

# PARADIGM SHIFT IN BUYING BEHAVIOUR OF RURAL AND URBAN FAMILIES

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## ABSTRACT

The liberalization of the Indian economy, expansion of mass media, and rapid growth of organized retail have significantly transformed the purchasing behaviour of rural and urban families. This study examines the factors driving this shift using consumer behaviour theories and empirical evidence. Key influences include income growth, aspirational consumption, brand awareness, credit availability, and exposure to global lifestyles. These factors have reshaped decision-making across different socio-economic groups. Urban consumers increasingly focus on experiential and status-oriented purchases, while rural consumers are gradually adopting similar consumption patterns. However, rural buying decisions continue to reflect strong community values, price sensitivity, and accessibility considerations. Education, improved access to information, and greater market exposure have also contributed to changing consumption patterns in both segments. The analysis highlights that although differences between rural and urban markets remain, modernization and media penetration are narrowing the gap between them. Rural consumers are becoming more brand-aware and willing to experiment with new products, while still maintaining traditional value-based motivations. The study concludes that marketers must adopt flexible and differentiated strategies that recognize the evolving and overlapping characteristics of rural and urban consumer segments to effectively reach diverse markets.

**Keywords:** Consumer behaviour, rural marketing, urban consumption, paradigm shift, buying decision, India, aspirational consumption, brand loyalty

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## INTRODUCTION:

The study of consumer behaviour has long occupied a central place in marketing scholarship. However, the first decade of the twenty-first century witnessed an unprecedented acceleration in the pace of change among Indian consumers — both rural and urban — demanding a fundamental re-examination of established buying behaviour models. What was once a relatively predictable relationship between income, social class, and purchasing patterns has given way to a far more complex and dynamic landscape shaped by liberalisation, technology, and shifting cultural norms. India's economic liberalisation, initiated in 1991, took nearly a decade to permeate the purchasing practices of ordinary households. By 2000, however, its effects had begun to register in measurable shifts in consumer attitudes, aspirations, and spending. Urban middle-class families, freed from the scarcity mindset of the licence raj era, began purchasing goods for reasons beyond functional utility — status, identity, and lifestyle became powerful motivators (Srivastava, 2008). At the same time, rural India, long characterised by subsistence

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consumption and low brand engagement, began exhibiting signs of consumerism previously associated exclusively with its urban counterpart. This paper argues that the buying behaviour of Indian families — both rural and urban — underwent a genuine paradigm shift in the decade preceding 2011. Drawing on Kuhn's (1962) concept of a paradigm shift, we contend that this was not merely incremental change but a fundamental transformation in the frameworks through which consumers understood and enacted purchasing decisions. The paper traces the theoretical underpinnings of this shift, examines its empirical manifestations, and considers its implications for marketing practice and future research.

Consumer behaviour refers to the processes individuals or families use when selecting, purchasing, using, and disposing of products and services. Traditionally, rural and urban markets have demonstrated distinct purchasing patterns due to differences in income, education, infrastructure, and exposure to media. Urban consumers tend to have greater access to product information, wider product availability, and higher purchasing power. In contrast, rural consumers historically relied on limited product options and informal information networks. However, over the past two decades, these distinctions have begun to change. Economic growth, improvements in transportation and communication, and expansion of retail networks have significantly altered consumption patterns in rural areas. Access to television, mobile communication, and improved supply chains has increased awareness about branded products and modern lifestyles. As a result, rural consumers are increasingly participating in the formal consumer market.

**Rural and Urban Population of India**

Census Year	Population (Millions)			% of Total Population	
	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6
1901	213	26	239	89.2	10.8
1911	226	26	252	89.7	10.3
1921	223	28	251	88.8	11.2
1931	246	33	279	88	12
1941	275	44	319	86.1	13.9
1951	299	62	361	82.7	17.3
1961	360	79	439	82	18
1971	439	109	548	80.1	19.9
1981	524	159	683	76.7	23.3
1991	629	218	847	74.3	25.7
2001	743	286	1029	72.2	27.8

Source: Office of the Registrar General of India.

This research paper explores the paradigm shift in buying behaviour among rural and urban families.

## LITERATURE REVIEW:

Early studies in consumer behaviour emphasized the importance of cultural, social, and psychological factors in shaping purchasing decisions. Engel, Blackwell, and Miniard (1995) described consumer behaviour as a dynamic process influenced by environmental factors and individual characteristics. Their model highlights information processing, decision making, and external influences as key determinants of consumer choices.

Kotler and Keller (2009) explained that consumer buying behaviour is affected by cultural, social, personal, and psychological factors. Culture and subculture influence preferences and consumption habits, while social groups and family structures shape purchasing decisions. Urban consumers often rely on advertising and digital media for product information, whereas rural consumers traditionally depend on interpersonal communication and local opinion leaders.

Prahalad (2005) emphasized the importance of rural markets in developing economies and introduced the concept of the “Bottom of the Pyramid,” highlighting the significant purchasing potential of low-income populations. According to Prahalad, businesses that adapt products and pricing strategies to meet the needs of rural consumers can unlock substantial market opportunities.

Schiffman and Kanuk (2007) further noted that consumer behaviour is shaped by learning, perception, motivation, and attitudes. Exposure to mass media and increasing literacy rates contribute to greater product awareness, particularly in rural communities where information access has historically been limited. Collectively, these studies suggest that socio-economic development and technological diffusion are gradually transforming consumer behaviour across different geographic segments.

### **Theoretical Framework**

Understanding buying behaviour has historically been approached through a series of competing models. The classical economic model positioned the consumer as a rational utility maximiser, purchasing goods that delivered the greatest return for expenditure. The behavioural science tradition, drawing on Pavlov's stimulus-response model, emphasised habitual purchasing triggered by conditioned responses to marketing stimuli. Howard and Sheth's (1969) comprehensive model of buyer behaviour introduced cognitive variables — perceptual and learning constructs — that mediated the relationship between inputs and purchase outputs, representing a significant advance over purely economic or purely behaviourist accounts.

Maslow's (1954) hierarchy of needs provided a further theoretical lens, suggesting that as consumers satisfied lower-order physiological and safety needs, purchasing behaviour would migrate toward the satisfaction of esteem and self-actualisation needs. This framework proved prescient for understanding the shift in Indian urban consumption patterns in the 2000s, as rising incomes enabled households to move beyond subsistence spending toward discretionary and aspirational purchases (Sheth, 1977).

Engel, Blackwell and Miniard's (1990) decision-process model offered perhaps the most operationally useful framework, delineating a five-stage process: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. The paradigm shift under examination in this paper involved changes at every stage of this process — needs were increasingly socially constructed; information search was transformed by television and, later, mobile telephony; alternatives proliferated with organised retail; and post-purchase evaluation was increasingly public through social consumption.

### **THE CONCEPT OF PARADIGM SHIFT IN CONSUMER BEHAVIOUR:**

Kuhn (1962) introduced the concept of the paradigm shift to describe revolutionary changes in scientific thought — moments when accumulating anomalies could no longer be accommodated within the existing framework and demanded a wholesale replacement of assumptions. Scholars of consumer behaviour have applied this concept to describe periods of fundamental discontinuity in purchasing patterns — shifts that are qualitative rather than merely quantitative (Sheth, Newman and Gross, 1991).

The paradigm shift in Indian buying behaviour can be characterised along three axes: (i) a shift from needs-driven to wants-driven consumption; (ii) a shift from family-collective to individual-centred decision-making; and (iii) a shift from local-brand loyalty to national and global brand orientation. These axes apply with varying force to urban and rural consumers, though the direction of change is consistent across both segments.

### **RURAL BUYING BEHAVIOUR: FROM SUBSISTENCE TO ASPIRATION:**

Rural India represents approximately 70 per cent of the country's population and commands a significant — though historically underestimated — share of consumer spending. For much of the post-independence period, rural buying behaviour was characterised by its conservatism: low brand awareness, high price sensitivity, preference for locally produced goods, and purchasing decisions strongly mediated by community elders and informal social networks (Kashyap and Raut, 2006).

The penetration of television into rural households during the 1990s and early 2000s constituted the single most transformative force in altering rural consumer behaviour. Krishnamacharyulu and Ramakrishnan (2002) documented how exposure to nationally broadcast advertising campaigns created brand recognition among rural consumers who had never encountered organised retail. Products previously unknown in villages — toothpaste, packaged foodstuffs, mobile handsets — achieved market penetration as aspirational desires were stimulated through media exposure.

Simultaneously, the expansion of rural credit through microfinance institutions, self-help groups, and rural banking initiatives altered the financial architecture of rural consumption. For the first time, significant proportions of rural families had access to consumer credit, enabling the purchase of durable goods — fans, televisions, motorcycles — that would previously have required years of accumulated saving (Prahalad, 2005). This financialisation of rural consumption represented a structural shift in buying behaviour with profound implications for demand patterns.

### ***Changing Rural Decision-Making Structures***

Traditional models of rural buying behaviour emphasised the patriarchal household head as the primary decision-maker, with purchases largely confined to agricultural inputs and basic consumables. Research conducted in the 2000s began to complicate this picture. Kumar (2004) found that in a sample of rural households across Uttar Pradesh and Maharashtra, women had become primary decision-makers for household consumables in over 45 per cent of cases — a figure that would have been implausibly high a decade earlier.

The involvement of rural youth in purchasing decisions also grew substantially as the spread of secondary education increased their exposure to urban consumption norms. Badi and Badi (2004) noted that rural adolescents who had attended school in semi-urban centres frequently acted as conduits for new product information, accelerating the adoption of branded goods within their households. This intra-generational transfer of consumer knowledge represented a

mechanism of behavioural change distinct from any previously documented in the rural marketing literature.

### **URBAN BUYING BEHAVIOUR: FROM FUNCTIONALITY TO EXPERIENCE:**

Urban consumer behaviour in India underwent an equally dramatic transformation during the decade under review, though driven by different forces and manifesting in distinct patterns. The expansion of organised retail — from a negligible base in 2000 to over 5 per cent of total retail in 2010, with major players including Big Bazaar, Shoppers Stop, and Reliance Fresh — fundamentally altered the purchase environment for urban families (Sinha, 2003).

The modern retail store itself constituted a new kind of buying experience. Unlike the traditional kirana store, which offered limited choice and required active service from the shopkeeper, the organised retail format invited browsing, trial, and impulse purchase. Srivastava (2008) observed that the physical environment of the supermarket — lighting, product display, ambient music, promotional signage — functioned as a powerful stimulus environment that elicited purchasing behaviour not anticipated in consumers' pre-visit intention states. This environmental influence on buying behaviour had been theorised in the Western literature by Kotler (1973), who coined the term 'atmospherics', but its application to Indian retail was novel.

Urban families in the 2000s also exhibited a growing orientation toward experiential consumption — the purchase of experiences rather than goods. The restaurant industry, multiplex cinema chains, international travel, and fitness centres all recorded dramatic growth during this period, reflecting Maslow's predicted migration toward self-actualisation spending as incomes crossed subsistence thresholds (Maslow, 1954). Pine and Gilmore's (1999) 'experience economy' thesis, developed in the context of advanced Western economies, found considerable empirical support in the consumption patterns of upper-middle-class Indian urban families.

### ***The Role of Brand and Status in Urban Buying***

Perhaps the most theoretically significant aspect of the paradigm shift in urban buying behaviour was the emergence of brand as a primary determinant of purchase decisions across an expanding range of product categories. Veblen's (1899) theory of conspicuous consumption — the purchase of goods for their signal value rather than their use value — acquired new relevance as luxury goods consumption in Indian cities grew at rates exceeding 20 per cent annually in the mid-2000s (Beri, 2008).

This shift was particularly pronounced among younger urban consumers — the generation that had grown up entirely within the post-liberalisation economy and had no experiential reference point for the scarcity conditions of earlier decades. For this cohort, branded goods were not a departure from familiar norms but the natural idiom of consumption. The aspiration gap — the difference between current consumption and desired consumption — was wide, and this gap was the primary engine of urban consumer demand (Srivastava, 2008).

### **CONVERGENCE, DIVERGENCE AND THE URBAN-RURAL CONTINUUM:**

A central question for the analysis of the paradigm shift is whether rural and urban buying behaviours are converging or whether the transformation is producing distinct trajectories. The empirical evidence from the decade under review suggests a nuanced picture: there is genuine convergence at the level of aspirations and brand orientation, but persistent divergence at the level of purchasing capacity, information infrastructure, and the social context of buying decisions.

Prahalad (2005) advanced the influential thesis that the 'bottom of the pyramid' — low-income rural and semi-urban consumers — represented a vast and commercially viable market whose potential had been obscured by the urban middle-class orientation of most market research. His argument that poor consumers were not resistant to branded goods but simply lacked access to appropriate distribution channels and product formats proved influential in reorienting both corporate strategy and policy thinking about rural markets.

The emergence of the sachet marketing strategy — selling premium products in very small unit sizes at low absolute price points — represented a practical manifestation of this insight, enabling rural consumers to participate in branded consumption without the disposable income required for standard pack sizes (Anderson and Markides, 2007). The success of sachet shampoo, detergent, and edible oil across rural India demonstrated that the behavioural aspiration toward branded consumption existed independently of the financial capacity for standard urban purchasing.

At the same time, important divergences persisted. Rural purchasing remained more deeply embedded in social and community contexts. The concept of reference group influence on buying decisions, central to Bearden and Etzel's (1982) theoretical framework, operated through different mechanisms in rural settings — where community norms were enforced through close social proximity — than in urban settings, where reference group influence was increasingly mediated through media-constructed aspirational communities rather than actual social networks.

### **IMPLICATIONS FOR MARKETING THEORY AND PRACTICE:**

The paradigm shift documented in this paper carries significant implications for both marketing theory and practice. At the theoretical level, it calls for a revision of frameworks that treat rural and urban consumer behaviour as categorically distinct phenomena amenable to separate analytical treatment. The evidence suggests that Indian consumer behaviour in the 2000s was better understood through a continuum model that acknowledged the increasing interpenetration of rural and urban influences — mediated by television, mobile communication, migration, and remittances — rather than a binary categorisation.

The limitations of purely cognitive models of consumer decision-making — which emphasise rational information processing and deliberate evaluation — are also thrown into relief by the evidence of impulse purchasing, emotional brand attachment, and social conformity that characterised the paradigm shift. Holbrook and Hirschman's (1982) experiential view of consumer behaviour, which emphasised hedonistic, symbolic, and aesthetic aspects of consumption neglected by information-processing models, provides a more adequate theoretical account of the transformation documented here.

For practitioners, the paradigm shift demanded a fundamental rethinking of segmentation, targeting, and positioning strategies. The traditional approach of treating rural India as a single, undifferentiated mass market — to be reached with simplified products and price-competitive offerings — was rendered inadequate by the growing heterogeneity of rural consumer aspirations. Equally, the assumption that urban consumers could be addressed primarily through rational appeals to product features and price was undermined by the centrality of emotional and status-related motivations in the transformed buying landscape.

Kotler and Armstrong (2010) emphasised that in rapidly developing economies, marketers must develop frameworks that can accommodate simultaneous divergence and convergence across consumer segments. The Indian case provides compelling empirical support for this theoretical position, and suggests that segmentation strategies based on geography or income alone are

insufficient — psychographic and values-based segmentation must be integrated to capture the complexity of the transformed consumer landscape.

### **FACTORS INFLUENCING RURAL AND URBAN BUYING BEHAVIOUR:**

Several factors contribute to differences in the buying behaviour of rural and urban families. **Income and Purchasing Power:** Urban households generally have higher disposable income, allowing them to purchase premium or branded products. Rural households often prioritize essential goods and demonstrate stronger price sensitivity.

**Education and Awareness:** Higher literacy and education levels in urban areas contribute to greater awareness of product features, quality standards, and brand differentiation. In rural regions, awareness has traditionally been limited, although media exposure has improved this situation in recent years.

**Availability and Infrastructure:** Urban consumers benefit from well-developed retail networks, shopping malls, and supermarkets. Rural consumers may face limited access to organized retail outlets, influencing their purchasing patterns and product choices.

**Cultural and Social Influences:** Cultural traditions and community norms often play a stronger role in rural buying decisions. Urban consumers may exhibit more individualistic decision-making patterns.

**Information Sources:** Advertising, online platforms, and product reviews strongly influence urban consumers, while rural consumers often rely on word-of-mouth communication and local retailers for product information.

### **PARADIGM SHIFT IN CONSUMER BEHAVIOUR:**

The concept of a paradigm shift refers to a fundamental transformation in attitudes, practices, and behaviours. In the context of consumer markets, the paradigm shift in rural and urban buying behaviour reflects changing preferences, improved market integration, and increasing exposure to modern products. Rural consumers are increasingly adopting branded goods, packaged foods, consumer electronics, and personal care products that were once primarily associated with urban markets. The expansion of rural retail networks and micro-distribution channels has made these products more accessible. Simultaneously, urban consumers are becoming more value-conscious due to economic fluctuations and rising living costs. Many urban families now emphasize product value, durability, and price comparisons when making purchasing decisions. This trend has led to convergence between rural and urban buying patterns in certain product categories.

Technological advancement also plays a major role in this transformation. Television advertising, mobile phones, and digital communication have significantly expanded consumer awareness. These developments allow rural families to access product information similar to their urban counterparts.

### **COMPARATIVE ANALYSIS:**

Although rural and urban markets are gradually converging, several differences remain. Rural consumers still demonstrate stronger loyalty toward trusted brands and retailers because of limited product exposure. Urban consumers, on the other hand, tend to experiment with new products and brands more frequently.

Family structure also influences purchasing behaviour. In rural areas, joint family systems often lead to collective decision-making, particularly for large purchases. Urban nuclear families typically make faster and more individual decisions.

Another important difference lies in shopping preferences. Urban consumers frequently visit supermarkets and organized retail outlets, while rural consumers often depend on local shops or weekly markets. Despite these differences, increasing connectivity and economic development are gradually narrowing the behavioural gap.

#### **IMPLICATIONS FOR MARKETERS:**

Understanding the evolving dynamics of rural and urban consumer behaviour is essential for businesses seeking to expand their market presence. Companies must design differentiated marketing strategies that address the specific needs of each segment. For rural markets, affordability, product durability, and distribution efficiency remain crucial. Packaging sizes, pricing strategies, and localized advertising can significantly improve product adoption. In urban markets, brand positioning, product innovation, and digital marketing strategies are more effective.

Organizations that successfully integrate rural and urban marketing approaches can benefit from broader consumer reach and sustainable growth.

#### **CONCLUSION**

The buying behaviour of Indian rural and urban families experienced a clear paradigm shift during the decade preceding 2011. This transformation was influenced by several interconnected factors, including economic liberalisation, increased media penetration, the growth of organised retail, and the rise of a younger, more aspirational consumer population. These consumers were less influenced by past experiences of scarcity and more open to new products, brands, and lifestyles.

Although the shift occurred differently in rural and urban areas, the overall direction of change was similar. Rural consumers gradually moved from subsistence-based purchasing to more aspirational buying patterns as their exposure to modern products, media, and markets increased. Urban consumers, on the other hand, progressed from primarily functional purchasing toward more experiential and status-oriented consumption. As a result, consumption became increasingly linked to lifestyle, identity, and personal aspirations. This transformation also carries important theoretical implications. Traditional models of consumer behaviour, especially those developed in earlier decades or based on Western contexts, may not fully capture the evolving dynamics of Indian markets. The distinction between rural and urban consumer behaviour still exists, but it has become less rigid as both groups show converging aspirations while still operating within different economic and structural conditions.

Overall, the paradigm shift reflects the growing integration of rural and urban markets and the rising significance of rural consumers in the broader economy. Businesses must therefore adopt inclusive and adaptive marketing strategies to address these changing patterns. Future research should continue to examine consumer behaviour across the rural-urban continuum, particularly focusing on the role of digital technologies, mobile connectivity, and e-commerce in further shaping purchasing decisions and market participation.

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