<https://stackoverflow.com/questions/56086286/terraform-tfvars-vs-variables-tf-difference>

The distinction between these is of *declaration* vs. *assignment*.

variable blocks (which can actually appear in any .tf file, but are in variables.tf by convention) declare that a variable exists:

variable "example" {}

This tells Terraform that this module accepts an input variable called example. Stating this makes it valid to use var.example elsewhere in the module to access the value of the variable.

We can pass the variable information using -var switch or using --var-file for tfvars. If we use the name terraform.tfvars, it will be automatically compiled.