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Analysing the Linkage between Evolving Nature of Globalization and Consumer Behaviour

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ABSTRACT

This research paper aims to investigate deeply into the question of how globalization is changing consumption patterns and Consumer behaviour in particular. Is globalization inevitable & do it serves the interests of all in the society? Globalization is definitely having a deep impact on consumer's choices worldwide as brand identity is playing an important role in defining an individual's identity and social status. Globalization's impact is unequal worldwide as still developing nations find it hard to assert them-selves vis-à-vis developed countries on the global platform.

Globalisation has definitely increased the living standard of people as there are more choices available in the market. We need a cultural shift in our society and its values as globalization is not just about trading goods and services. It is also about sharing of values and cultures across the world. Ex- Yoga's popularity worldwide is due to globalization of spiritual well-being of India.

A product's brand identity in a sense depicts an individual's social status in the society and a little about his self and collective identity as for ex- During Diwali in India, all media groups and social activists urge the consumers to buy Indian based products and not Chinese based ones as buying indigenous products will add to the income of its own people and will boost nationalism among the masses. Therefore, consumer behaviour is affected by many factors and is determined by what kind of product a consumer needs, the level of involvement and the differences that exist within brands. Consumer behaviour is really critical and interesting to understand as analysing consumer behaviour can help businesses and firms in influencing purchasing habits of consumers.

Keywords: Consumerism, COVID-19, Brand Identity.

I. INTRODUCTION

Globalization is the word used to describe the growing interdependence of the world's economies, cultures and populations, brought about by cross border trade in goods and service; technology and flows of investment, people and information. There is a fierce debate among

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scholars about when globalization began. The debate stems partly from the lack of a precise definition of the word. Some argue that globalization as a phenomenon began with the earliest human migratory routes, or with Genghis Khan's invasions, or travel across the Silk Road. In 1st century BC, luxury products from China started to appear on the other edge of the Eurasian continent – in Rome. They got there after being hauled for thousands of miles along the Silk Road. Trade had stopped being a local or regional affair and started to become global. The term ‘globalization’ itself was coined by the economist Levitt in 1983. It was used in literature beginning in the mid-1980s and gained strong momentum in the 1990s. Since the beginning of the 1990s (Schnell 2000: 189), the use of the term has been propelled by a growing global economy.

As Globalization progressed, it also led to consumerism as it promotes the consumption of globally traded goods and brands which can be incompatible with local cultures and patterns of economic activity. There is a strong link between globalization and consumption patterns worldwide as increasing globalization has led consumers to shift their choices in favour of cheaply manufactured foreign goods and branded products at the same time. Ex- in India, consumers have an inclination towards Chinese goods as they are cheap and affordable. Over a period of time, it has been concluded that due to globalization, transnational corporations have acquired a prominent space in various countries which has led to the slowdown of various home-based companies and industries. Ex- Small scale industries manufacturing batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil have been hard hit due to international competition.

The prosperity of the 1920s led to new patterns of consumption particularly in America. Consumerism drives economic growth as when people spend more on goods and services, there is a spur in the economy which consequently leads to increase in production and employment opportunities. *Consumerism promotes an idea that accumulating more wealth significantly leads to an increase in well-being of people but this is not necessarily true as consuming more can lead to happiness for a little while but not in the long run* as minimalism is now becoming popular worldwide. Marketers should promote a viewpoint among the consumers to buy things that are necessary and will add value to a consumer’s life rather than promoting the superficial idea where wealth accumulation becomes equivalent to happiness or an indication of social prestige. *Increasing consumerism has also resulted in “a shift away from values of spirituality, community and integrity, and toward competition, materialism and disconnection”*, said UniSIM’s Dr Wei.

Digital age has further led to increase in consumerism as data has become the new oil of 21st

century where information of every user is critical in understanding and shaping a consumer's behaviour. For instance, "*American dream*" is often cited in the speeches of leaders of America wherein they want to promote people to revive great America and its foundations lie in increasing consumerism to a great extent. Thus, a middle class American will buy a car despite no need of it as owning a car makes that individual a part of the great American dream. Thus, Consumerism and capitalism are inter-related deeply.

The approaches explaining consumer behaviour are divided into the three groups (Valaskova et al., 2015): psychological-based on the relation between the psyche and behaviour of the consumer; sociological approach—which is devoted to the reactions of consumers in different situations or how the behaviour is influenced by various social occasions, social leaders; and economic approach—grounded on basic knowledge of micro economy in which consumers define their requirements. A holistic approach can lead to a better understanding of the topic.

(A) Survey of literature

It includes analysis of research papers related to Globalization, Consumerism, Brand, and Identity, local vs global scenario emerging in the 21st century, especially after COVID-19.

Globalization can be distinguished in two forms prevailing in literature: *uniformity with regard to consumerism* (or homogenization) or differentiation as *cultural fragmentation* (Nederveen Pieterse 2004: 1). Within the concept of 'homogenization', there are two approaches to global uniformity: Westernization, coined by Serge Latouche's *The Westernization of the World* (1996: 3), and standardization. The two approaches go hand in hand, both featuring the assumption that globalization is a type of modernization.

II. CONSUMPTION CULTURE

Culture is not just a fairly homogenous system of collectively shared meanings, ways of life and unifying values shared by a member of society. Consumer Culture theory explores the heterogenous distribution of meanings and the multiplicity of overlapping cultural groupings that exist within the broader socio-historic frame of globalization and market capitalism. The term "*Consumer culture*" *conceptualizes an inter connected system of commercially produced images, texts and objects that groups use through the construction of overlapping and even conflicting practices, identities and meanings to make collective sense of their environments and to orient their members' experiences and lives* (Kozinets 2001). Consumer culture describes a densely woven network of global connections and extensions through which local cultures are increasingly interpenetrated by the forces of transnational capital and the global media-scape (Appadurai 1990; Slater 1997; Wilk 1995)

III. UNDERSTANDING EMERGING CONSUMER CONCEPTS

Consumer ethnocentrism is a psychological concept that describes how consumers purchase products based on country of origin. Purchasing foreign products may be viewed as improper because it costs domestic jobs and hurts the economy. The purchase of foreign products may even be seen as simply unpatriotic (Klein, 2002; Netemeyer et al., 1991; Sharma, Shimp, & Shin, 1995; Shimp & Sharma, 1987).

Consumer Animosity relates to an individual's negative feelings towards a specific foreign country product, so it implies the antipathy towards a country and its people. Ex- how India boycotted China's products for its aggressive behaviour at the border. **Economic Nationalism** is an ideology that favours state interventionism over other market mechanisms, with policies such as domestic control of the economy, labour and capital formation, even if this requires tariffs and other restrictions on the movement of labour, goods and capital. Ex- In 2020, Narendra Modi's appeal to people of India to become self-reliant (Atmanirbhar) and be vocal for local to boost India's economy reflects economic nationalism. Adam Smith's famous line that "Self-interest is the biggest interest" became more important in COVID-19. **Global consumption orientation** is a measure of attitude towards global products relative to local products. Consumers derive meanings from purchasing and consuming brands of various sorts. **Cultural openness** looks forward to others building on what they have created and finding new opportunities.

World mindedness is a term coined by Merryfield and colleagues (2008) that refer to a person's disposition to think and care about how his or her actions and decisions affect and are affected by other people around the world. **Consumer affinity** refers to personal connections forged between people and a particular topic, brand, product or even product affinities. These could be affinities to brands like Nike and Adidas or affinity to Sports articles or affinity to specific shirt colours, fabrics and so on. Tendency to feel attracted to foreign out-groups is very prominent. **Socio-demographic variables** like higher levels of education and income foster an open-minded orientation or attitude toward foreign countries by facilitating exposure to other countries, cultures, and people (e.g., Riefler, Diamantopoulos, and Sigauw 2012). According to the mere exposure effect, people can develop preferences for an object based on their familiarity with and frequent exposure to that object (Bornstein and D'Agostino 1992). Therefore, **past experiences** play an important role.

Understanding **Consumer Characteristics** is also important. Value congruency has established consumer characteristics such as materialism, consumer innovation and openness to experience

as drivers of positive dispositions. Consumers scoring high on innovativeness are positively disposed toward experiencing foreign cultures and their products, thus satisfying their desire for curiosity and variety (Westjohn, Singh, and Magnusson 2012). *Cosmopolitanism* and Global attitude is also crucial as it focuses on global politics that, firstly, projects a sociality of common political engagement among all human beings across the globe, and, secondly, suggests that this sociality should be either ethically or organizationally privileged over other forms of sociality. There is a development of *global morality*, Ex- Democracy and Liberalism.

(A) Developing & Developed Countries

Developing countries such as Brazil, India, China, and Russia are increasingly emerging as key investment destinations due to lower labour costs and overall importance of their markets. While Global brands in China, such as Nike are undergoing cross-country expansion into smaller cities. Evidence exists that a large number of people across the World-but not all- reveal a preference for globally accepted consumer cultural images and symbols over traditional and local ones (Alden, Steencamp and Batra 2006).

Most view the Westernization force as a trend towards a so-called *capitalist monoculture* (Tomlinson 2001: 83). Globalization as standardization is a process of “synchronization to the demands of standardized consumer culture, making everywhere seem more or less the same” (Tomlinson 2001: 6). A kind of *cultural compression* is too emerging. Globalization is an ‘age of boundary crossing’; however, those boundaries are not completely erased (Nederveen Pieterse 2004: 82).

(B) Consumerism

Consumerism is one of the powerful catalysts of Globalization. China and India claim more than 20 per cent of the global total with a combined consumer class of 362 million, more than in all of Western Europe.

Neva R Goodwin defines the consumerism as a system where *“the individual identity is related to consumption, so that our judgements of ourselves and of other people relate to the “lifestyle” that is created by consumption activities”*. In most of the cases, people purchase products in order to differentiate themselves from other people. Therefore, it follows that people do not buy products just because of their material needs or usage, but also because of their *symbolic value* (Goodwin). Buying consumer goods is a way of constructing an identity and for aesthetic and emotional fulfilment. The interesting point to observe that, this feeling only lasts for a short period of time because as soon as people buy something to get a unique identity, that article becomes common and they are out to shop again. This vicious cycle continues.

Consumers at every class level are consuming goods to satisfy their *social status achievement needs* (O' Cass and McEween, 2004).

(C) Global vs local

Globalization and consumer culture has widened the gap between affluent and poor. It's important to focus on Philip Cafaro's article in Philosophy Today where he emphasized that the present generation should focus on ancient philosopher's virtue ethics that urged limited material accumulation and the disciplining of consuming desires. A rejection of the dismal life of consumption will lead to a greater focus on the spiritual and the intellectual.

Globalization of trade is "mostly a state of mind". Martin (2006) explains that frequently negative attitudes towards globalization and global brands starts from the fear of eradication of local cultures and imposition of *pro-western values* by capitalistic multinational corporations. However, recent research has indicated that global brands can reinvigorate local cultures. For ex- Anholt (2003) suggests that branding techniques developed by global corporations can be useful empowerment to nations because they can 1) build up their own successful brands e.g. Lenovo and 2) successfully rebrand their own nations e.g. the image of Brazil and the global success of the reef brazil beach wear brand by taking the best from global brand examples. At the consumer level, global brands create a belief in a person's association with and participation in global village. Many people view global brands as a path to global citizenship.

(D) Brand & Identity

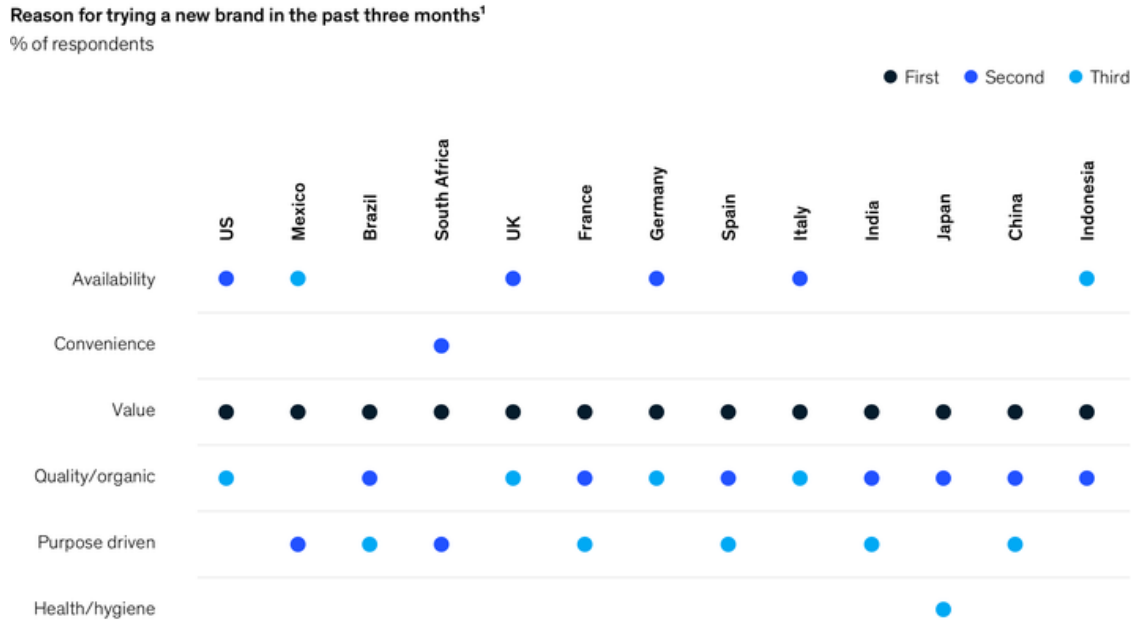
Brands become a widely accepted and intelligible way of communicating a potentially infinite number of corporate, product and consumer identities (Askegaard 2006; Elliott and Wattanasuwan 1998; Kjeldgaard and ostberg 2007; Thompson and Arsel 2004; Wilk 1995).

Fong (2004, p.631) documents that Chinese youths paradoxically combine fierce nationalism with global identities and a desire for the "American dream". It is widely documented in research studies that higher perceived brand quality and prestige are key advantages of global brands, especially in developing countries.

Research in sociology and social psychology on *self-identity* by McCall & Simmons 1978 and social identity theory by Hogg & Terry 2000 and Tajfel and Turner 1975 has contributed immensely to the society in understanding social processes by which people form their sense of "self". *Consumers see brands as a part of their extended self*. Brand identity expressiveness is defined as the capability of a particular brand to construct and signal a person's self-identity to himself as well as his social identity to important others. Consumers have three key needs in defining and validating their self-identity: namely, their need for *self-continuity*, *self-*

distinctiveness and self-enhancement (Brewer 1991; Escalas and Bettman 2003). Brand identity is also connected with an individual’s collective identity.

Value, quality, and brand purpose are most often cited as top reasons for trying a new brand across countries



¹Q: "You mentioned you tried a new/different brand than what you normally buy. What was the main reason that drove this decision? Select up to 3." "Brand" includes different brand, new private label/store brand.
 Source: McKinsey & Company COVID-19 Consumer Pulse Surveys, conducted globally September 18-30, 2020



The McKinsey & Company report too highlights that value of a product is the prime reason for an individual to try new brands, in addition to quality and purpose of a particular brand.

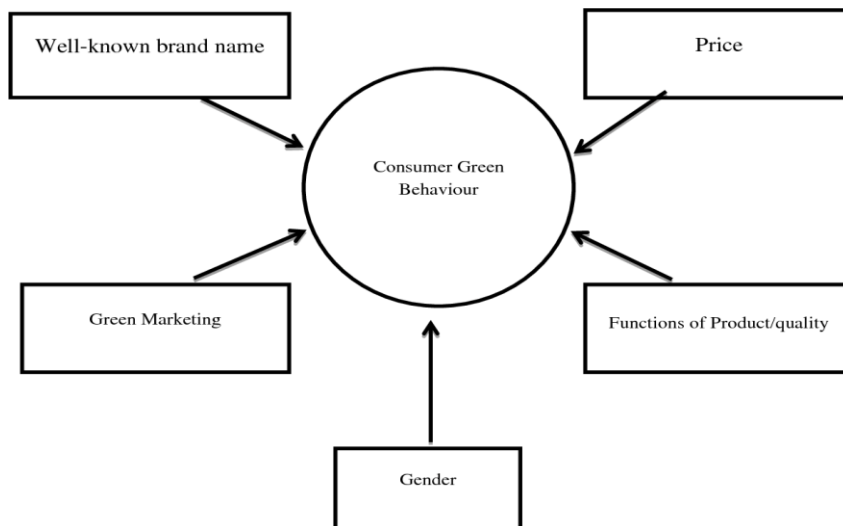
(E) Purchasing behavior in virtual economy

Web 2.0 describes a paradigm shift from the Web as a “passive information resource” to the Web as a “platform for the delivery of engaging services and experiences” (Kelly, 2006). The notion of “social software” facilitates self-expression, participation, dialogue, and the building and maintenance of virtual communities (Wilson, 2006). The use of social software opens a window of opportunity for Web 2.0 “social commerce”, creating virtual places where people can collaborate, get advice from trusted peers, find goods and services and then purchase them with virtual currency.

E-commerce has also changed consumer behaviour, especially during COVID-19 as online shopping is comfortable and at ease on one’s doorstep. In addition to that, online shopping is more personalised. Personalized shopping and recommendations has increased consumer stickiness for ecommerce over physical retail for years to come.

(F) Green marketing & consumer behaviour

Individuals strive to maintain a positive social-identity (Tajfel & Turner). **“Green consumers inherently think that they are better than everyone else because of what they do”**. According to Hallin (1995) and McCarty and Shrum (2001), people engage in environmental behaviour as a result of their desire to solve environmental problem, to become role models and a belief that they can help to preserve the environment. This awareness is congruent with the belief that the world's supply of natural resources is finite and the ecological balance of the environment may be at a critical disruption stage (Hayes, 1990).



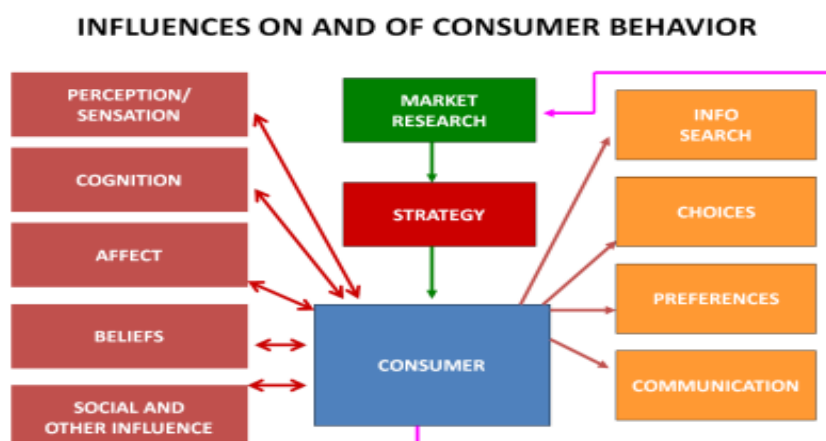
IV. A SHIFT IN CONSUMER BEHAVIOUR DURING COVID-19

A survey on Indian consumer sentiments during corona virus crisis was carried out by Mckinsey from 1–4 May 2020. The result indicated that 76 per cent of consumer out of the sample strongly agreed to spend their money carefully and cut back on their purchase. While writing on potential impact of COVID-19 on Indian economy, a report of KPMG (2020a) stated that this economic elastic behaviour with reference to spending was also shown during previous epidemics with increased attention of consumers on price, origin of the products and utility-based consumption or curtailed consumption. Accenture Consumer Research (2020) conducted between 2–6 April also reported that during this COVID-19 outbreak, a rise in consumer’s concern has led to change in priorities of consumers which is now centred around most basic needs, sending demand only for hygiene, cleaning and staples products, while non-essential categories slump. ***The desire to shop local is also reflected in the products which consumers buy and the way they buy to support local stores as they consider them more sustainable option.*** Kotler and Keller (2012) stated that a good understanding of customers’ lives is crucial to ensuring that the most appropriate products and services are being marketed to the right people in the most effective way possible.

Spiritual consumption has acquired a significant place in people's lives during COVID-19. *Consumer spirituality is the intrinsic motivation to seek and express autonomy, inner satisfaction and self-actualisation, maintain harmonious and sacred relationship with others, and desire sacredness in products, services and experiences.* The concept of spiritual consumption and its relationship with consumer behaviour in time of crisis has been introduced in the literature of marketing by Sheth et al. (2011). Philip Kotler (2019), in his commentary entitled 'The Market for Transformation', also describes that in modern times consumers are increasingly looking for hope, remedies and anchors that can alter a consumer's persona (body/mind) and they see value in being transformed.

Lastovicka et al. (1999) offer a conceptual definition of *frugality* as 'a unidimensional consumer lifestyle trait characterised by the degree to which consumers are both restrained in acquiring and in resourcefully using economic goods and services to achieve longer term goals'. It is relevant to the study of consumer behaviour, as it advocates the notion that achieving long-term consumption goals will, for most consumers, occur only through the denial of short-term whims and the resourceful use of extant resources. '*Voluntary simplicity*' shares some commonalities with frugality and is generally depicted as 'both a system of beliefs and a practice, centred on the idea that personal satisfaction, fulfilment and happiness result from a commitment to the nonmaterial aspects of life' (Zavestoski, 2002). Frugality is not to decrease the price but to develop sustainability from acquisition to disposal via new innovative measures for reaching out to the masses.

The health megatrend is increasingly assuming more importance as people will consider infection risk as an essential part of their consumption decisions. Consequently, companies will face higher demand for personal care, home care, and in particular hygiene products after the crisis. Brands that have earned trust over time stand to benefit in a big way after COVID-19 crisis as for consumers health has assumed supreme importance.



Let us consider an example which is very prominent in India, whenever an individual buys a thing from street shops, bargaining is for sure done by consumers but when the same individual goes to a mall or a fancy branded store, in most cases bargaining is not done which depicts the value of brand in an individual's life. Google search at the top shows that since the company has already shelled out a lot of money on advertising, these companies do not allow bargaining. Thus, *people do not bargain in shops located in malls, whereas they bargain in weekly markets.*

It can be concluded that Globalization is inevitable as was said by Xi Jinping when he was addressing the topic globalization in a speech in Davos in January 2017. "Some blame economic globalization for the chaos in the world," he said. "It has now become the Pandora's box in the eyes of many." But, he continued, "We came to the conclusion that integration into the global economy is a historical trend. [It] is *the big ocean that you cannot escape from.*"

Nederveen Pieterse coined the term "*selective globalization*". According to this approach, globalization started in Europe and other Western countries, whereas remote cultures have not been as affected or not as immediately affected. Moreover, *not everyone in the world's population has equal access to markets and technologies* (Augé 2008: xi [1995]). According to Alfonso de Toro, new Internet technology has "transformed the world into an ever-growing virtual surface that, on the one hand, expands the world in an almost infinite way and, on the other hand, compresses it radically so that we live in a permanent implosion" (2006: 20). Marx and Engels claimed a long time ago that, economically speaking, "the need for a constantly expanding market for its goods chases the bourgeoisie over the whole surface of the globe". Therefore, after analysing the whole debate, I would like to conclude by asserting that for globalization's success, more awareness needs to be cultivated among the consumers by the country they inhabit as in an increasingly interconnected and infodemic world, it is very important to know what our purchasing habit entails for the World.

I would like to conclude by quoting Professor Klaus Schwab, Founder and Executive Chairman of World Economic Forum that "*The problem that we have is not globalization, the problem is lack of global governance*".

V. LIMITATIONS OF RESEARCH PAPER

After researching comprehensively and analytically on the topic "The linkage b/w globalization and consumer behaviour", I came to a conclusion that more empirical researches need to be done on this topic to understand it in a holistic way. There are lots of research papers and studies on brand identity, globalism & localism but more comparative researches analysing the

differences of consumer behaviour in developed and developing countries needs to be done. Understanding consumer psychology requires a multi-disciplinary approach as consumer's behaviour has a direct effect on a country's economy which further produces ripple effects in various sectors.

In my further researches, I will like to analyse consumer behaviour specific to Indian context in particular by collecting empirical data and adopting a diverse lens.

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