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BEYOND METROS

The real story of Bharat's next 500 million



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Foreword

January 2026 marks not just the beginning of a new calendar year, but the opening of a decisive new chapter in India's consumer story. Nearly 35 years ago, India embarked on a historic transformation by opening its economy to choice, competition, and global influence. The reforms of 1991 dismantled the Licence Raj. They laid the foundation for modern consumption, reshaping aspirations, access, and ambition, particularly across India's metros, and giving rise to many of today's consumer champions.



What is unfolding today is equally consequential, yet fundamentally different in both scale and character. The next phase of India's growth is no longer concentrated in its largest cities. Instead, it is taking shape across Tier 2 and Tier 3 cities, small towns, emerging urban clusters, and villages – together representing Bharat's next 500 million consumers. These regions already account for over 60 percent of India's e-commerce transactions. The top nine metros contribute just 18 percent of household income.¹ More than half of India's population continues to reside in rural areas, forming the structural backbone of the country's consumption-led growth.² Projections indicate that by 2031, India's consumption economy is expected to reach INR 426.4 lakh crore, growing at a CAGR of 13.4% from 2023 to 2031. This growth will be propelled by incremental consumption from the expanding middle class, rising urbanisation, and a young population with increasingly aspirational consumption patterns.

For those seeking to understand India's future across business, policy, media, research, and the broader economic ecosystem, the relevance of Bharat is no longer in question. What matters now is how it thinks, behaves, and makes decisions, and just as importantly, how deeply we truly understand it. This report is our attempt to move beyond assumptions and deliver that understanding.

Drawing on insights from 5,000 consumers across age groups, income cohorts, and geographies, this study goes beyond surface-level demographics to decode behaviour. It examines how consumers discover brands, how trust is built, how value is assessed, and how emotion, culture, and aspiration shape everyday choices in a rapidly digitising India. At its core, the report seeks to capture not just what Bharat buys, but why it chooses the way it does.

The research reveals a Bharat consumer who is more intentional, discerning, and expressive than ever before. Digital access has expanded choice, but it has also sharpened judgement. Today's Bharat consumer prioritises relevance over rhetoric, credibility over noise, and utility alongside aspiration. These are not passive adopters of trends; they are active participants shaping demand, narratives, and markets.

As a venture capitalist, I have had the privilege of witnessing this transition firsthand, often not through sweeping headlines, but through micro-signals that reveal where long-term value is being created. However, the insights in this report are not intended for a single stakeholder. They are relevant to anyone involved in shaping products, services, communication, policy, or strategy for India's next growth cycle.

As you read this report, I invite you to view Bharat not as an extension of the metro playbook, but as a distinct and evolving consumer landscape – with its own patterns, logic, constraints, and promise. Whether you are building brands, crafting narratives, allocating capital, informing policy, designing platforms, or simply seeking a better understanding of the direction of India's consumer economy, this study offers clarity, context, and foresight.

This report does not seek to prescribe a single path forward. Instead, it aims to enable better, more informed decision-making rooted in evidence, empathy, and a deeper understanding of Bharat's realities. In a market as vast and complex as India, preparation remains the most enduring competitive advantage. As the saying goes, the more you sweat in peace, the less you bleed in war.

On that note, as we step into 2026, I wish you a very Happy New Year and an insightful journey through the real story of Bharat's next 500 million.

Archana

Archana Jahagirdar
Founder and
Managing Partner
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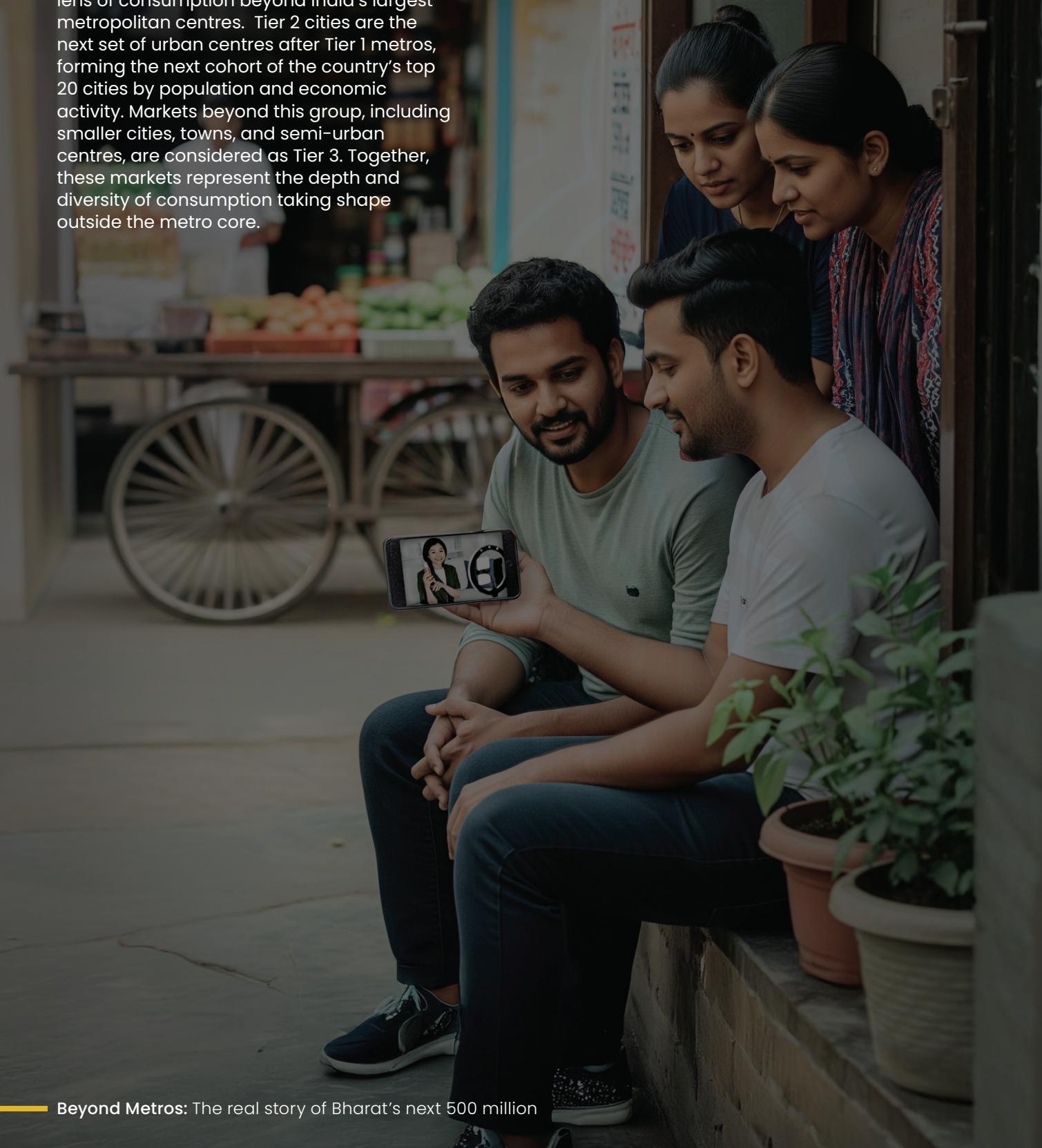
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Overview

In this report, Bharat is explored through the lens of consumption beyond India's largest metropolitan centres. Tier 2 cities are the next set of urban centres after Tier 1 metros, forming the next cohort of the country's top 20 cities by population and economic activity. Markets beyond this group, including smaller cities, towns, and semi-urban centres, are considered as Tier 3. Together, these markets represent the depth and diversity of consumption taking shape outside the metro core.



As the findings show, behaviour across these markets is not a downstream extension of metro consumption. Instead, it reflects distinct patterns shaped by local context, community influence, and a growing confidence in personal choice, placing Bharat on a trajectory of its own. Its consumer behaviour is deeply rooted in context, community, and confidence.

Discovery in Bharat is increasingly video-first and social-led, shaped by a strong need to see, validate, and fully understand a product before committing to a purchase. This shift is reinforced by India's expanding digital scale. As of the April–June 2025 quarter, India's internet subscriber base has crossed ¹1 billion users, with ²over 95% of villages now covered by 3G/4G connectivity. This scale has elevated platforms such as YouTube, social media, and e-commerce from discovery touchpoints to the primary engines of decision-making, particularly across Tier 2 and Tier 3 markets.

³India today is home to an estimated 2–2.5 million active digital creators, whose influence spans categories, languages, and regions, reflecting the deep democratisation of content creation beyond metros. Within this ecosystem, creators now function as trusted validators rather than mere amplifiers, with 22–23% of consumers relying on influencer recommendations, while traditional celebrity influence remains marginal at approximately 3 percent. This creator-led economy is already influencing hundreds of billions of dollars in consumer spending.

⁴Consumption economy is projected to grow to INR 426.4 lakh crore, underscoring how trust, relatability, and visual proof have become central to how Bharat discovers, evaluates, and chooses brands.

Trust, in fact, remains the bedrock of consumption. Word of mouth, customer experience, official brand touchpoints, and transparent product claims all play a decisive role. At the same time, rising interest in safety, sustainability, and ingredient transparency signals a consumer far more conscious than commonly assumed. Even as deals and festivals continue to shape buying cycles, perceived value is driven more by peer reassurance than by advertising. Equally important is where Bharat spends its time. WhatsApp functions as the digital backbone of everyday communication, while JioHotstar leads the OTT ecosystem, followed by vernacular content

platforms and music apps that shape daily entertainment habits. Gaming, often underestimated, has quietly emerged as a powerful channel for discovery and influence. The prominence of vernacular content, utility-driven platforms, and messaging-led ecosystems underscores how local context shapes digital behaviour. This report ultimately presents a consumer driven by both aspiration and pragmatism—one that values personalisation, nostalgia, innovative technology, and status cues, but always on its own terms. At its core, this is a fundamentally different consumer, shaped by context rather than convention, and resistant to one-size-fits-all approaches. For brands, platforms, policymakers, and investors, the implication is unambiguous. Success with Bharat's next 500 million consumers demands clear choices about who you are building for, which problems you are solving, and how intentionally you engage distinct consumer cohorts.

The next 500 million consumers will not be won through inherited assumptions or metro-centric rules of consumption, but by deeply understanding lived realities, defining target segments with precision, and keeping one's ears close to the ground.

Read on to find more cues to chart a winning path.

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Bharat's Digital Discovery & Research Behaviour



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Key Takeaways

- ❖ In Tier 3 markets, YouTube reviews have shifted from being a validation tool to becoming a primary discovery channel, influencing decisions right from the very start of the purchase journey.
- ❖ Creators now matter more than celebrities, overturning the long-held belief that aspirational faces are the primary drivers of influence in non-metro India.
- ❖ “See it to believe it” has replaced “brand says it, I buy it” – with visual proof, demonstrations, and lived experience outweighing discounts or brand recall.
- ❖ E-commerce is no longer just a transaction platform; it has evolved into a powerful research engine, used actively alongside video and social platforms, even in smaller towns.



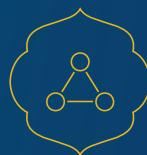
37%

rely on YouTube reviews as the primary lever for product discovery



35%

of Tier 2-3 consumers use e-commerce platforms for product research



32%

rely on social media to discover new products



23%

trust influencer recommendations as key decision-making signals

Bottomline

Brands win not by shouting louder, but by showing up consistently and credibly – in conversations, service, and transparency.



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Trust, Validation & Community Influence



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Key Takeaways

- ❖ Celebrity influence has almost disappeared in Bharat, marking a decisive shift away from aspiration-led advertising.
- ❖ Community-driven word-of-mouth now outweighs brand persuasion, making trust a social outcome rather than a marketing construct.
- ❖ Tier 3 consumers actively verify brands before purchasing, breaking the long-standing myth of impulse-driven decision-making in smaller towns.
- ❖ Customer service has evolved into a pre-purchase trust signal, rather than remaining a post-purchase hygiene factor.
- ❖ Conscious consumption is emerging from the ground up, with safety, clean ingredients, and sustainability increasingly shaping choices through community reassurance.



22%

Tier 2-3 consumers influenced by word-of-mouth recommendations



43%

Tier 3 consumers check official brand websites before purchase



32%

Tier 2-3 consumers influenced by customer service interactions



23%

consumers influenced by eco-friendly or sustainability claims



3%

consumers influenced by celebrity endorsements

Bottomline

In Bharat, trust is earned through people, transparency, and reliability – not through fame or flashy campaigns.



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Commerce Behaviour & Value Orientation



Key Takeaways

- ❖ Value, not volume, drives commerce in Bharat, with Tier 2 consumers actively timing purchases around deals and discount-led moments.
- ❖ In Tier 3 markets, festivals act as buying triggers, shaping when and how discretionary spending occurs more strongly than promotional calendars.
- ❖ Digital payments are deeply embedded in everyday commerce, with UPI emerging as the default transaction layer across Tier 2 and Tier 3 markets.
- ❖ Instant gratification has not yet become a mass behaviour in Tier 3, as quick-commerce adoption remains selective rather than habitual.
- ❖ Service-led consumption is quietly expanding, with food delivery showing moderate adoption, while in-home services remain at an early stage.



67%

Tier 2 & Tier 3 consumers use UPI platforms as the primary mode of payment



52%

Tier 2 consumers actively track sale days and discount cycles before purchases



36%

Tier 3 consumers use quick-commerce, reflecting selective, need-based adoption



44%

consumers use food delivery, indicating moderate category penetration



~22%

consumers use in-home services, positioning it as an emerging category

Bottomline

Bharat shops with intention, timing, and value discipline – not impulse.



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Bharat's Platform & Media Consumption Landscape



Key Takeaways

- ❖ WhatsApp operates as Bharat's digital backbone, serving simultaneously as a communication tool, discovery channel, and commerce enabler across Tier 2 and Tier 3 cities.
- ❖ OTT consumption in Bharat is driven by mass moments and local relevance, with cricket and vernacular storytelling influencing platform preference more strongly than global content libraries.
- ❖ Tier 3 audiences show a strong pull toward regional OTT platforms, reinforcing the importance of language-first, culturally rooted content.
- ❖ Music apps have become an everyday digital companion, cutting across age groups and city tiers as a low-friction, high-engagement medium.
- ❖ Rising adoption of Telegram signals a shift toward utility-first digital behaviour, where information, alerts, and community-led updates outweigh entertainment-led usage.
- ❖ Professional networking remains limited in Tier 3, but Tier 2 cities are showing clear momentum, reflecting growing white-collar ambition beyond the metros.



~90%

across Bharat use WhatsApp, making it the default digital layer



54%

of respondents prefer JioHotstar for content consumption across Tier 2 & Tier 3 markets



24%

Tier 3 consumers prefer vernacular OTT platforms such as Zee5 and SonyLiv



46%

use music streaming apps across Tier 2 & Tier 3



46%

Tier 3 consumers use Telegram, signalling a shift toward utility-led behaviour



~25%

Tier 3 consumers use LinkedIn, while Tier 2 shows accelerating adoption of professional platforms

Bottomline

In Bharat, platforms win by being useful and relevant, not by being loud.



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Bharat's Aspirational & Emotional Drivers



Beyond Metros: The real story of Bharat's next 500 million

Key Takeaways

- ❖ Bharat's aspirations are increasingly personal and self-defined, with consumers valuing offerings that reflect individual needs rather than mass-market positioning.
- ❖ Status remains important in Bharat, but it is expressed subtly through wise choices, quality, and credibility, rather than loud or overt displays of luxury.
- ❖ Nostalgia plays a decisive role in building trust, as familiar stories, formats, and cultural cues offer emotional reassurance amid rapid change.
- ❖ Bharat consumers are open to innovative technology and AI-led features, provided that these deliver visible, everyday utility, signalling confidence in practical solutions over novelty.
- ❖ Pop culture influences are beginning to reach smaller cities, but remain secondary to relevance, familiarity, and functional value in shaping consumer decisions.



18%
prefer bespoke or
customised offerings



13%
influenced by aspirational
triggers such as status cues



12%
resonate strongly with
nostalgia-led messaging



12%
influenced by smart tech /
AI-enabled features



4%
influenced by pop-culture cues

Bottomline

Bharat is aspirational but grounded – driven by personal relevance, quiet credibility, trusted familiarity, and everyday utility over hype.



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Bharat's Entertainment & Gaming-Led Influence



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Key Takeaways

- ❖ Gaming has evolved from being purely entertainment to a high-impact channel for discovery and engagement
- ❖ Tier 2 consumers show exceptionally strong responsiveness to in-game advertising, making gaming one of the most effective digital touchpoints for brand interaction.
- ❖ Tier 3 audiences mirror this behaviour, reinforcing gaming's role in driving awareness and consideration, rather than just passive exposure.
- ❖ The immersive and emotionally engaging nature of gaming provides brands with undivided attention, unlike cluttered social or display environments.
- ❖ Collectively, these trends position gaming as a credible, conversion-ready medium, capable of influencing Bharat consumers at moments that matter most.



55%

Tier 2 consumers show strong responsiveness to in-game advertising



52%

Tier 3 consumers respond to in-game advertising

Bottomline

For Bharat consumers, gaming is no longer just for fun—they're actively shaping discovery and purchase decisions.

Methodology

Rukam Capital conducted this study in collaboration with YouGov, one of India's leading consumer research firms, to examine consumption behaviour beyond the country's largest metros. The research is based on an online survey of 5,000 consumers across 18 states, offering a representative view of urban and semi-urban India.

A quota-based sampling approach was adopted to ensure balanced representation across age groups, gender, and city tiers. The sample comprised 51% male and 49% female respondents, aged 18 to 60 years. City-tier representation included Tier 1 (~30%), Tier 2 (~30%), and Tier 3 (~40%), enabling a deep focus on Bharat markets.

All respondents belonged to SEC A households, spanning both salaried and non-salaried individuals. For generational analysis, respondents were classified into Gen Z (1997–2012), Millennials (1981–1996), and Gen X & Baby Boomers (1946–1980).

The study analysed consumer behaviour across digital discovery, trust and validation, commerce behaviour, platform and media usage, entertainment and gaming, and aspirational and emotional drivers, with findings assessed at both the aggregate and city-tier levels.



Looking Ahead

The evidence from this study makes it clear that Bharat's next 500 million consumers are not waiting to be discovered or converted into metro-style buyers. Instead, the consumers in Tier 2 and Tier 3 cities of India are already actively fuelling India's consumption story. In fact, they are more informed, expressive, and decisive than conventional narratives suggest.

The study highlights a fundamentally different growth curve. Discovery will continue to be video-first and social-led, with 37% of consumers relying on YouTube reviews and over 30% discovering products via social platforms. Influence will increasingly flow through relatability rather than fame, as 22–23% of consumers trust creator recommendations, compared to just 3% influenced by celebrities. Brands that fail to recalibrate toward credibility, community, and contextually relevant storytelling will find Bharat's terrain challenging to navigate successfully. Trust, as the data shows, will remain the most defensible moat. With 24–25% of consumers influenced by word-of-mouth, 43% of Tier 3 consumers checking official brand websites, and 31–33% factoring in customer service, future winners will be those who heavily invest in reassurance. As 22–23% of consumers already respond to sustainability and safety claims, this trust equation will only deepen in the future, alongside the steady rise in awareness and expectations.

The next phase of growth will also be shaped by where Bharat spends its time. With 84–89% WhatsApp penetration, over 54% consuming content on JioHotstar, and nearly half of Tier 2 and Tier 3 consumers engaging with music apps, the contours of the consumption ecosystem are precise. Perhaps most telling is the rise of gaming as a high-intent channel, where 55% of Tier 2 and 52% of Tier 3 consumers respond to in-game advertising. The study positions gaming as a powerful yet underleveraged medium for discovery. For investors, these signals point to a new generation of consumer businesses. Regional-first, value-conscious, and deeply digital are the cues that will define their future scale and impact. For brands, the lesson lies in gaining clarity on exactly who they are building for. For policymakers, sustaining this momentum will require continued focus on digital infrastructure and support for local entrepreneurship.

Bharat is central to India's consumer economy. Those who read the data closely and act with intent, rather than assumption and will be best positioned to shape the next chapter of India's consumption journey as the economy advances towards an INR 426.4 lakh crore consumption scale.



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