Chapter 1

Consumer Behaviour in Developing Nations: A Conceptual Overview

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ABSTRACT

Irrespective of the differences between us, one of the binding cords that explain our homogeneity is that we all are consumers. However, there are idiosyncratic issues that might still differentiate consumption in one society from another. These constrain the extent to which we can generalise on the existing relevant postulations. Hence, this chapter presents a critical overview of consumer behaviour with reference to developing nations to give a well-focussed discussion of the topic. It shows that the consumer in these nations is influenced by personal, social and cultural factors, and the marketing stimuli. However, it also emphasises that despite the conventional understanding that developing nations are characterised with low development in many areas; globalisation and civilisation are introducing many changes into these societies. Consumers’ taste and awareness in these countries are changing. Hence, while the plans for approaching marketing activities in developing nations will have to be contextualised, they also need to be made more dynamic, and robust to keep up with the pace.

INTRODUCTION AND BACKGROUND INFORMATION

Consumption is a universal phenomenon! It permeates virtually all ramifications of every society from private to public sector. Irrespective of our status, age, gender, lifestyle, or nationality, we consume one product or another. This is one of the reasons why Consumer Behaviour, as a field of study, is very intriguing. Essentially, as consumers, we buy to satisfy our various needs and wants. Hence, these consumption decisions are linked to the value we derive from the associated transactions. This explains why it is very imperative for marketers to have an understanding of the underlying issues that drive consumer behavior in relation to their market offerings. Meanwhile, the task involved in achieving this is quite challenging.
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for marketers, but also offers tremendous benefits if thoroughly executed. It is considered challenging because consumers are all different in many ways and this could be demographically, emotionally, culturally or in various other contexts, and they can act differently to the same stimulus. Adding to this, it was noted that modern marketing acknowledges the emergence of global markets which do not only have differences but some commonalities (Durvasula & Lysonski, 2008). Hence, discussing consumption in relation to developing countries as a context is a worthy research endeavor.

With reference to Akam and Muller (2013), developing countries are defined here as nations characterized with a lower stage of development compared to industrialized countries in terms of economy, politics, and sociocultural issues. Statistically, developing countries are defined based on their Gross National Income (GNI) per capita which is identified currently as $11,905 or less (ISI, 2015). Rand and Tarp (2002), in their study on business cycles in developing countries, note that, in the context of their study, output is more volatile in developing countries in comparison to industrialized nations by about 20% while consumption is even more volatile in many cases. From a broad perspective, there is an argument that developing countries have characteristics amenable to consumerism and consumer protection activities. These include high inflation rates and deteriorating living standard, and discrepancies in the quality of products between those at the local level and those for exports (Kaynak et al., 1992). Accordingly, in the view of Lysonski et al. (1996), it is problematic looking for a universal instrument that give accurate decision making styles among a wide domain of cultures. Hence, specifically exploring consumption issues in developing countries, which is the emphasis of this chapter, will give us a more focused view of this phenomenon than if considered in a wider platform. A good number of reasons could be stated for why this will enrich our knowledge. Key aspects of these are the population growth and the associated market potential. For example, it is stated that approximately 70% of the young people are in developing nations (UN, 2009; Fatusia & Hindin, 2010), and another claim shows that Generation Y consumers are about 200 million for China and 210 million for India (Stanat, 2005; Durvasula & Lysonski, 2008). With reference to Mckinsey study, Kathuria and Gill (2010) show that average per household spending on food in India is expected to rise from rupees 34,552 in 2005 to rupees 61,560 in 2025. It is not surprising that interests in consumption behavior in developing countries are growing ranging from consumption of fast-moving consumer goods (FMCG), luxury consumption, to several other contemporary issues in consumer behavior. In the next section, we will be looking at factors that influence consumer decisions but with specific reference to developing countries as the contextual platform for this discussion.

INDIVIDUAL CONSUMER BEHAVIOUR

As individuals who engage in value-oriented transactions for goods and services for personal or household use; decisions of consumers in developing countries are influenced by a plethora of factors which can be categorized as shown in Figure 1. As the diagram shows, these factors are akin to what we read and know about the mainstream consumer knowledge. Nonetheless, while we use this as the thread to weave the discussion, specific reference will be made to cases and illustrations from the context of developing countries which is the focus of this book.