

RESEARCH PAPER

# Multinational company product's influence on expenditure pattern

■ JYOTI PANDEY

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## ABSTRACT

Today in this era of globalization the Indian market has gone through a dramatic change. The consumption patterns of Indians are slowly moving towards unsustainable levels, while resources as domestic savings are depleting at an alarming rate. To investigate the influence of multinational company products on expenditure pattern of urban households. The study was exploratory in nature. The locale of the study was the twin cities of Hyderabad and Secunderabad of the State of Andhra Pradesh. The total sample sizes of 300 were selected by using stratified random sampling techniques. 100 each belonging to three income categories viz., HIG, MIG and LIG. An interview schedule was designed for the purpose of collection of data from the respondents. For gathering information the following five scales were developed. Consumer product susceptibility and innovativeness scale (CPSIS), The consumer ethnocentrism scale (CES), the goal congruency scale (GCS), product influence on attitude scale (PIAS), the enculturation – acculturation scale (EAS). When the consumers were highly susceptible innovative, ethnocentric, then the expenditure for MNCPS were high. Also when the MNCPS were highly goal congruent, MNCPS had good attributes, MNC concern for customers satisfaction were high than in these cases expenditure for MNCPS was high.

**KEY WORDS :** Multinational company products, Enculturation, Acculturation, Innovativeness, Susceptibility, Ethnocentrism

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The size of the Indian middle class is growing at a faster rate, compared to the overall growth in population. Consumption pattern of Indian household has undergone a structural change during the post liberalization phase. With low per capita income, food and beverages continue to account for a large part of the household's final consumption expenditure. However, the share of this item has gone down significantly in the late nineties. This is large because

the consumption expenditure itself has grown at a healthy rate. The aggregate private final consumption expenditure in real terms has grown by an average of 5.8 per cent during the second half of the nineties, compared with 4 per cent in the first half of the nineties and about 4.6 per cent during the second half of eighties. The change in consumption pattern of course has been a continuous process for the last three decades. The share of food in total final consumption expenditure has been declining steadily. At the other end of the spectrum are the two segments which represent what sociologists consider as indicative of upward mobility of the middle class: the 'luxury good' component of the consumption (Mitra, 2003). It even appears they are just waiting to gabble up

## AUTHOR FOR CORRESPONDENCE

JYOTI PANDEY, Department of Integrated Himalayan Studies, Himachal Pradesh University, SHIMLA (H.P.) INDIA  
Email: [drjyotishukla@gmail.com](mailto:drjyotishukla@gmail.com)

any new very often of overseas origin – product that is launched (Prasanna, 1995).

**Expenditure pattern :**

India used to have only two categories of people. It was- “The haves” and “The have-nots”. In recent years, a third category has been added. “The Have-not Paid for what they haves.” It is widely believed that the policy of liberalization and the entry of foreign giants have resulted in what is described as a resurgence of the country’s 20 crore middle class”. Their “acquisition instinct” is slowly coming into full play. Promoters and marketers feel that this population segment’s purchasing power has increased and that they are aspiring for a higher life style. Banks, non-banking finance companies and small time financiers in the unorganized sector are now fiercely competing with each other, to woo this middle class by offering loans to buy any and all kinds of consumer goods (Sagar,1995).

Today consumer demand is growing, but consumers wing their extra spans on new categories or more fashionable categories, leading to flat top lines for the older categories and more informed choices are being made. Outlets may be increasing, but per capita consumption was not. So in effect, there was only a demand shift, but no real demand growth (Rundquist and Chibba, 2004). It has been analyzed that Indian middle class is determinedly marching to a different drummer. The stakes are high. As the key to the good life is quality. And these days quality comes with a price tag. Clothing server as a visual symbol of change and adjustment within an environment. It reflects social and economic status, cultural and religious affiliations, nationality and lifestyle. (De, 2001).

Many countries whose inhabitants consume

products marketed by global companies have expressed concern about the lack of product appropriateness to their culture and lifestyle. Product suited to consumer preferences and needs is essential for retention of unique cultural traits and identities (Judith,1990). It has been analyzed that one outcome of increasing global interdependence is the responsibility; everyone has to understand the impact of his or her choice and actions on the global consumption of resources. People need to start thinking about the consequences of their decisions prior to acting upon them (Hamilton,1986).

Dramatic changes have taken place in India’s market place in recent year. At one end of the spectrum, even poor Indians are shopping up various consumers’ goods in millions every year. At the other end, thrift is no longer a virtue even among middle class Indians. Buy now pay later culture has taken roots in India, mainly due to innovative marketing strategies and aggressive advertising (Consumer Unity and Trust Society, 1996).

To study the influence of MNCP on urban household consumption behaviour, it is important to determine the consumer’s expenditure pattern. Accordingly, the objective of the research and to study the influence of MNCP consumption on expenditure pattern of urban household.

**METHODOLOGY**

**Sampling strategy :**

The present study was exploratory in nature. The locale of the study was the twin cities of Hyderabad and Secunderabad of the State of Andhra Pradesh. The total sample sizes of 300 were selected by using stratified random sampling techniques.100 each belonging to three income categories viz., HIG, MIG and LIG.

Two types of variables were considered for the

Table A : Independents and dependent variables		
Independents variables	Dependent variables	
Type of occupation	Market segmentation	Use related segmentation and Usage situation
Age	Personality	Benefit segmentation
		Innovativeness and Susceptibility
Education	Perception	Ethnocentrism
		Product perception
Monthly family income	Enculturation and acculturation	Perceived risk
Family size	Product information	
Type of family	Expenditure pattern	

study namely dependent variables and independent variables. The independent and dependent variables considered in the present study are :

**Questionnaire development :**

An interview schedule and five scales were developed for the purpose of collection of data from the respondents. The following scales were designed:

- Consumer product susceptibility and innovativeness Scale (CPSIS)
- The consumer ethnocentrism scale (CES)
- The goal congruency scale (GCS)
- Product influence on attitude scale (PIAS)
- The enculturation – acculturation scale (EAS).

**ANALYSIS AND DISCUSSION**

The results obtained from the present investigation have been presented in the following sub heads:

**Results of the present study are presented under the following section :**

General profile of the consumers and family profile includes consumers age, education, employment, family type, family size, monthly family income, spouse education, employment status of spouse etc. It is evident that, majority of the sample (64%) were in the age group “upto 35”, out of which 32 per cent belongs to low income group. Out of the total population 33 per cent were graduates followed by post graduate 25 per cent, illiterate 18 per cent and 14 per cent completed their doctoral one interesting finding was that out of 25 per cent of respondents who was having post graduates degree 52 per cent of them belongs to middle income group family. 18 per cent of the respondents who were illiterate belong to lower income group family. It was found that not a single respondent belonging to middle income group were involved in self employment.

Regarding monthly family income, higher percentage (68%) of the higher income group family were earning Rs. 20,001 to 30,000. Nearly cent percentage (92%) of the middle income group family belongs to Rs.

15,001 to 20,000 income group. It was found that more than three fourth of the respondent (84%) belonged to nuclear family and negligible percentage (16%) belonged to joint family, irrespective of their income group maximum respondents irrespective of their income group maximum respondents belonged to nuclear family group. 79 per cent of the sample were from families with 1 to 5 members and 18 per cent from 6 to 10 members in their families. About the respondent’s spouse employment status it was analyzed that more than half of the respondent’s spouse was engaged in private organization. In government section maximum percentage (40%) of employee were from middle income group followed by 12 per cent high income group and 16 per cent respondent’s spouse from lower income group. About the educational status it was reported that nearly 50 per cent (46%) of the respondent’s spouse were post graduate, followed by 16 per cent doctoral degree, maximum number of respondent’s (28%) spouse of low income group families were illiterate. Out of middle income group families 12 per cent of respondent’s spouse was illiterate. Not a single respondent’s spouse from middle income group families and lower income group families were have doctoral degree.

**MNCP influence level on expenditure pattern :**

It was analyzed that different level of MNCP influence on expenditure pattern found in different income group of consumers.

The data in Table 1 inferred that more than three fourth of the respondents (77%) were having high level of MNCP influence on their expenditure pattern. Negligible per cent of the respondents (9%) reveal that they were having medium level of MNCP influence.

**Relationship between expenditure pattern, personal, family and dependent variables :**

The MNCP influence on expenditure pattern has been related to dependent and independent variables. It is shown in following tables.

Further probing of the data in the Table 2 revealed

**Table 1 : Levels of MNCP influence on expenditure**

Sr. No.	Level	LIG		MIG		HIG		Total	
		F	%	F	%	F	%	F	%
1.	Low (0-11)	40	40	--	--	-	-	13.3	13.3
2.	Medium (12-23)	24.0	24.0	--	--	4.0	4.0	9.3	9.3
3.	High (24-35)	36.0	36.0	100	100	96.0	96.0	77.3	77.3

the relationship between independent variables and expenditure pattern, out of 8 independent variables studied income, respondent's education, respondents' spouse education had a positive significant relationship with MNCP influence on expenditure pattern among consumers. The result can be attributed to the fact that if the consumers' income and educational status will be higher, the expenditure pattern for MNCP will also be higher.

The Table 3 depicted the relationship between expenditure pattern and other dependent variables among consumer. Out of 14 dependent variable, susceptibility, innovativeness, ethnocentrism goal congruency, enculturation-acculturation, product influence on attitude, MNCP use segmentation, quality of Indian product *vis-a-vis* MNCP etc. had positive and significant correlation

with expenditure pattern. when the consumer was highly susceptible, innovative and ethnocentric, the expenditure for MNCP was also high when the MNCP was highly goal congruent MNCP had good attributes in comparison with Indian products and MNC concern for customers satisfaction was high, then in these cases expenditure for MNCP was high.

**Levels of MNCP influence on expenditure :**

It was elucidated from data that majority of the respondent had high level of MNCP influence on their expenditure pattern. It depicts that their expenditure for MNCP was high in comparison with expenditure for Indian products. Only 40 per cent of the LIG consumers were having low level of MNCP influence on expenditure pattern.

**Table 2 : Relationship between expenditure pattern and independent variable**

Sr. No.	Independent variable	r' Value			Overall
		LIG	MIG	HIG	
1.	Age	0.161	-0.381**	-0.139	0.048
2.	Income	0.188	-0.256*	0.260**	0.265**
3.	Family type	0.276**	-0.128	-0.166	0.011
4.	Family size	0.081	-0.251*	-0.059	0.039
5.	Respondent's education	0.002	0.033	0.283**	0.295**
6.	Respondent's spouse education	0.125	0.116	0.150	0.216**
7.	Respondent's occupation	0.255**	-0.142	-0.145	0.023
8.	Respondent's spouse occupation	0.092	-0.324	0.069	0.042

\*and \*\* indicate significance of values at P=0.05 and 0.01, respectively

**Table 3 : Relationship between expenditure pattern and dependent variables**

Sr. No.	Dependent variable	r' value			Overall
		LIG	MIG	HIG	
1.	Susceptibility and innovativeness	0.089	0.032	0.042	0.169**
2.	Ethnocentrism	0.242*	0.380**	0.525**	0.271**
3.	Information package	-0.278**	-0.064	-0.182	-0.096
4.	Goal congruency	0.537**	0.183	-0.402**	0.218**
5.	Product influence on attitude	0.380**	-0.007	0.081	0.283**
6.	Enculturation – acculturation	0.167	-0.250**	0.032	0.170**
7.	Shift in consumption	-0.360**	0.046	-0.119	-0.239**
8.	MNC concern for customer's satisfaction	-0.153	0.298**	0.157	0.035
9.	Quality of Indian product <i>vis-a-vis</i> MNC	0.380**	0.438**	0.032	0.221
10.	MNC attributes in comparison with Indian products	-0.042	-0.082	-0.214*	0.163**
11.	Multinational company product use segmentation	0.346**	0.320**	0.521**	0.482**
12.	Origin of product	0.198*	0.077	0.346**	0.277**
13.	MNCP appropriateness	0.304**	0.134	0.221*	0.269**

\*and \*\* indicate significance of values at P=0.05 and 0.01, respectively

Sagar (1995) study was in agreement with this finding. He investigated that India used to have only was categories of people. The haves and have not. In recent years, a third category has been added. The have not. Paid for what they haves. It is widely believed that the policy of liberalization and the entry of foreign giants have resulted in what is described as a resurgence of the country's 20 crore middle class. Their "acquisition instinct is slowly coming into full play. Promoters and marketers feel that this population segments purchasing power has increased and that they are aspiring for higher life style.

### **Relationship between expenditure pattern, personal, family and other dependent variables :**

Among independent variable, income, educational status of respondent as well as her husband, among dependent variables, susceptibility-innovativeness, ethnocentrism, Goal congruency, Product influence on attitude, enculturation– acculturation, shift in consumption, quality of Indian product *visa-vis* MNC, MNC attributes in comparision with Indian products. MNCp use segmentation, origin or product, product appropriateness, were significantly correlated with MNCp influence on expenditure pattern.

With reference to dependent variables findings shows that if the level of susceptibility – innovativeness, ethnocentrism, product Goal congruency, MNCp use segmentation, enculturation – acculturation, MNCp attributes level in comparision with Indian; was high than it leads to high level of MNCp influence on expenditure pattern Higher the income and educational status higher was the level of influence on expenditure pattern.

### **Conclusion :**

- 77 per cent of the respondents stated that they were having high level of influence of MNCp on their expenditure pattern.

- With increase in age and income the expenditure for MNCp started increasing.
- When the consumer was highly susceptible innovator, ethnocentric, the expenditure for MNCPS were high. Also when the MNCp was highly goal congruent, MNCp had good attributes, MNC concern for customers satisfaction was high than in these cases expenditure for MNCp was high.
- Age, educational and occupation status of respondents were found to be positively contributing to expenditure pattern among high income group consumers but with increase in respondents spouse education there was decrease in expenditure pattern.
- Age and educational status of respondent's were negatively contributing towards expenditure pattern among MIG consumers.

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