

A Review on the Study of Indian Consumer Behavior toward Local and International Products

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Abstract: *Globalization and liberalization offer competitive openings for several world brands in the Indian markets. Consumer behaviour is complex and very often not considered rational. A further challenge is that consumer personalities differ across borders and also between and within regions. The vulnerable consumer, who does not always have access to the same number of choices as the average consumer, also needs to be taken into account. The concept of 'consumer animosity' asserted that consumers will avoid products from certain countries not because of inferior quality but rather lingering "antipathy related to previous or ongoing military, political, or economic events" from the offending nation. This has not happened in the Indian case in the present study even though there was a war between India and China in 1962. The price, quality and functionality of a product could influence the purchase behaviour. The taste and preference of consumers, their likes and dislikes, their feelings and attitude, their behavioural aspects and all other factors which influence them to prefer Indian products should be taken into account while shaping the products.*

Keywords: Consumer behaviour, International products, Globalisation, Local market.

I. INTRODUCTION

India is an emerging country with huge potential. The domestic economy is now growing at around 9-10% per annum and India's importance in global terms is being reinforced by rapidly rising exports and domestic consumption. Globalization and liberalization offer competitive openings for several world brands in the Indian markets. Bestowed with growing disposable incomes, Indian consumers exhibit wide diversity in their buying habits. Apparently, the emerging fascination for imported brands impels distributors to leave enough space to shelf more with Chinese regional brands in their showrooms. The substantial increase in consumers' demand for imported products with considerable attraction for "Made In China" brands inspired this study. In emerging countries, a brand is either foreign or domestic.

Economic reform, the opening-up policy, stable international environment, large-scale development, export-oriented strategy, central-led investment, national consensus and support play important roles in China's economic growth. In spite of its three decades of sustained high economic growth rates, China has an image and reputation as a low-cost producer in the global marketplace. Indian consumers do get influenced by country of origin which is more pronounced in the western and northern parts of India compared to the southern and eastern parts of India.

The extant literature on country-of-origin effects suggests that, due to the rise in multinational production, international companies are increasingly paying less attention to the importance of country of origin as a source of competitive advantage and as a driver of customer preferences. There are a number of reasons why multinational companies are coming down to India. India has got a huge market. It has also got one of the fastest growing economies in the world. Besides, the policy of the government toward FDI has also played a major role in attracting multinational companies to India. For quite a long time, India had a restrictive policy in terms of foreign direct investment. As a result, there was a lesser number of companies that showed interest in investing in the Indian market. However, the scenario changed during the financial liberalization of the country, especially after 1991. Government, nowadays, makes continuous efforts to attract foreign investments by relaxing many of its policies. As a result, a number of multinational companies have shown interest in the Indian market.

The differences between emerging and developed markets, the increasing purchasing power of middle-class consumers in emerging markets, but also their increased familiarity with products of various origins underline the need for studying the applicability of the existing COO concept in this context. The concept of 'consumer animosity' asserted



that consumers will avoid products from certain countries not because of inferior quality but rather lingering “antipathy related to previous or ongoing military, political, or economic events” from the offending nation. This has not happened in the Indian case in the present study even though there was a war between India and China in 1962. The price, quality and functionality of a product could influence the purchase behaviour. In an emerging market like India, the purchase of a product is directly related to product functionality, affordable price with quality linked to functionality, psychic distance and animosity.

II. CONCLUSION

Consumer behaviour is complex and very often not considered rational. A further challenge is that consumer personalities differ across borders and also between and within regions. The vulnerable consumer, who does not always have access to the same number of choices as the average consumer, also needs to be taken into account. Companies can generally capitalize on their country’s favourably perceived capacity to design or manufacture a product category (e.g., Iran and woollen rugs, India and tea) if their global country image is unfavourable or conversely, capitalize on the global country image (e.g., Norway), or both (e.g., Germany and cars, engineering) but in the context of emerging markets, consumers’ perceptions of the place where the product is designed or manufactured become decisive, especially in the case of unknown brand names entering the market.

As long as MNCs’ products are existing in India, the Indian companies must concentrate on their quality and cost to compete with them and has to occupy a pivotal role in their domestic countries. The taste and preference of consumers, their likes and dislikes, their feelings and attitude, their behavioural aspects and all other factors which influence them to prefer Indian products should be taken into account while shaping the products. Swadeshi movement is not required in India but the best quality products for Indian consumer are very much required and that will erode the preference for MNCs’ products by Indian consumers.

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