Chapter 1

A Conceptual Overview of Consumer Behavior in the Contemporary Developing Nations

Ayantunji Gbadamosi
University of East London, UK

ABSTRACT

Consumption is a global phenomenon that permeates virtually every walk of life in developed and developing nations. Consequently, extant literature is awash with postulations on consumer behavior in these contexts in varying forms. Most of the perspectives relating to developing nations explicate various issues that revolve around how the lower economic development in these nations affects their consumption when compared to what is in place in developed countries. Nonetheless, this chapter which classifies the key influences on consumer behavior into three factors, namely personal factors, socio-cultural factors, and marketing stimuli, argues that the consumption pattern of consumers in the contemporary developing nations tend to mirror that of developed nations in many ramifications. Thus, the chapter suggests that the consumption pattern of consumers in these nations is changing significantly by the day from what it used to be in response to the pace of changes in the global marketing environment such as the interconnectedness of people through technological advancement.

INTRODUCTION

One of the established perspectives in the extant consumer behaviour literature is that consumers could be categorised in various ways using different bases (Gbadamosi, 2018a, Saleem et al., 2018; Kotler & Armstrong, 2018). In its basic form, this could be done with respect to geography, behaviour, psychographics, and demography. As a matter of fact, each of these broad categorisations also has further sub-factors such age, income, gender, and ethnicity that could give further explication around the issue of what consumers buy, where they buy them from, how they buy them, and when they do so. Accordingly,
A Conceptual Overview of Consumer Behavior in the Contemporary Developing Nations

this line of reasoning offers a robust justification for having a discourse around consumer behaviour in developing nations. To put the discussion in the right perspective, we will make reference to a definition of developing countries. They are often defined statistically by the World Bank in relation to Gross National Income (GNI) per capita. Currently, these are countries with less than US $12,275 Gross National Income per capita (The Balance, 2018). It is relevant to note that the World Trade Organisation (WTO) often gives developing countries certain favourable differential treatments over other WTO members. These special provisions are stated on the organisation’s website as follows:

- Longer time periods for implementing Agreements and commitments,
- Measures to increase trading opportunities for developing countries,
- Provisions requiring all WTO members to safeguard the trade interests of developing countries,
- Support to help developing countries build the capacity to carry out WTO work, handle disputes, and implement technical standards, and
- Provisions related to least-developed country (LDC) Members (WTO, 2018).

Meanwhile while this definition is very helpful statistically to define these nations, another simple perspective that will also be needed to provide background for this chapter is to note that these countries have lower economic development compared to industrialized countries (Akam and Muller, 2013). So, it is not outlandish to suggest that there will be some differences in consumption pattern of consumers in these nations and those in the developed countries especially in relation to values and attitudes to consumption (Wang and Chen, 2004). However, increasing evidence continues to point to the increasing value of these nations vis-à-vis marketing activities of various organisations in relation to the sales of various products and services. It is notable to indicate that consumers in these developing countries constitute more than three-quarter of the world population (Rand, 2018). Similarly, a specific example of prospect in this region is the case of average household spending in India which is expected to reach rupees 61,500 in the year 2025, representing an increase of over 70% compared to the figure of rupees 34,552 recorded for 2005 (Kathuria & Gill, 2010). Also, report indicates that economic growth of one third of Sub-Saharan African countries is expected to increase from 2.8% for 2017 to 3.4% for 2018 (IMF, 2018). This information cannot be ignored in terms of scale and significance. So, the landscape of consumption activities in the contemporary developing nations is changing and it could be fallacious to rigidly rely on the preconceived and dated perspectives on consumption pattern of consumers in these nations. Apart from showing how consumption is a universal culture vis-à-vis developing nations, this chapter discusses the major influences on consumers with specific reference to the context of this book. We will now explore these factors in turn.

INDIVIDUAL CONSUMER BEHAVIOR

In their consumption activities as individuals for personal gratification and household use; decisions of consumers in developing countries are influenced by a plethora of factors which can be categorized as shown in Figure 1 below. 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.