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Foreword

We take pleasure to host the 3rd IIMA Conference on Marketing Paradigms for Emerging Economies at the Indian Institute of Management, Ahmedabad, and to publish its Proceedings. The Conference, a biennial feature, was first held in the year 2005.

The theme of the Conference is Marketing Paradigms for Emerging Economies. This was chosen as there is an increased realization by marketing practitioners and academicians that newer concepts and frameworks based on empirical realities of emerging markets, grounded in their economic contexts need to be developed to address marketing issues in emerging markets. Plurality and diversity of customers, calls for paradigms that are different from the uniform and standardised approaches that dominate conventional marketing thoughts. The attempt is to develop a body of knowledge on the marketing phenomena of emerging markets based on empirical research.

The conference aims to bring together researchers and academicians from across the world and provides a unique opportunity to marketing professors and practitioners in India to share their ideas with some of the best in the world. In a short time, this has truly developed into an outstanding event for marketing scholars to attend. This time 257 abstracts were submitted in total and after a review process, 95 papers were accepted for presentation. This year 18 countries were represented and 21 papers came from outside India.

One new track—Strategies for Harnessing the Potential at the Bottom of the Pyramid—was added this year and 10 papers were accepted under this track.

We wish to thank all those who helped us in various ways in making this event a grand success. Special thanks to Professor Samir K. Barua, Director; Professor Jayanth R. Varma, former Dean; Professor B.H. Jajoo, Dean, Indian Institute of Management, Ahmedabad; keynote speaker Professor John Dawson, University of Edinburgh; reviewers and track chairs without whom the conference would not have been possible.
Many thanks to Marketing Area; various departments of IIMA; our sponsors, Infosys Technologies Ltd. and Professor Labdhi R. Bhandari Memorial Fund, IIMA.

We hope you will enjoy the 2009 conference and these Proceedings.

Piyush Kumar Sinha
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(Conference Manager)
Acknowledgements

The Conference Co-ordination Committee members of the 3rd IIMA Conference on Marketing Paradigms for Emerging Economies, 2009, would like to place on record our heartfelt appreciation and gratitude to all those who helped us in various ways which resulted in making the event a grand success. An international conference of this magnitude could not have been held without the whole-hearted co-operation and support from a number of people. Their tireless effort and extreme hard work have contributed to the Conference’s smooth organization and operation. At the outset, we would like to express our sincere thanks to Professor Samir K. Barua, Director; Professor Jayanth R. Varma, former Dean and Professor; B.H. Jajoo, Dean, Indian Institute of Management, Ahmedabad, who have given tremendous support and active encouragement to the Conference. We are also grateful to all the faculty and staff of the Marketing Area of IIMA who have been very supportive and encouraging in many ways.

We acknowledge with thanks, the excellent support extended by 67 reviewers from various countries who helped in selecting 95 papers that are being presented at the Conference from a total of 257 abstracts which we had received. We are indeed grateful to them for their significant contribution in making this Conference of an international standard in terms of representation and quality. We pay our thanks to Ms Sonya L. Bakeri for copy-editing this volume.

We acknowledge the tremendous support that we received from various departments of IIMA. Specifically, we would like to express our gratitude to Mr N.V. Pillai, Chief Administrative Officer; Ms Nina Badlani, Finance and Accounts Officer; Ms Meenakshi Ganeriwal, Manager IT; Mr Ajay N. Suthar, Computer Operator (Sr); and Mr Kundan Yevale, Conference website developer; Mr Pravin Parmar, Audio Visual Supervisor; Ms Pratima Desai, Material Reproduction Officer; Mr S. Bhattacharyya, Programmes Officer, KLMDC; Mr Kamal Pandya, Stores and Purchase Officer; and heads and chairpersons of various divisions of IIMA, for participating in and extending their support to the Conference.

We want to acknowledge with gratitude the contribution of Niche, the Marketing Club of the student community of IIMA in planning and organizing the event.
Last but not the least, we wish to formally express our gratitude to Infosys Technologies Ltd. and the Marketing Area for its formal consent for allocating funds from Professor Labdhi R. Bhandari Memorial Fund, IIMA, for meeting a part of the expenses of the Conference.

We look forward to continued support from all our friends and colleagues in future as well. It is only with their encouragement and cooperation that the Marketing Area can continue to organize a Conference of this magnitude once in two years.

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Lost Sale and Profit Gain on Pricing Strategy

Hotnir Siringoringo and Didin Mukodim

KEY WORDS: Lost Sale; Pricing Strategy; Retailer; Consumer.

Rapid growth of modern retail in Indonesia forced retailers into a scene of tight competition. Among the strategies that retailers used to beat this competition, pricing strategy (Kadiyali; Vilcassim and Chintagunta, 1996) became the main choice of retailers in the same category. Pricing strategy has proved to be powerful in influencing consumer decision (Taylor, 2002; Dodds and Monroe, 1985; Funkhouser, Parker and Chatterjee, 1994; Park, Lessig and Merril, 1982; Kenesei and Todd, 2004; Schindler, 1991). Among the pricing strategies used are:

- Advanced Booking Discount (ABD) modelled by McCardle, Rajaram and Tang (2004); and Tang, Rajaram, Alptekin “glu and Ou (2004);
- Pre Announcing Pricing (Elmaghraby, Lippman, Tang, and Yin, 2006); and

For a different category, in addition to price strategy, retailers also applied product assortment. Convenience stores, being the smallest in nature, entered the competition with a lesser variety of products. Hypermarkets, being the biggest in nature, entered the competition with larger variety of products. It has been found that product assortment can help improve profits (Chong, Ho and Tang, 2001).

Pricing strategy might be not the best answer to competition. As store outlets from different chains are located very close each other, consumers do not need to go far to compare product price among the chains. They have to just cross the road, as can be found in Margonda Street, Depok, where Giant chain is located just across the road from Hypermart chain. The common pricing strategy applied is a lower price for certain products compared to the price offered by other chains, but higher price for some other products. It is interesting to investigate how consumer decision is effected by this strategy and how lost sale or profit gain is influenced.

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Brand Relationships and Switching Behaviour in Young Consumers

Arvind Sahay and Nivedita Sharma

KEY WORDS: Young Consumers; Brand Relationship; Brand Switching; Peer Influence on Consumption Behaviour.

PURPOSE OF RESEARCH

India is a home to 1.136 billion people\(^1\) out of which 250 million are in the age bracket of 15–25 years, out of this 187 million are 12–19 years old and 121 million are 20–25 years old\(^2\), comprising of approximately one-fifth of the total population. This segment is very attractive due to its size, spending power and large exposure to media. Being exposed to a lot of information they are not only capable of influencing the decision making of their friends and family, but also they make various purchase decisions for themselves. Their purchasing power has significantly increased due to the increase in income be it in the terms of their salary or the pocket money they are entitled to. Salaries in India rose by 14.4 per cent in 2006 and 15.1 per cent in 2007 as surveyed by Hewitt Associates. An Assocham survey revealed that the average monthly allowance of urban children in the age group of 10–17 years has gone up from Rs. 300 in 1998 to Rs. 1,300 in 2008.

In addition, young consumers are very brand conscious. “I want to become brand conscious, it’s just a matter of time. When I start earning, like when I become an airhostess, then I will go for the brands. I won’t for a single day compromise on my brand for sure,” said a teenager. A study conducted by The Keller Fay Group reveals that members of generation Y have 145 conversations a week about brands, which is twice the rate of adults. In addition, 57 per cent teens cite marketing and media in their conversations as compared to 48 per cent of adults.

\(^1\) Estimate for September 1, 2007 based on interpolating on estimates by Census Bureau of India for March 1 of 2007 and 2008.

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Teenagers' share of expenditure in Indian market is worth $2.8 billion (Shimona, 2007).

Thus, the purchasing power of young consumers makes it important for marketers to understand their purchase decision making for the present and as potential future buyers. This study is conducted to identify, first, the relative importance of brands for teenagers as compared to young adults and second, to find out the factors that can cause switching behaviour amongst young consumers. While brands play an important role in purchase behaviour (Park, Jun and Shocker, 1996) and brand switching has been a subject of investigation (David et al., 1987; Roy and Lahiri, 2004) a study in the context of young consumers in India and one that compares different segments is presently lacking. This is an important lacuna because young consumers tend to behave differently from older consumers. It is to be noted that older consumers are termed as laggards in adoption and are negatively associated with the adoption of technology and are low users (Gilly and Zeithaml, 1985). In a study conducted by Henley Centre and IMRB International, it has been revealed that the happy and confident Indian consumer enjoys spending money on personal needs and entertainment. This is in contrast with the traditional Indian mindset of collectivism, cautious spending and guilt associated with spending.³

**Young Consumer Segments**

Until 12 years of age, the influence of parents over their children's consumption is very high as they are in their growing up phase and can only request for the products (Isler et al., 1987). After that they go out for the assisted purchase with the parents. Roedder (1981) finds that adolescents who are 12 years and above are strategic processors as they use a variety of strategies for studying and retrieving information such as verbal labelling, rehearsal and use of retrieval cues to guide memory search. After this age comes the most stressful period when a child moves to the stage of adolescence, and he/she experience rapid changes in terms of growth, relocation and self-discovery (Newcomb et al., 1986). However, parents continue to exert significant influence on the purchase behaviour of teenagers (Martin and Bush, 2000). It is at this stage that they develop cognitive and social dimensions like the knowledge about the market place, concepts and brand (Roedder, 1999). The influence of parents progressively decreases over the

³ Financial Express, 18 December 2005
teen years; teenagers start associating themselves more with their peers than with the family; they consume certain objects to affiliate themselves to a particular social group (Taylor and Cosenza, 2002). To feel secure in terms of their appearance, identity and how they are being looked upon, they use material possessions as a way of establishing their identities and to gain prestige (Belk, 1998).

Once they cross this age group, they get into a segment of young adults (20–25 years of age) who by now frame their own lifestyle and concepts to follow. It is at this stage that these consumers start setting up their own household. The young adults are known to gain competence in buying the complex consumer products (Alice Grønhøj, 2007).

Based on the above, two age groups have been identified: (a) 13–19 years (G1); and (b) 20–25 years (G2), for the purpose of this study.

HYPOTHESIS

Importance of Brands

While brands carry a personal meaning for consumers across age groups, there are different identity issues that are salient across age segments, and different patterns of consumer-brand relationships can be identified (Susan Fournier, 1998) across age groups. At every stage, a consumer is playing a different role and brands help him/her to portray the self-image as they want. Consumers use brands to describe their self-concept, as well as to communicate their identities (Susan Fournier, 1998). Their relationship with the brand is also based upon their learning. They purchase products that convey meaning as opposed to just the product utility. This is quite different from an earlier time in India where products were bought and consumed from a utilitarian standpoint only before the ‘liberalization’ of the economy starting from 1991. Therefore:

H1: G1 and G2 Develop Deep-Rooted Relationships with the Brand(s).

The extent of materialism is greatly increasing amongst the youngsters as material possession is the way of establishing identities and gaining prestige (Belk, 1988). Apart from the fact that people see brands as their own extended selves, they also consume certain objects to express their affiliation to a particular social group (Taylor and Cosenza, 2002). One of the ways that adolescents adopt in the development of their self-identity is to identify themselves with the group they
belong to (Young, 2007). As teenagers become young adults, the need to identify with a group may decline as they move on by breaking any dependence relation that joins him/her to others (Van de Velde, 2005). Therefore, we suggest that:

_H2: As compared to G2, G1 will show a greater importance to brand consumption to express their affiliation to a particular social group._

**Brand Switching Behaviour**

The important factors that can lead to a switch are the social networks (Martin and Bush, 2000), and the financial resources (Bijapurkar, 2008). The social networks one develops comprises of the family and the peers.

Research has shown that younger consumers’ attitude towards purchase and their consumption pattern is often influenced by the family communication (Moschis, 1985). Irrespective of the fact whether the youngsters are at home or they move away form the home, the family always provides their suggestions regarding the brands (Rafeal Bravo et al., 2007). However, this influence may vary as per the age and the status of the young consumer with regards to his/her marriage or the dependency on the family. Evidence suggests that teenagers are more influenced by the peer group than by family in purchase decisions as they are in touch with them for long hours (Radhika, 2008)\(^4\). Teenagers feel insecure about their transition from childhood to adolescence and from there on to adulthood. In such a scenario, they start looking up to their friends and start behaving in the same manner as they do. The preceding arguments suggest that:

_H3: Peer group has a higher influence on brand switching than family for G1 as compared to G2._

G1 and G2 can be expected to differ considerably on the dimension of financial means. A person in G1 gets an allowance from parents or they can demand what they want from them or they may be doing a part time job with little responsibility for running a household. A study done by MTV in India states that 54 per cent of youngsters are earning money while they are studying\(^5\). However, persons in G2 are under more economic pressure as they are now on their own and have to purchase complex products like house, car, household staples, insurance, etc. It is interesting to note that young adults claimed to use a ‘best-buy’ strategy in

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\(^4\)_The Hindu, March 14, 2008.

\(^5\)_http://www.rediff.com/money/2004/jun/12spec.htm
connection with all product categories (Alice Grønhøj, 2007). This shows that inspite of being brand conscious (Alice Grønhøj, 2007), they prefer value for money because of the economic pressure they have at this stage of life.

**H4a:** Compared to G1, G2 will show a greater response to price change.

**H4b:** Compared to G1, G2 is more likely to switch brands for a similar price change.

In addition, as alluded earlier, teenagers are more susceptible to peer group pressure. Therefore:

**H5:** For G1, the magnitude of price change will influence the relationship between peer pressure and likelihood of brand switching.

**METHODOLOGY**

We propose to conduct structured interviews amongst the following age groups in Ahmedabad. A stratified random sample among the SEC A and B groups will be obtained as this group is more familiar with and uses brands more.

G1: 13–19 years old

G2: 20–25 years old

A field experiment approach will be used with a control group being used for both G1 and G2 for comparison purposes.

**Independent Variable**

1. *Age Group:* Two groups, (a) 13–19 and (b) 20–25.
2. *Influence of Peer Group:* The role that the peer group has on the purchase decision of the young consumer.
3. *Influence of Family:* The role that family plays on the purchase decision of the young consumer.
4. *Degree of Financial Independence:* The extent to which one is financially dependent on parents.

**Dependent Variables**

1. Purchase intention.
2. Switching intention.
Product Class

The two product classes chosen for the study are clothing and electronics. Young consumers who are fashion conscious and innovative are known to be frequent buyers of clothing (Roy and Goswami). They also have a major influence in the purchase of clothing (Foxman et al., 1989). The figures from Economic Intelligence Unit reveal that the sales value for apparel market is likely US$ 101351.0 mn by 2010. This category is having the highest growth in the children’s market. Clothing appears to be the topmost involving category with 89 per cent children claiming to pay attention and talk about clothes as per Disney’s study. This category occupies the central position in the life of youngsters (O’Cass 2002).

Electronics is another category that is a topic of conversation among young consumers. A study conducted by KSA Technopak, of four segments of consumers, revealed that the highest expenditure made on the electronics is by the following two segments, namely, the technologies' babies (8–19 years) and the impatient aspirers (20–25 years). A survey by Disney reveals that young consumers exercise their influence: 44 per cent in the case of computers, 42 per cent for television sets, 43 per cent for music systems and, 33 per cent and 34 per cent for cars and mobile phones, respectively.

EXPECTED FINDINGS

The results are expected to reveal that the consumption behaviour of the two groups selected for the study is significantly different. As hypothesized the young consumers of both types are expected to develop deep-rooted relationships with the brands. These relationships are formed due to the greater degree of peer pressure on teenagers as compared to the young adults. When teenagers switch their brand, peer influence is likely to be larger than that of family whereas, young adults might not be as affected by peer pressure when compared to the teenagers. Price changes could alter brand switching behaviour.

POTENTIAL IMPLICATIONS OF STUDY

This study will help in understanding the degree of difference in the consumption behaviour that is exhibited by young consumers. The segment of young consumers comprising of 13–25 years is not identical. The behaviour shown by the teenagers as compared to the young adults is dissimilar be it in terms of the cognitive and social development or from the aspect of financial independence. It
is inappropriate to club these two different segments together as one and implement similar strategies to woo them.

Thus, marketers need to be able to have a nuanced approach that recognizes the similarity between these two groups of young consumers and yet is able to develop the different marketing approaches requires for the two groups. From the marketers’ perspective, it is essential to know what can induce consumers to switch brands.

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