Online shopping is still in evolutionary stage in India and very few studies have been undertaken to explore the online purchase behaviour of internet shoppers in India. Secondly, rural based studies are very limited. Moreover, it is observed that Bihar based studies are negligible in count. Where ever the studies are conducted, they are more focused on consumer expenditure rather than consumer dynamics (marketing approach). Further, the studies conducted are either based on rural or urban consumers thus creating a need for the comparative study to comprehensively address the concerns of both the areas. Government of India is also working towards making India a cashless country and people are encouraged to go in for cashless transactions. In this scenario, a study on the behaviour of online consumers in rural and urban area is the need of the hour because online consumer has got more attention in the recent past.

Key words: Bihar, Consumer Behaviour, Internet, Online Consumers, Rural Vs. Urban.

Introduction

Bihar is a state in eastern India. It is the third largest state by population. Due to large population, the consumer size is very large and there is a high scope of purchase. Online consumers are increasing day by day because of low cost offered by them as compared to brick and mortar store. The National Sample Survey Organization (NSSO) defines rural markets as those areas with fewer than 5,000 residents, a population density less than 400 people per square kilometre and at least 75 percent of male working population employed as agriculturists. Bihar is a densely populated region, with no less than 1102 persons living per sq. km. The economy of Bihar grew at an annual rate of 11.36 percent during the period 2004-05 to 2010-11. This growth process can be termed as revival of a stagnant economy. The growth rate of the state economy in 2010-11 over 2009-10 was 14.8 percent. This was possible because there was substantial increase in public investment. Bihar economy has undergone some structural changes over the years. One of the prime reasons for this is the growth of rural market. Rural incomes have been growing at a faster pace over the past few years, helping to account for almost 40 percent of Bihar's total consumption of goods and services. Non-food expenditures are growing at an 8.2 percent annual compound rate. Rural households are purchasing a wide range of products-cars, mobile, flat- screen televisions, DTH, bike, hair oil, toothpastes, shampoo, shaving cream, talcum powder — that until recently would have been beyond their reach. Some industrial sectors have seen surprising growth coming from rural consumers. As a result of globalization and liberalization the rural market of Bihar has seen tremendous growth.

Like any market that has seen a demand and awareness boom, rural Bihar has been witnessing considerable rise in purchasing power. Rural consumers are buying more health, hygiene, personal grooming, packed foods products reflecting rise in prosperity. A change in consumption patterns and access to communication media have made rural market a vital part in the sales-growth of the companies especially with demand for many categories of products and services saturating in the urban markets. This spurt in rural consumption is what excites policy makers and business leaders alike. For every new opportunity for a villager to use his mobile phone to protect his crops, there is a knock-on opportunity for him to purchase a small refrigerator or a motorcycle. There is a growing realization that global investment and growth will increasingly come from rural populations, as their savings translate into consumption. The increase in rural purchasing power is reflected in many ways. It is relatively easy to measure what rural consumers buy, where they buy from and how much they buy. Understanding why they buy is the most difficult in rural India and what factors induce them to buy. Marketers have to study the consumer response to marketing stimuli regularly and

look into the buyer's black box to adapt their marketing strategies to elicit the required response.

Consumer behaviour is described as the process of selecting, buying, using and disposing goods and services by individuals or organisations to satisfy their wants. Consumer behaviour is complicated to understand as consumers behave in a certain manner but act otherwise. It becomes important for marketers to understand what drives consumers to make their purchases as markets are driven by consumers. It also becomes imperative for companies to view consumers from a different angle by understanding their needs and wants as consumers today have a variety of brands and products to choose from. Therefore by analysing the needs of the consumers, marketers can fine tune their products to meet the demands of consumers to become more competitive. Consumer behaviour plays a significant role in all aspects of marketing, even for the players along the supply chain from manufacturer to the retailer. These players have to thoroughly understand the consumers in order to compete successfully. Companies have to understand the various factors that influence consumers to make purchases these factors may be reference groups, cultural factors, economic factors and alike and they also need to understand the purchase process that goes into making purchase decisions by consumers in order to succeed in both rural and urban markets.

Today, rural markets are seen as potential markets by companies due to the increase in their disposable income, change in lifestyle and attitude, increase in demand of products. The rural markets provide a wide array of opportunities due to their vast size and changes that have taken place over the years. Many companies are tapping these potential markets to take advantage of the opportunities in the rural markets. However, due to the heterogeneous feature of rural markets it is of paramount importance that firms understand the behaviour of consumers and develop models particularly for these regions.

Online consumer is the current sensation in the marketing scenario. The internet has created a new generation of consumers who are glued to online shopping. It has facilitated the availability of anything from fashion accessories to apparels, electronic items, home appliances, personal care products, and many more just with a click of the mouse. It has become the rage with the consumers because of the anytime, anywhere, round the clock and convenient shopping facility. Consumers like to visit the online shopping websites for new product launch, combo deals, discounts, seasonal offers and comparison with other brands and products. However, there are several barriers in internet shopping which obstruct the online buying process of the consumers. There are people who still prefer to shop from the

physical stores because they want to touch and feel the product before buying it; many of them don't trust the online websites to disclose their personal and credit/debit card information; internet connectivity and computer literacy is also a barrier for many in a developing country like ours.

The demographic, social and economic characteristics along with the purchasing habits and pattern affect the buying behaviour of the consumers. If the consumer is satisfied then he will recommend the product to others, say good things about and the brand, re-purchase the product; and non- satisfaction will result into cognitive dissonance. There are several factors and barriers which influence the online buying behaviour of the consumers. Since majority of the Indian population lives in rural areas and with the changing lifestyle, increase in education level, higher disposable income, greater product awareness and affordable pricing; the gap between the rural and urban consumers is narrowing down. Till this gap remains, it becomes important for the marketers to understand the purchase behaviour of the two groups of consumer for formulating different marketing strategies. Hence, at this through this study, an attempt has been made to study and compare the online consumer behaviour of the rural and urban areas in Bihar.

Objectives of the Study

The present study has been undertaken with the following objectives:

1. To study and compare the socio-economic characteristics of the rural and urban online consumers in Bihar.
2. To compare the rural and urban online consumers behaviour in Bihar.
3. To study the factors motivating the rural urban online consumers in Bihar.

Hypothesis of the Study

The study is based on the following hypotheses:

H₀₁ There is no significant difference between the behaviour of rural and urban online consumers in Bihar.

H₀₂ There is significant difference between the behaviour of rural and urban online consumers in Bihar.

Research Methodology

Both quantitative and qualitative research have been adopted for the study, but in order to make a comparison between the purchase behaviour of rural and urban online consumers in Bihar, a quantitative approach is primarily used for collecting and analyzing primary data.

Sources of Data: Research is based on primary as well as secondary data.

Primary data have been collected directly from the target respondents; it is collected through Questionnaire, Surveys and Interviews as per suitability and need of the study. On the other hand, Secondary data have been collected from external sources like books, periodicals, journals, newspapers, reports, other publications and the materials from different relevant websites.

Research Design: Descriptive Quantitative Research

Sample Type: Random Sampling.

Sampling Area: Urban and Rural Area of Bihar (Muzaffarpur, Gaya and Bhojpur).

Sample Size: **Rural Area:** 450 respondents

Urban Area: 450 respondents

Tools of Data Collection: Questionnaire, Survey and Interview as per the need and suitability.

Tools of Data Analysis

- i. **Percentage Analysis:** Primary data collected from the respondents have been presented in the form of frequency tables for the purpose of data analysis since tabulation makes data analysis easier.
- ii. **Factor Analysis:** It is a statistical method that is used to research the interrelationship among a massive range of variables and to explain these variables in terms of their generally underlying factors. This is used to study the motivational aspects of online consumers in rural and urban areas.
- iii. **Chi-Square Test of Independence:** The Chi-Square test of Independence is applied to find if there is a significant relationship between two nominal or categorical variables. The test is applied when we have two nominal/categorical variables from a single population. The occurrence of a nominal variable is compared to different sets of values of another nominal variable. The data could be presented in a row x column contingency table. A smaller value of chi-square test result indicates that the framed null hypothesis is correct and the two variables are independent of each other (Gaur and Gaur, 2006). Generally, the data is tested at 5% level of significance.
- iv. **t-Test:** t-test is a detailed analysis of two sets of data also known as population with a use of statistical test called as t-test. It is done with small set of data. It is

one of the way through which hypotheses testing is done. t-test is used in inferential statistics of the present data in the study.

The data collected from both the sources viz. primary and secondary have been analyzed and interpreted. The results thereof have been presented in different chapters as per suitability.

We have also made use of

- Bar Diagram
- Pie Chart and
- Other Pictorial graphs as per the need and suitability of the study.

Plan of Work

The study has been presented in altogether following six chapters:

Chapter 1: Introduction

This chapter is introductory in nature, it contains a brief elaboration of the statement of the research problem, objectives of the study, research methodology, plan of work.

Chapter 2: Review of Literature

This chapter has been devoted mainly to focus on the review of literature related with the study.

Chapter 3: Theoretical Aspects of Consumer Behaviour

The theoretical aspects of consumer behaviour have been studied in the present chapter.

Chapter 4: An Overview of Online Consumer Behaviour

This chapter provides an insight regarding how consumers make decision to purchase products in e-commerce, i.e. online purchase.

Chapter 5: A Comparative Study of Behaviour of Rural and Urban Online Consumers in Bihar

This chapter has been devoted to differentiate the behaviour of rural areas from urban areas of Bihar in the context of online purchasing.

Chapter 6: Conclusion and Suggestions

This chapter is the last chapter of the study and have dealt with presentation of conclusion drawn. Further, suggestions have also put forth which may be beneficial for the stakeholders.

Major Findings of the Study

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 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 mast savy but when needed most of the youth who have knowledge and experience and have online facilities with them spend their time and money on online shopping for buying e-ticket for travel and tourism, apparel, electronic gadgets 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 unaware of this facilities due to lack of knowledge, experience, as rural people are very innocent not as much smart like there urban counter part so they have trust issues and have fear to be cheated.

The study reveals that

- The concept of online shopping is quiet 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 demographical factors influences 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 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 grooming in urban area.

- There is a significant difference between the behaviour of rural and urban online consumers in Bihar.

On the basis of responses given by respondents it can be inferred that

- Both male and female respondent like online purchasing due to ease in access. The online shop is open 24x7. So, time does not work as a barrier. Online stores allow us to shop "pollution-free" shopping.
- Because there are no any intermediaries or less number of intermediaries, so products are comparatively cheaper. Comparison of the costs is very easier. Many e commerce companies also provides coupons and rebates. So, we can say that prices on online platform play pivotal role.
- In online platform, number of options is available. Most of the items you are looking for are available here. Number of quality products in different shape and size are available online. Stocks are also significantly larger so possibility of our choices meat out more:
- If you prefer online buying, you may dislike shopping in crowds, during festivals, or weekends more rush in the market.
- Coved-19 also put impact to enhance online shopping. Many respondents choose online shopping due to status symbol and many respondents impacted with Influence from urban relatives.
- So, it is suggested that marketer should consider all the above factors to improve online shopping in rural market.

Suggestions

The findings suggest that for rural consumers, the consumption pattern is very much influenced by family size and structure. After arriving at the choice set in the evaluation stage of the buyer decision process, all the selected brands are acceptable to the rural consumer.

However, in this situation the final choice is guided by the perceived risk associated with the product as well as by the key influences like opinion leaders, family and friends. Perceived risk is high among rural consumers as they find it difficult to gather and process relevant information. Due to this reason they make a collective decision. Marketers need to address the perceived risk of rural buyers by showcasing the experience of users and ensuring service delivery close to the consumer's doorstep. Quality and value are vital for the success of a new product as they bring improvement to consumer lives in terms of productivity. For products that generate the perception of providing comfort or improving the quality of everyday life, the price is not questioned and the role played by additional features is not significant in influencing choice. The rural consumer also depends upon observed source like exhibitions and road shows because they provide an opportunity to evaluate the product personally and absorb relevant information at their own relaxed pace. Marketers need to focus on plummeting the information search time by inducing product trials and successfully reaching out to the consumer through ideal information channels. Marketers also need to understand the product specific evaluation process from primary research to mapping the succession of their brand from consideration set to choice set. This deal with the product deficiencies in relation to competition and improves its chances of selection during evaluation. Customer satisfaction is the key to building a profitable and sustainable relationship with rural customers.

Indian rural market is as unpredictable as rain. The rural market may be alluring but it is not without its problems: Low per capita disposable incomes is half the urban disposable income. In addition to it there are large number of daily wage earners, acute dependence on the monsoon; seasonal consumption linked to harvests and festivals, poor roads, power problems; and inaccessibility to conventional advertising media. The main problems in rural marketing are:

- **Physical Distribution:** The problems of physical distribution adversely affect the service as well as the cost aspect. Physical distribution includes transportation problem, warehousing problem and communication problem. India has the fourth largest railway system in the world but many parts of the rural India remain outside the rail network. Roads are not in proper conditions to transport the goods easily. Mandies at the rural market places are not connected well by the roads. Warehousing problems include the lack of proper godowns and cold storage facilities. Communication facilities also pose problems in connecting with the customers. Infrastructure is improving rapidly. In past 50 years 40% villages have been connected by road and it is expected that another 30% will be connected in next 10 years. Rural telephone density has increased by 300% in the last 10 years.
- **Channel Management:** Long distances and scattered locations also pose the problems. The companies with relatively fewer resources can go in for syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution. Haats, Mandies and Kirana shops are main channels. These are not systematic and well connected.
- **Promotion and Marketing Communication:** Rural marketing involves more intensive personal selling efforts compared to urban marketing. Marketers need to understand the psyche of the rural consumers and then act accordingly. In rural market a brand must associate itself with the same things the rural folks do. This can be done by utilizing the various rural folk media to reach them in their own language. Brand can be associated with the festivals, melees and other activities where they assemble.

In the context of online business, the undermentioned suggestive steps may be taken on urgent basis so that rural- urban divide effect can be overcome and rural market potentialities get fully exploited:

- ✓ 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. For example, Amazon has set up its own logistic company in India to deliver its good to each pin code namely Amazon Transportation Service Private Limited. Like wise, Flip-kart has also its own delivery company namely E-kart. Which help both of these companies to penetrate into 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 has been 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 student more in the rural part of the state as they have knowledge; they are technology friendly; they have android mobiles.
- ✓ The promotional emphasis should be given because both in rural as well as in urban areas people are very emotional as well as 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. There are tremendous potentialities which can be tapped.

Summing-up

Consumer behaviour is a multi-disciplinary field which draws its concepts from several fields of study. It is useful to the marketing organisations, consumer groups and governmental authorities. It is an applied field since the concepts of behavioural science disciplines are applied to the understanding of human behaviour as far as consumption is concerned. By its very nature, it increases appreciative content of marketing, and leads to more effective and consumer-oriented marketing programmes. Consumer behaviour is interwoven with the emergence of the marketing discipline and has extended the motivation research of 1950s. By 60's consumer behaviour acquired a formidable body of knowledge.

Business executives should also learn to value the research findings, and use them in their decision making process. Researchers should not lose sight of the marketing realities while undertaking their research. We can think of having some trained individuals as links between the marketing practitioners and research workers. These individuals can be called 'social science technicians' or 'social engineers'.

There can be no impression in this debate of certain aspects of rural marketing that rural markets have not been exploited at all. Its purpose is only to underline the significance of rural markets in the rapidly evolving economic environment. The manufacturers of most consumer products have now achieved considerable penetration. If the cost of distribution and marketing is bound to be large and farmers may lose in the initial stages, the promise of the rural sector does not exclude them from joining the market. The newly developing rural markets are bound to generate rich dividends with the changing economic conditions in the country and with improved buying power among the rural population.

Certainly, quality goods are accessible, but rural customers are dispersed and dependent. Hence, those products may be purchased from the closest city centre. The rural market's appeal is as large as mass markets. All that build goods for these mass markets can thrive and expand quickly. Finally, we may opine that the future lies with those companies who see the poor as their customers.

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