CHAPTER IV

ASSESSMENT OF CONSUMER BEHAVIOUR IN INDIA: A BIRD'S EYE VIEW

*Science knows no country, because knowledge belongs to humanity, and is the torch which illuminates the world.* - Louis Pasteur

The behaviour of flaunting success, money, self, and possession is inherent in consumers across the world. However, the true dynamics of this phenomenon are evident only when we take into consideration specific socio-economic conditions and other consumption patterns. Academic inquiries have highlighted consumer dynamics in developed countries without concentrating much on the happenings of the developing world. This literature, in general, is limited and in the area concerning conspicuous consumption, appears to be all the more non-existent. In order to know the nature and pattern of this important consumer behaviour construct, researchers should also understand the social context that exists in the developing world—particularly, for the purpose of the current research, India.

The complex Indian society needs a closer look in order to understand the shape and dynamics of the conspicuous consumption behaviour in the country. The typicalities existing in the Indian social structure, class behaviour, and economic resource distribution are different from those existing in the Western societies and so is the consumption culture. However, recent socio-economic transitions have significantly changed Indian consumption habits. Looking at the development and evolution of consumer culture in India, one can see three distinct phases which were influenced by major ideological paradigms. As already argued by Chaudhuri and Mazumdar (2006) the pre-independence (1947) period was characterized by the Gandhian philosophy of 'simple living' while the post independence period was largely marked by socialist ideology of community living and self-reliance. This was a general life style largely followed
by the common Indians—in fact, every middle class Indian of the same cohort share such similar experiences and philosophy.

However, in the 19th century the Indian society witnessed a massive practice of indulging into obnoxiously ostentatious consumption behaviour (Sastri 1983). During this period of the evolution of colonial capitalism and strongly established feudalism, the nouveaux riche of the city of Calcutta used to spend obnoxiously huge sums of money on grand feasts, betting, musical extravaganzas, brothel-visits, and other showy yet meaningless events; so much so that these stories have become a part of local folklore and other forms of popular culture like novels of Sri Sunil Gangopadhyay (1981).

Post '47 the Indian market suffered from the ills of monopoly, and gradually the dream of self-reliance was eroded by low economic growth and widespread scarcity, and a low level of self-esteem started to set into the consumers’ (Indians’) minds (Singh 1982). However, inspite of doomsday predictions (by the westerners) the country went ahead—with its 5-year plans and a relatively successful bureaucracy (Guha 2007).

But consumerism was still not an acceptable social and cultural activity that was to be practiced. Owning money and material itself was seen as illegitimate, except for the wealth normally inherited by the family members of the aristocracy, and people had to underplay the value of wealth. They would seek legitimacy through donations and charity. It was an important way of taking wealth and converting it into prestige. However in the midst of wide spread poverty, few were able to experience material consumption, which by no means could always be called extravagant, but, given the socio-economic conditions, even this consumption was summarily branded as "conspicuous" and their activities, most often, "illegal." Social equity was strictly imposed through heavy punitive taxation, where the peak rate could be in excess of 90%.
However a popular desire for consumption, in a marked distinction from the reigning ideologies, was already growing. It was only after 1991 that, with the integration of the Indian economy with the global one, a contemporary form of consumption culture was initiated (Kurien 1995; Mankekar 1999). Venkatesh (1994) argued that the country was witnessing a dramatic increase in consumerism leading to the strengthening of social acceptance of consumption as a means of defining social status. Items like household appliances, toiletries, and packaged foods are now being perceived as crucial indices of upward mobility (Mankekar 1999, p. 74), rather than indicators of wealth. In fact, recent evidence (Varman and Vikas 2005) lends support to the fact that conspicuous consumption propensity is getting “massified” as people are increasingly being judged through their material lifestyles. For instance, commercial marketing research (Business World 2006) shows that in India premium products have a huge market; according to the senior marketing officials around 32 million Indians can support a premium product market of around US $14 billion. Indian marketing managers, however, tend to differentiate between luxury and premium, the former being afforded only by the superrich, roughly one million households having an annual income in excess of US $1,00,000. Rather than the ‘super-rich” Indians, major interest of any research is to understand the middle class who form the “volume consumer” and also are the cornerstone of the country’s socio-economic-political dynamics class (Chaudhuri & Mazumdar 2006). Going a little bit into the history to trace the origin of these people, we find that a “bourgeois” class existed prior to the arrival of the British, but expansion in the rule of the Europeans paved way for the emergence of a larger and distinct “middle class” (Sen 1988).

Misra (1961) identified teachers, lawyers, doctors, bureaucrats, service holders as belonging to the post-independence middle class, who are primarily skilled-based professionals having a distinguished acumen for knowledge acquisition.
and practice orientation. However, this composition has also changed in the last four decades. According to Bijapurkar (2007), things are not what they seem. First, from a consumer-market perspective, she points out, there is no single India. She asserts that India is a land where contradictions abound and will continue to abound because there are many Indians being touched, with different levels of intensity, by different forces of globalization and they are responding to them in different ways.

Further, according to her opinion the post-liberalization generation has come of age, more self-confident, more daring, more determined to reach the top—the employed salary-earner has now been replaced by the self-employed, as the new ‘mainstream marker,’ especially in urban India. The self employed being much more strivers and strugglers, do not accept the boundaries set by birth and use products much more to signal success [italics added].

The Indian society now also boasts of middle class entrepreneurs, high salaried professionals, engineers, expatriates, and so on. Thus, it won’t be much of an over-statement to call the Indian “middle” class the “merit” class (Chaudhuri & Mazumdar 2006). The middle class has become the vanguard of social and cultural change, embracing rationality, science, and secularism, leading India out of its tradition, superstition and ignorance (Sarkar 1983) and is an active element in India’s transition from feudalism to an industry-based modern society (Sen 1988).

The 1970s marks the emergence and rapid growth of a brash, new middle class that contrasts with an older, more cultured and paternalistic middle class of the Nehruvian period (broadly the 1950s and 1960s) (Varma 1998, Guha 2007). The partial liberalization of the economy in the 1980s, and then further liberalization from 1991, has also helped to create new wealth in India. A higher quality of life does appear to be increasingly associated with being able to buy and display goods and services, including foreign or branded ones (Monteiro 1998; Osella
and Osella 2000). Sheth (1999, p. 2508) argues that “the idea of upward social mobility motivates people of all castes...the quest today is not for registering higher ritual status; it is universally for wealth, political power and modern lifestyles.” Varma (1998) argues that in contrast with a previous ethic of austerity encouraged by the state, consumerism is now sanctioned because the middle class ability to consume is regarded as an index of progress.

One of the defining features of India’s contemporary middle class is their appetite for “global” culture, and their pursuit of Western lifestyles, possessions and values (Gupta 2000; Lakha 2000). They are a member of such a “transnational class,” who are bound up with the “developed” world through close cultural and economic transactions. It is no surprise that English continues to regulate access to specialised, professional training; it is linked to economic benefits and it reproduces and maintains cultural privilege (Roy 1993). With increasing job opportunities newer forms of professionals are being created, which gives the middle class a remarkably different composition from what it was even 20 years ago. New routes to earning wealth have evolved. Trading and manufacturing have always been the traditional way to earn riches. But the past 20 years have seen the knowledge route consolidate and that’s where the middle class has actually prospered. There has been a boom in what self-employed professionals earn——for people like dentists, doctors, and lawyers, income has jumped 20-fold (Business World 2006, 29th May). Even the salaried class has come into its own. Earlier, a handful of people working in high positions in a big company would earn well. But now, apart from large corporate executives, stockholders in companies, and stock option millionaires, even employees in small- and medium-sized enterprises are also earning well. India has always had a very hierarchy- and status-conscious society (Kakar 1981), which began with the caste system and has now evolved into more of a class-based system (Venkatesh & Swamy 1994).
Annual Household Income & Income Groups (1999-2000 prices)

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>40,000-80,000 (lower middle)</td>
<td>16.7%</td>
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<tr>
<td>80,001-1,20,000 (middle)</td>
<td>23.0%</td>
</tr>
<tr>
<td>1,20,001-1,60,00 (upper middle)</td>
<td>13.5%</td>
</tr>
<tr>
<td>Above 1,60,000</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Table 4-2: Urban Income Groups (NCAER 2003, Adopted from Kotler et. al. 2007)

In India, another major happening has further increased the scope for consumerism: it is the spectacular growth of media. In the last few years there has been a dramatic rise in the number of television channels across the country. Indian television, completely controlled by the government since its inception, gave way to cable television in the 90s. All the cable television channels, which include names like Star, Zee, and Sony, are controlled by private domestic or international capital. Though private channels are the biggest vehicles of the consumer culture in media, the state-owned channel also witnessed a change in priorities (Gupta 1998). In the initial years the state controlled television programming was a reflection of the welfare role; however, starting in the 90s, the medium largely discarded its welfare imperative (Gupta 1998) and concentrated on entertainment-based programs and advertisements. These channels have mainly highlighted “desirable” upper middle-class lifestyles, thereby legitimising consumerism, exhibitionism, and material wants (Mankekar 1999, also see Ex. 4). This specific development, to a significant degree, can describe the present forms of consumption habits in the country. The TV channels act as a major vehicle through which Indian consumers are exposed to the values and cultures of the West and as a medium, they cultivated new trends...
in our world views, culture, and attitudes (Gerbner et al. 1980). It is a well-known phenomenon that television can act as a mediator of consumption practices and culture penetration (for details see Hirschman 1988). These images or "mediascapes" (Appadurai 1996) influenced consumers to change their traditional consumption orientations and value systems. Consumers thus often seek to emulate the apparently "new," "modern," and "advanced" forms of consumption practices and lifestyles and purchase the brands they are exposed to through TV channels; the evidence of such practices are increasingly becoming visible in India (Varman & Vikas 2005).

Similarly, there has been a sea change also in the way the Indian popular cinema portrays wealth. In the 1950s in a film titled Devdas, the heroine is portrayed as the girl next door, dressed in a simple cotton saree. Half a century later, in a 'remake' (which was also incidentally screened at Cannes) the opulence depicted has to be seen to be believed. Just after Independence, when the country was struggling to its feet, films borrowed heavily from the ideology of that era.

The rich were regarded suspiciously——their wealth was not right in a country where poverty was widespread. This trend continued with Amitabh Bachhan, the Indian superstar. During the 1970s the protagonists remained the proletariat and the rich industrialists, the villains. The TV soaps also resonated in the same tune. However, present movies celebrate possession in all its forms. Often times, in the most stylised narrative format, contemporary movies revolve around protagonists who are professionals and entrepreneurs. Through careful set design, location preferences, and dressing styles, they reflect the achievements, aspirations, and the tastes of the middle class. Moving away from NRI (Non resident Indian) themes, modern popular movies like Corporate (www.corporatethemovie.com) display the dilemmas of the middle-class urban Indian.

In the absence of formal academic research, we can take a few more incidents
narrated in Indian business magazines like Business World as indicative of the contemporary state of consumption in India. An informal content analysis of the publication yields 142 returns for the word “luxury.” Interestingly, magazines like this one have been tracking the buying behaviour of the Indian middle class (although not with much theoretical motivation). According to one such story, (Business World 2003, 23rd July) places near Delhi have been witnessing much growth, and first generation ‘super-rich’ (but not filthy) entrepreneurs are spending furiously to establish their social identity; Mercedes Benz cars are selling more in the smaller cities than in the Metros. “With their business going well, they get anxious to project the right image. They go in for a big house - 15 bedrooms or so” (Business World 2003, 23rd July, p. 30). Many North Indian marriages have taken the character of grand stage show (see for example, http://thinksimplenow.com/simplytina/2008/03/an-indian-wedding/) —but all these remain a prerogative for the ‘filthy rich’. All these reports lend some support to the original definition where the consumer are trying to make distinctive ‘statements’ through their economic might (especially true for the Mercedes trotting “filthy rich”)

The middle class are evolving in their very special way. For example, among the upper middle class “......ten years ago, a family might have invited Daler Mehndi (a pop star) to perform at a family wedding. But now, they will probably call in an Ustad Amjad Ali Khan” (an internationally renowned classical musician) (Business World 2003, 23rd July p. 31).Thus creation of exclusivity through intellectual and cultural distances, rather than using wealth, is a reality that the marketing practitioners are also learning fast (Business World, 24th July 2006 ). Incidents like this would perfectly support the theory developed above.

With one of the world’s highest savings rate (24%), the large Indian consumer base has had high purchasing power, but now it has developed higher aspirations too ( Merrill Lynch Research 2003). Thus, one commercial survey
among Indian youths (BW 2006), revealed that 53.36% of the respondents want to be 'seen' in brands like Nike or 53.25% of them would prefer to give importance to friends’ opinions before buying. 65% are interested in trying out new especially digital products. Lastly, 61.21% prefer buying more 'expensive' products. Their average, per-capita monthly spending list features Jewellery (Rs. 1147) and Mobile (Rs. 1054), followed by Clothes (Rs. 569) and Movies & Books (Rs. 395). These (in absence of any direct evidence) may give us a good idea as to the growing consumer orientation toward CC. On the other hand, the increasing inclination to use cultural capital to create exclusivity is also on the rise. Taste and the ability to appreciate the same are visible at every corner. Magazines targeted at the middle class highlight achievements and showcase exquisitely designed homes having inexpensive yet “culturally scarce” fittings and accessories.

<table>
<thead>
<tr>
<th>Income (Rs / year)</th>
<th>30,000</th>
<th>55,000</th>
<th>90,000</th>
<th>145,000</th>
<th>250,000</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households (mn) - FY08</td>
<td>41</td>
<td>80</td>
<td>37.5</td>
<td>22.0</td>
<td>23.2</td>
<td>203</td>
</tr>
<tr>
<td>Annual growth (%)</td>
<td>-7.3%</td>
<td>1.8%</td>
<td>8.9%</td>
<td>9.2%</td>
<td>13.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Total Spending (Rs bn) - FY08</td>
<td>2,062</td>
<td>6,678</td>
<td>5,044</td>
<td>4,349</td>
<td>5,211</td>
<td>23345</td>
</tr>
<tr>
<td>Annual growth (%)</td>
<td>0.2%</td>
<td>12.4%</td>
<td>19.8%</td>
<td>20.9%</td>
<td>20.6%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

Table 4-2: India’s Consumption Spending Forecast (Merrill Lynch India 2003)

India is experiencing major shifts in her socio-cultural structure. Thus, a society which has been traditionally known as “collective” in nature (see Hofstede 1984) is gradually showing increased evidence of individualism (Sinha & Tripathi 1994). It is possible that the search for a distinct self identity has already begun in
India. This particular development is reflected in the proposed definition of CC where the component of individualism is a key determinant. This behaviour as also reflected in the previously cited (commercial) research findings echo the same phenomenon—but this development can be judged to be largely having a urban characteristic. The proverbial co-existence of 'Bharat' vs. 'India' still continues. However, the gradual percolation of urban culture is changing the rural pattern as well— there is evidence that such aspirations extend beyond the urban middle classes; e.g., in their sophisticated ethnographic account of social mobility in rural Kerala, Osella and Osella (2000) point to significant changes in consumption behaviours and aspirations amongst all social groups. Again with increased penetration of electronic media, affordable home entertainment systems, cinema, and the internet, consumers are opening up to the great outside world. Visual images, like elsewhere in the developed world, (Elliot & Wattanasuwan 1998) are constantly creating reality for the Indian consumers.

If we see these as trends and symptoms of social change, they definitely indicate a substantial directional turn of the Indian society to conform to a predominant global social order, something very similar to what Harvey (1990) observed in the West:

"The first [step] is the introduction of fashion in mass markets that has accelerated consumption not only in clothing, ornament, and decoration but also across a wide swathe of life-styles and recreational activities. A second shift is moving away from the consumption of goods to consumption of services .... The first major consequence has been to accentuate volatility and ephemerality of fashions, products, production techniques, labour processes, ideas and ideologies, values, and established practices."(p. 22)

Venkatesh (1999) sees these developments as symptoms of a postmodern "sign economy," where a production orientation is changing into a consumption orientation. We thus observe in the Indian market and society some interesting
trends: the empowerment of women, mass media penetration, changing consumption patterns, the incidence of higher levels of education among the consuming middle class, and a clear conflict between traditionalism and the evolving social order (for details, see Venkatesh 1994). These developments bear significant resemblance with major postmodern trends like "valuing of consumption as a social imperative," "high levels and distribution of purchase power created through an elaborate credit economy," as identified by Venkatesh (1999 pp. 8-9). All these changes are a clear indication to the fact that "sign" or a postmodern social system is gradually, if not rapidly, coming to India.

The choice of the middle class as the subjects of the present study can be justified on this ground and the unique consumer orientation that they exhibit. Traditional understanding of CC calls for a possible purchase of Mercedes Benz cars, but in contemporary India, consumers find newer and more innovative ideas to express themselves even through a much more affordable possession e.g. mobile phones (or may be through the proposed Rs. 1 Lac Car!) —a gadget which has evolved itself into a ubiquitous but still a distinct item of consumption. We shall explore these behavioural dynamics in the next few chapters.