

Business Ethics
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Lecture – 35
Globalization and consumers

Next we are going to discuss the about globalization and consumers so we have understood previously, globalization as deterritorialization of by due to the political boundaries have been relaxed. And it also is the ability of the person to increase in more social relationship. It opens up the boundaries where people can buy and sell anywhere. It can have access to any type of products and services and so here in this discussion, we are going to focus on the issues of globalization and related ethical issues with respect to consumers.

In the previous discussion, we focused on 2 things like the targeting; in the previous discussion we focused on 2 things like targeting the vulnerable consumers and also consumer exclusions. So these has a greater implication when we are talking of the role of MNC and where it is going to like to it is business so that it is trying to get profit for itself. So if we are understanding who are vulnerable consumers, vulnerable people are those people who due to their may be educational background, social background, age then or other related qualities may not be in an or physical or mental qualities are not in a position to decide rationally for whether to buy or not to buy a certain product.

So, if the MNCs are looking for their targets of doing business and target customers in the developing countries and focusing it is products, mainly on those people who are vulnerable in nature, who have because this is a new exposure to a world of may be different choices that they are having different attractive choices that is appeared to made attractive to them through the communication, smart like marketing strategies and everything, but they are not in a rational position to decide whether to go for it or not to go for it. So this could be one of the ethical issues.

The other ethical issue could be regarding the consumer exclusion. When we talking of consumer exclusion, we are trying to focus on facts where the consumer is getting excluded from having access to your products or services by either the self-exclusion or may be by the process that way that you have designed your products or services or like

where you have opened up your counters for the availability of your products or services. And we can speak of these exclusions under different headings, like first when you are talking of access exclusion. This is where may be you restrict the people's ability to access for your products and services may be by keeping it very high priced. So that even if they want to access for the products and services they do not have the financial capability to go for it.

So, this is the access exclusion part, or may be this access exclusion could be due to they want to go for it, but there is no outlet where they can go distributive outlet in that location where they can go and get access to your products and services. So this could be due to access exclusion. So your another could be your conditional exclusion. Condition exclusion where due to certain restrictions that you have put into your products and services, that certain peoples can have and can avail your products and services others may not like if you have may be a dress code for entering into your restaurant. Then it may so happen some people will have access to it and some people may not have an access to it and this is called the consumer exclusion that is defined by condition.

then we can have like price exclusion as we have already discussed like the price could be so high, the people are not able to go for it. So that is what excludes them from availing of your products or services. Other things could be like marketing exclusion in that, so where through your ways of advertisement through way like whom you are targeting, so it may give message from the organisation like, this is actually whom you want to buy or get access to your products and services and this is whom you do not want to avail of your products and services. So this through your marketing strategies marketing communication and you may try to give this message to the people at large. And another thing could be the self-exclusion also where, the people may feel like they are not fit for these type of goods and services so let us not even go and try for it.

So, this is a feeling of self-exclusion like self-exclusion which gets imbibed in a person's mind, from the cues that they try to collect information signals that they try to process from the type of your business the form the access that you have where you have made your outlet us or the condition that you have put to the pricing that you have done. Or the marketing strategies techniques that you have taken may give certain signals to people where they try to understand whether they are desirable for your type of products or services or they are not the desirable consumers from your perspective. So they will go

for self-exclusion. And in that way this restricting oneself from availing of the services products and services and they there where it creates an unnatural societal divide. So these 2 factors become more prominent and also of the like the pricing strategies taken that we have discussed about excessive pricing, or you know like predatory pricing deceptive pricing, or you know like price fixing. These become important issues with relation to when you are going for MNCs doing business and globalization and consumers.

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Issues around marketing in a global marketplace

Globalization has brought a new set of problems and issues relevant to consumer stakeholders

- Different standards of consumer protection
 - Consumer protection varies widely in terms of government regulation and company standards
 - Example of tobacco
- Exporting consumerism and cultural homogenization
 - Global brands' huge success has led to increasing concerns over standardization and uniformity
 - Considerable debate around role of advertising in promoting consumerism in emerging and transitional economies

So, this itself has brought brought in a new set of problems with regards to the factor like different standards of consumer protection and there with regard to different countries and for different products and the rules are like not for the homogeneous in terms of like, these have to be universally sort of followed. So again it may get criticised based on so it is exporting, consumerism, materialism. And also so that these are creating artificial wants and demands would like through the and also may be creating like more social imbalances in terms of like either inclusion or exclusion of certain customers for your products and services, either through the strategies that you have taken or through the strategies or by the process of self-exclusion. So these are important issues which are issues as specific for globalization, like homogenization of cultural homogenization, and how it is promoting through like may be advertisements and all. And mainly when it is targeted to a vulnerable group, so it may so happen like the local ways of behaving local customs local cultures get affected, and people as if they start speaking one ways of

expecting things, one ways of expressing their emotions and one ways of living in their everyday lives. So whether it is good or whether it is not expected is could be a debatable issue, but these are something where and to what extent like you are you are going to say yes to it.

Suppose small things the child may not be exposed to local cultural breakfast may be roti or idli sambar, but the child you know daily tiffin school tiffin or breakfast may put a demand for the pasta or the pizza as shown and it shows it is cultural acceptance like it based on the working mother is in wants to cook certain breakfast for the children and they are happy when pasta is cooked like fast food in terms of pasta or pizza is cooked for them. And that becomes like goes into their mind and when the next day the mother wants to give either a roti or may be the it is idli or sambar or may be some food which is locally acceptable breakfast seeing, this child may be it tells like no I want this for my breakfast, because I have seen that in the advertisement like when children going to school takes this as the breakfast or get these as the evening snacks, then why not me and the may be due to this, again the bonding of the relationship which in the mother and the child. The mother sometimes gets like you know even if she wants does not want it gets compelled to may be buy it and give it to the child. So this whether it is this globalization is slowly entering into every day's life of how you are dealing your day to day life also and whether the local cultures customs are getting eroded or not practices this also needs to be looked into and is a debatable issue.

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The role of markets in addressing poverty and development

Globalization also raises prospect of firms targeting products to low income consumers

- 'Bottom of the pyramid' concept
- Examples of successful initiatives:
 - Microcredit institutions (e.g. Brazil)
 - High nutrition yoghurt company (Bangladesh)
 - One Laptop Per Child
- Criticism
 - Bottom of the pyramid is a mirage: profit opportunities limited
 - Social purpose and CSR probably more important than profit motive in developing inclusive markets

So, it is also important like whether there is an issues of debate regarding where things are getting reduced and where things are getting consumed. About so the differences in the local practices in these regions may have an impact on the consumer behaviour and rights and the duties and responsibilities of the firms towards the consumers and the like places where yet it is getting produced or not. So whenever we are talking of may be customers or consumers specifically, with respect to customers we have to understand like our employees are also our internal customers, so it is very important that the we need to take care of the issues relevant to the particular land where things are getting produced also, and also in the land where it is getting sold. So when you are talking of these production at one places selling in a different place it gives rise to certain of the ethical issues connected to it.

Also like when you are talking of like addressing poverty and development issues with respect to globalization and may be when you talking of the bottom of the pyramid concept, so again like it is again a question a debate like whether it is ethically for the firm to target products tool, low income consumers. Again in the firm of like you are pushing in products to the low income consumers and may be you are creating an artificial needs and making them move towards a certain nature of like their demands, which is not like may be related to their you know basic survival things.

So if you have a certain income then what you are saving for and what you are spending for what are the priorities in your life you are addressing for, so these could become issues of discussion ethical issues of discussion like, if you have an income then what are the thing do you provide more for your food grains or you may be the cereals and other things or you go and buy a particular mobile phone or a TV of a particular brand because it is available to you in certain instalments in a so, what are the how do you prioritise your needs and so that may have certain you know differences when it goes through like when the firm's products are targeted to low income consumers. And it also like it talks of the bottom of the pyramid also it is so, it is there are debates about these type of concepts and it may also make local players to move out of business, because the MNCs due to their infrastructure available or to their ability to produce at large scale can give choices at a price which may be the local players may not be able to give you.

So, sometimes it erodes them out of the business also that could be an ethical issue also. So will discuss this more again when you are talking of competitors and ethics and

supply chain management and ethics related to that aspect. So some of the successful initiatives which are looked into these like when you are talking of micro credit institutions, so what is the ethical issues will lie on like when you are thinking of upgrading the standard of life of the low income consumers. So in what way like by increasing their capability in certain ways so that they can move out of the poverty trap and we increase try to look into the increasing the income generating capacity more. So that they become like capable enough to go for different levels of goods and services or they remain within the poverty trap and they become more engrossed in debts. So that they can never come out of that poverty trap.

So, what are these intentions what you want when you are talking of reaching to the bottom of the pyramid with your products and services is a crucial question, which will determine the ethical issues. And what ultimately it is designed to taking care of which part of their vulnerability. Because we understand like bottom of the pyramid we are talking of vulnerable people who are this vulnerability are due to their may be low income level may be due to the social vulnerability, and that brings you in other associated vulnerability in terms of access to certain education access to good food nutrition access to health care and access to many other important things.

So, when you are talking of your bottom of the pyramid, what is that vulnerability that you are trying to answer to is a question which helps you to put it like whether the practices that you have taken is ethical or not ethical in nature. So this has got some of the criticisms like may be in that case your social purpose or CSR or more important and you are not orientated towards profit motive while you are discussing of developing inclusive markets, but this can be included in the nature of your defining your business also, and still you can earn profit so it is how you look into your business practices which define how you are moving forward with it. Next we are going to discuss the consumers and corporate citizenship in the next module.

Thank you.