

An Empirical Study as to why Indians Prefer Foreign Goods over Indian Manufactured Goods

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Abstract

In the market scene of India, International brands are the ones that end up in every Indian's hands. These merchandise are productive to place themselves as key elements in certain item classes as far as quality and convenience. For example, in way of life item fragment, for example, magnificence embellishments and salves, worldwide merchandise outperform nation Indian items. A languid nature of both assembling strategies and accessibility of crude materials is the essential explanation of inadequacy of Indian brands in specific classes. Regardless of more significant expenses, International brands are fruitful at picking up notoriety since they can draw the high pay area of Indian purchasers. It is prominent that this area of purchasers is keeping pace with worldwide purchasers who have satisfactory obtaining capacity to purchase merchandise from the most costly markets of the world. The McKinsey and Co report in 2007 recommended that India will develop to the fifth biggest purchaser showcase on the planet by 2025. The credit culture in India has been a significant driver of expanding multiplication of outside products. The credit framework has helped Indians to purchase costly merchandise on portions. The pleasantries given by credit cards have placed an essential purpose on industrialism in India. Credit culture will appear in this circumstance. This will further prompt an enormous push to International brands and help them to increase the better market in the nation. The researcher here in this research has done an empirical study on the same based on certain questions framed by the researcher. There were a total of 1627 respondents to whom the survey questions were asked. The results are formulated and the hypothesis has been either proven or altered as any research should be.

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I. Introduction

India is a developing country where new startups pop up each and every day in the year 2018. India has seen an increase of 108% in the number of

startups. But then when there are so many brands who have been there for ages in our country and with startups coming up each day, providing products which are of high-quality why is it that Indians prefer foreign brands over Indian brands?

There may exist multiple reasons as to why Indians prefer foreign brands over Indian brands. Almost two centuries of British rule ensured that we developed a lasting inferiority complex over Indian culture, education and products. Despite 72 years of independence we still consider ourselves inferior to foreign countries, such as America, England, Russia, etc. Foreign brands emphasize branding. They spend a lot on their advertising and marketing campaigns. The names being signed as ambassadors are really popular stars with a lot of appeal. So, that ensures a tick mark for customer reach. Another thing is status the feeling when we think we have achieved something when we go on posting pictures on social media for others to see. Here in the bandwagon as well as the Veblen effect take place. Bandwagon effect is a phenomenon whereby the rate of uptake of beliefs, ideas escalate and trends increases the more that they have already been taken up by other people, whereas Veblen effect is a market behavior where in the consumer purchase the costly products while similar cheap (but not identical) substitutes to the same product are available. It is caused either by the belief that higher price means higher quality, or by the desire for conspicuous consumption (to be seen as buying an expensive, prestige item). When it comes to providing quality goods foreign brands ensure that despite the fact they make a lot of profit and they charge more compared to Indian brands, they ensure that quality is usually of high standards. Only a few Indian brands emphasize on quality. Customer service This is one area where foreign brands have edged us out. Customer service and satisfaction plays a great role in ensuring you have a sustained base of customers in the long run which the foreign brands provide with minimal or no flaw. Coming to the important part of technology foreign brands employ innovative and high end technology to ensure their brand works like a well oiled machine. Data driven decision making is something they have embraced with open arms which shifts the game towards their favour in terms of capturing the

market, edging out the competition and developing customer centricity.

Aim : To conduct an empirical study as to why Indians prefer foreign goods over Indian manufactured goods

Objectives:

- To study about Veblen and bandwagon effects
- To understand the marketing strategies used by foreign companies
- To understand the marketing strategies used by Indian companies

II. Review of literature:

There are various meanings of advertising techniques in the writing and such definitions reflect alternate points of view (marketing stat). India is second to Poland on the list of nations whose consumers care is mostly about being able to use new goods and services (Indians have well defined brand prefe...). Colonialism has instilled in the minds of Indians that they are inferior to them and other nations (WikiZero - Colonial mentality). At the time of the British rule the Britishers considered the Indian produces as inferior and considered that the Indians need to be more civilized (WikiZero - Colonial mentality). Indian conception on products takes an oscillation when it comes to advertising, launching of a new product is not sufficient. Indians need more; firstly a solid reason to purchase the good and only high quality is not going to help in any way. (Digital Marketing Blog for Every Busi...). There exists abnormal behaviour among the customers where they buy costly products when there exists the same product at a cheaper rate because they think higher price means higher quality which is known as the Veblen effect (Digital Marketing Blog for Every Busi...; What is Veblen effect? definition and...). The Veblen effect is clearly usable when a product or

service rendered is down right visible to the public, basically associated with status or affluence, distinguishable from competitors, and priced higher when compared to competitors. Veblen effect. The Veblen effect in marketing and pricing when the fundamental state for its solicitation is satisfied. To leverage the effect, promote associations with celebrities. <https://paperpile.com/c/QWQ8eT/cmoP>. "The snob effect is a phenomenon in microeconomics as a situation where the demand for a particular good by individuals of a better income level is inversely related to its demand by those of a lower income level <https://paperpile.com/c/QWQ8eT/l2D7>. "A brand may be a name, term, structure, image or whatever other element that distinguishes one vendor's acceptable or administration as particular from those of various dealers. (Which of your friends needs to learn ...). "In recent times, the idea of marking has extended to incorporate the promoting and specialized strategies that help to recognize an organization or items from contenders, expecting to make an everlasting impression within the psyches of clients. The key segments that structure a brand's carpenter's kit incorporate a brand's personality, image correspondence, (for example, by logos and trademarks), brand mindfulness, brand steadfastness, and different marking (brand the executives) procedures." (Ghodeswar 2008). If more people are using some product then people tend to buy the same according to the bandwagon effect theory. (Marketing principles / William M. Pri...). A name is that the piece of a brand which will be spoken or composed and recognizes an item, administration or organization and separates it from other similar items inside a classification. A brand name may incorporate words, phrases, signs, images, plans, or any blend of these components. For shoppers, a brand name is a "memory heuristic"; a helpful method to recall favored item decisions. A brand name isn't to be mistaken for a trademark which alludes to the brand name or part of a brand that is lawfully

secured. (Marketing principles / William M. Pri...). Regularly, particularly in the mechanical area, brand designers will advance an organization's name. Precisely how the organization name identifies with item and administrations names shapes some portion of a brand engineering. Choices about organization names and item names and their relationship relies upon in excess of twelve vital contemplations. (Brand Architecture: Strategic Consider...) Brand consciousness is a fundamental improvement in the client's purchase choice procedure, since consciousness is a precondition to buying. That is, clients won't consider a brand on the off chance that they don't know about it." <https://paperpile.com/c/QWQ8eT/fNzz>. The statement of a brand – including its name, trademark, correspondences, and visual appearance – is brand personality. (Liquid Agency 2014). The number of people who speak in English in India is still minimal so using English alone as a language of communication for marketing will not help using local languages should help it (Multilingual Marketing). Since most people use smartphones these days digital marketing for companies has become a lot easier than ever (Digital Marketing Blog for Every Busi...)

III. Methodology

The researcher has done empirical study on the topic. The primary information for the research is collected through field study from 1627 randomly selected respondents which included the general public of different age groups with a well framed and structured survey questionnaire. The questions put forward in the survey to the respondents that is specifically to the consumers. The collected responses are portrayed in the crosstab table and chi square tests table. The calculation done by the researcher based on the responses received is the Pearson chi square technique was used. The secondary sources used by the researcher for the study are by referring to books, research articles, e-sources, articles,

journals , newspapers. The study also found 791 number of male respondents, 736 female respondents and 77 transgender respondents. The study is based and done by collecting information from both primary and secondary sources by the researcher.

IV. Analysis and discussion

Table 1

Frequency Table1. Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	811	49.8	49.9	49.9
2.0	737	45.3	45.4	95.3
3.0	77	4.7	4.7	100.0
Total	1625	99.9	100.0	
Missing System	2	.1		
Total	1627	100.0		

4. Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	826	50.8	50.8	50.8
2.0	303	18.6	18.6	69.5
3.0	496	30.5	30.5	100.0
Total	1625	99.9	100.0	
Missing System	2	.1		
Total	1627	100.0		

Inference :

Totally 1627 responses were collected from the general public out of which 881 are male, 737 female and 77 transgender respondents. All the

respondents were from different walks of life with a majority of them working in private sectors.

Question 1: Gender * Are products made in India of low quality ?

H0 : There is no significant relation between the place where a product is made and the quality

Ha : There is significant relation between the place where a product is made and the quality

Cross tab Count

		Are products made in India of low quality ?			Total
		yes	no	maybe	
Gender	3. male	317	219	255	791
	female	268	193	276	737
	transgender	18	35	24	77
Total		603	447	555	1627

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.313 ^a	4	.001
Likelihood Ratio	17.554	4	.002
Linear-by-Linear Association	5.483	1	.019
N of Valid Cases	1627		

The minimum expected count is 87.24.

Inference:

Out of the respondents a majority of 603 have responded “yes” there is significant relation between the place where a product is made and the quality. 555 have doubts on it while 447 say there is no significant relation between the place where a product is made and the quality.

Chi- square:

the value of P is below 0.05 hence alternative hypothesis is proven, that is there is significant relation between the place where a product is made and the quality

With respect to occupation *

Crosstab

Count

		Are products made in India of low quality ?			Total
		1.0	2.0	3.0	
4.	1.0	352	253	218	823
Occupation	2.0	112	63	128	303
	3.0	198	151	147	496
Total		662	467	493	1627

Chi-Square Tests

		Value	df	Asymptotic Significance (2-sided)
Pearson	Chi-Square	28.483 ^a	4	.000
	Likelihood Ratio	27.864	4	.000
	Linear-by-Linear Association	2.723	1	.099
N of Valid Cases		1627		

a. 0 cells (0.0%) have expected count less than 5.

Inference:

Out of the respondents a majority of 662 have responded “yes”thereis significant relation between the place where a product is made and the quality. 467 have doubts on it while 493 say there is no significant relation between the place where a product is made and the quality.

Chi- square:

As the value of P is below 0.05, the null hypothesis is rejected and hence alternative hypothesis that there is significant relation between the place where a product is made and the quality is proven

Question2:Do you think cost and quality are proportional when it comes to foreign goods ?

H0: There is no significant association between cost and quality are proportional when it comes to foreign goods

Ha :There is a significant association between cost and quality are proportional when it comes to foreign goods

Cross tab

Count

		.Do you think cost and quality are proportional when it comes to foreign goods ?			Total
		yes	no	maybe	
	SSC/HSC	161	94	95	350
	UG	417	248	201	866
	PG	110	83	201	394
Total		688	425	497	1627

Chi-Square Tests

		Value	df	Asymptotic Significance (2-sided)
Pearson	Chi-	102.810 ^a	4	.000

Square Likelihood Ratio	98.705	4	.000
Linear-by-Linear Association	49.041	1	.000
N of Valid Cases	1627		

Likelihood Ratio	27.864	4	.000
Linear-by-Linear Association	2.723	1	.099
N of Valid Cases	1627		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 87.24.

Inference:

Out of the respondents a majority of 662 have responded “yes”there is a significant relation between the place where a product is made and the quality. 467 have doubts on it while 493 say NO. Hence there is significant relation between the price and quality

Chi-square:

P value is below 0.05 hence null hypothesis is rejected.

Inference:

Out of the respondents a majority of 662 have responded “yes”there is significant relation between the place where a product is made and the quality. 467 have doubts on it while 493 say NO. Hence there is significant relation between the price and quality

Chi-square:

As the value of P is below 0.05, the null hypothesis is rejected and hence alternative hypothesis that there is significant relation between the cost and quality are proportional when it comes to foreign goods

With respect to occupation *

Crosstab

Count

		Do you think cost and quality are proportional when it comes to foreign goods ?			Total
		1.0	2.0	3.0	
4. Occupation	1.0	352	253	218	823
	2.0	112	63	128	303
	3.0	198	151	147	496
Total		662	467	493	1627

Chi-Square Tests

		Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square		28.483 ^a	4	.000

V. Discussion:

Recently, the inclination of Indian consumers towards international brands has become pertinent. The research was to find the reason for the same. After collecting and analysing the data so obtained. The researcher has come to conclusions based on the hypothesis laid down. The results so obtained have confirmed the various effects involved in marketing and the mindset of people.

VI. Conclusion:

Indian purchasers esteem and respect worldwide brands as a grown-up toy. The development of worldwide e advertisers in the Indian business has led to a development of outside brands. Then again the bustling way of life of Indians has turned into a typical spot characteristic. Wellness and style extras being identified with current way of life have turned out to be instilled with buyer conduct. Globalization has led the whole world to turn into a solitary market. It is currently a worldwide town and the procedure of globalization colossally helped trade of merchandise and enterprises. Moreover,

worldwide challenges have made organizations to cook the neighborhood needs of assorted topography.

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