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BBA | Semester III | UK3DSEMGT204

Consumer Behaviour

Course Code: UK3DSEMGT204 • Module 5 Notes

Module 5: Digital, Global, and Ethical Dimensions of Consumer Behaviour

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1. The Global Consumer and Cross-Cultural Consumption Trends

Economic globalization, cross-border digital communication networks, and international travel have catalyzed the emergence of the **Global Consumer**—individuals across diverse national boundaries who share similar consumption aspirations, digital connectivity habits, and brand affinities. Multinational corporations navigate the continuous strategic tension between global consumer convergence (the homogenization of tastes across markets) and local cultural divergence (the persistence of deep-rooted regional values, culinary traditions, and linguistic nuances).

Global Convergence versus Cultural Divergence

The debate between global standardization and local adaptation shapes international market entry:

- **Cultural Convergence:** The thesis that advances in global telecommunications, streaming entertainment, and international travel are creating a standardized global consumer culture (e.g., global demand for smartphones, Hollywood blockbusters, athletic footwear, and specialty espresso coffee).
- **Cultural Divergence:** The counter-thesis emphasizing that despite exposure to global media, local ethnic traditions, religious values, dietary prohibitions, and national identities remain resilient. Consumers often interpret global products through their unique local cultural schemas.
- **Glocalization Strategy ("Think Global, Act Local"):** The strategic synthesis whereby global brands maintain standardized core technological architectures, global brand equity, and quality standards, while adapting flavors, packaging sizes, marketing communications, and distribution logistics to local market realities (e.g., McDonald's offering vegetable-based Maharaja Mac in India, or automobile makers re-engineering suspensions for rugged emerging market terrains).

Global Consumer Culture Positioning (GCCP) Strategies

International brand architects select among three distinct cultural positioning strategies formulated by Jan-Benedict Steenkamp:

Positioning Strategy	Underlying Cultural Concept	Representative Global Brand Examples
Global Consumer Culture Positioning (GCCP)	Positions the brand as a universal symbol of modern global citizenship, cosmopolitan sophistication, and worldwide belonging.	Apple, Nike, Red Bull, Visa ("Everywhere you want to be").

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Positioning Strategy	Underlying Cultural Concept	Representative Global Brand Examples
Local Consumer Culture Positioning (LCCP)	Associates the brand with local cultural heritage, indigenous traditions, domestic pride, and patriotic communal identity.	Amul ("The Taste of India"), Tata Tea ("Jaago Re"), Patanjali.
Foreign Consumer Culture Positioning (FCCP)	Deliberately builds brand equity around the exotic prestige and cultural craftsmanship of a specific foreign nation.	IKEA (Swedish minimalist design), Barilla (authentic Italian pasta), Chanel (Parisian haute couture).

The EPRG Strategic Orientation Framework

Howard V. Perlmutter formulated the **EPRG Framework**, categorizing how multinational enterprises approach global consumer markets:

Strategic Orientation	Underlying Managerial Philosophy	Product & Marketing Treatment
Ethnocentric	Home country practices, products, and values are intrinsically superior to foreign markets.	Standardized domestic products exported without modification; marketing mirrors home campaigns.
Polycentric	Each foreign market is unique and must be managed by local autonomous subsidiaries.	Complete local adaptation of products, pricing, advertising, and distribution strategies.
Regiocentric	Regional clusters (e.g., European Union, ASEAN) share common economic and cultural traits.	Regional product lines and marketing strategies integrated across geographic clusters.
Geocentric	The entire world is viewed as a single, interdependent global marketplace.	Global standard architectures combined with localized modular customization ("Glocalization").

Country of Origin (COO) Effect and Consumer Ethnocentrism

The **Country of Origin (COO) Effect** refers to the cognitive bias and psychological associations consumers attach to products based on their manufacturing or design geography (e.g., German precision engineering, Swiss horological craftsmanship, French haute couture, Japanese electronic reliability). When consumers lack direct product experience, country of origin serves as a powerful extrinsic quality heuristic.

Terence A. Shimp and Subhash Sharma developed the **CETSCALE (Consumer Ethnocentric Tendencies Scale)** to measure *Consumer Ethnocentrism*—the belief held by consumers regarding the moral appropriateness of purchasing foreign-manufactured products versus domestic goods. Highly ethnocentric consumers view foreign purchases as unpatriotic and economically damaging to domestic workers.

2. Online Buying Behaviour, Omnichannel Shopping, and Social Commerce

The proliferation of high-speed mobile broadband, cloud computing, and digital payment infrastructures has transformed traditional linear buying behavior into a dynamic, non-linear digital customer journey.

Fred Davis: The Technology Acceptance Model (TAM)

Fred Davis formulated the foundational **Technology Acceptance Model (TAM)** to explain how consumers adopt and utilize emerging digital technologies and e-commerce platforms. TAM posits that system adoption is primarily governed by two cognitive beliefs:

1. **Perceived Usefulness (PU):** The degree to which a consumer believes that using a specific e-commerce platform or digital application will enhance their purchasing efficiency, save time, or lower financial expenditure.
2. **Perceived Ease of Use (PEOU):** The degree to which a consumer believes that operating the digital application will be free of mental effort and technical friction.

PEOU directly influences PU, and both collectively shape the consumer's Attitude Toward Using, which dictates Behavioural Intention and actual platform transaction execution.

Venkatesh's UTAUT Framework

Viswanath Venkatesh expanded technology adoption research into the **Unified Theory of Acceptance and Use of Technology (UTAUT)**, consolidating eight models into four direct determinants of consumer technology adoption:

- **Performance Expectancy:** The consumer's belief that using the technology will yield tangible benefits in everyday tasks.
- **Effort Expectancy:** The perceived degree of ease associated with operating the digital system.
- **Social Influence:** The degree to which an individual perceives that important peers believe they should adopt the new technology.
- **Facilitating Conditions:** The consumer's perception that organizational and technical infrastructure exists to support system usage (e.g., high-speed internet, secure payment gateways, smartphone hardware capabilities).

The E-Commerce Customer Decision Journey

Traditional purchasing funnels assumed sequential progression from awareness to purchase. In modern digital ecosystems, the customer journey is an iterative, multi-touchpoint web:

- **Zero Moment of Truth (ZMOT):** Formulated by Google, ZMOT describes the precise moment when a consumer, prompted by an initial stimulus, immediately turns to digital devices to conduct online search, read customer reviews, compare specifications, and watch unboxing videos before visiting a physical store or retail site.
- **First Moment of Truth (FMOT):** The critical 3 to 7 seconds when a shopper views the product on the digital screen or retail shelf and decides to add it to the cart.

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- **Second Moment of Truth (SMOT):** The post-purchase experience of unboxing, using, and evaluating the product's performance and sensory attributes.
- **Ultimate Moment of Truth (UMOT):** The moment when the consumer shares their product experience publicly through online reviews, social media posts, or video blogs, creating a feedback stimulus that initiates ZMOT for prospective future buyers.

Omnichannel Retailing: Showrooming versus Webrooming

Modern consumers transition seamlessly between digital interfaces and physical brick-and-mortar storefronts, creating two distinct cross-channel shopping behaviors:

Behavioral Pattern	Operational Customer Path	Primary Consumer Motivation	Retail Countermeasure Strategy
Showrooming	Examining physical merchandise in a retail store, then purchasing it online from a competitor at a lower price.	Desire to physically inspect tactile quality while securing the lowest available online price.	Offering in-store price-matching policies, exclusive private-label bundles, and superior immediate service.
Webrooming	Researching product specifications, pricing, and customer reviews online, then purchasing at a physical retail store.	Desire for immediate product gratification, avoiding shipping fees, and eliminating delivery delay risks.	Providing real-time in-store inventory visibility, click-and-collect curbside pickup, and seamless returns.

Mobile Commerce (M-Commerce) and Frictionless Payments

M-Commerce refers to commercial transactions conducted through mobile smartphones and wearable devices. Consumer behavior in mobile ecosystems is shaped by unique psychological affordances:

- **Micro-Moments (Google Framework):** High-intent moments when consumers turn to smartphones to act on immediate needs: "I-want-to-know", "I-want-to-go", "I-want-to-do", and "I-want-to-buy". Brands must deliver frictionless content within fractions of a second.
- **Geolocation-Based Notifications and Beacons:** Pushing hyper-contextual promotions to smartphones when shoppers physically enter predefined retail geofences.
- **Frictionless Payment Gateways:** Integration of UPI (Unified Payments Interface), tokenized digital wallets (Apple Pay, Google Pay), and one-touch biometric authorization, which minimizes checkout friction and accelerates impulse purchasing by decoupling payment pain from immediate acquisition.

Social Commerce and the Creator Economy

Social commerce integrates commercial transaction capabilities directly into social media platforms (Instagram Shop, TikTok Shop, WhatsApp Business), transforming social browsing into frictionless transactional checkout. The *Creator Economy* leverages micro-influencers and content creators who

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foster parasocial relationships with followers, generating organic social proof and authentic endorsements that drive viral conversion.

Cross-Cultural Digital Interface Design (Aaron Marcus & Hofstede)

Aaron Marcus demonstrated that website user interfaces and mobile application flows must be calibrated to align with national cultural dimensions to optimize user engagement and trust:

- **Power Distance in UI Design:** In high PDI cultures (e.g., Malaysia, Arab World), web interfaces feature prominent institutional logos, executive leadership portraits, formal academic credentials, and official government seals. In low PDI cultures (e.g., Nordic nations), websites emphasize collaborative peer reviews, flat navigation hierarchies, and casual imagery.
- **Uncertainty Avoidance in UX Flows:** In high UAI cultures (e.g., Germany, Japan), digital checkout processes require explicit progress breadcrumbs, redundant confirmation modal dialogs, extensive data security badges, and exhaustive technical FAQ documentation. In low UAI cultures, interfaces favor minimalist, exploratory navigation with minimal friction.
- **Individualism vs Collectivism in Social Commerce:** Individualist interfaces highlight personal achievement badges, personalized custom curation, and private privacy controls. Collectivist interfaces emphasize community consensus counters, popular trending leaderboards, group buying discounts, and social sharing widgets.

Immersive Technologies: Virtual and Augmented Reality in Retail (VR/AR)

Immersive spatial computing overcomes the traditional sensory limitations of digital e-commerce by providing sensory compensation and experiential product simulation:

- **Augmented Reality (AR) Product Visualization:** Enabling shoppers to project true-to-scale 3D digital renderings of physical merchandise into their domestic living environments using smartphone cameras (e.g., IKEA Place allowing consumers to test whether a sofa fits their room dimensions), reducing spatial evaluation uncertainty.
- **Virtual Fitting Rooms and Digital Avatars:** Deploying computer vision and spatial mapping to simulate how apparel, eyewear, and cosmetics look on a consumer's body (e.g., L'Oréal Virtual Makeup Genius, Warby Parker virtual frame try-on), significantly decreasing return rates.
- **Virtual Reality (VR) Brand Flagships:** Fully immersive 360-degree digital boutique stores where consumers navigate simulated retail aisles, interact with virtual brand ambassadors, and examine digital twins of merchandise.

Live-Streaming E-Commerce and Real-Time Social Proof

Live-streaming commerce merges live video broadcasting, real-time interactive audience chat, and instant point-of-sale checkout:

- **Real-Time Social Proof Cascades:** When viewers observe thousands of fellow consumers liking, commenting, and purchasing simultaneously in public live chat feeds, normative social influence and fear of missing out (FOMO) escalate dramatically.

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- **Flash Scarcity and Gamified Buying:** Broadcasters deploy expiring countdown timers, limited-quantity inventory drops ("Only 50 units remaining"), and interactive viewer coupon lotteries to spur impulsive purchase execution.

Synthetic Media, Virtual Influencers, and AI Ethics

The rise of Generative AI has spawned completely synthetic virtual influencers (e.g., CGI models with millions of human followers) and AI-synthesized commercial spokespersons, raising novel consumer psychology and regulatory dilemmas:

- **Virtual Influencer Parasocial Relationships:** Consumers develop authentic emotional attachment and trust toward entirely artificial personas, raising ethical questions regarding authenticity and commercial transparency.
- **Deepfake Advertising and Identity Theft:** Unauthorized generative cloning of celebrity voices and facial likenesses to fabricate deceptive endorsements for fraudulent investment or healthcare products.
- **Mandatory Content Provenance Standards:** Global regulatory frameworks (such as the EU AI Act and Indian CCPA guidelines) increasingly mandate cryptographic digital watermarking and clear visual disclosures ("AI-Generated Content") to preserve consumer trust and prevent disinformation.

3. Algorithmic Marketing, Recommender Systems, and Consumer Reactance

Modern enterprise platforms deploy artificial intelligence, predictive machine learning models, and big data analytics to decode consumer clickstream patterns and personalize commercial interactions in real time.

Predictive Personalization and Recommender Engines

Recommender systems analyze historical user interactions to predict and present items most likely to generate engagement and conversion:

- **Collaborative Filtering:** Recommends items based on the behavioral similarities of like-minded user clusters ("Users who purchased Item A also purchased Item B"), without needing to analyze intrinsic item attributes.
- **Content-Based Filtering:** Recommends items possessing characteristics similar to items the consumer previously evaluated or liked (e.g., recommending indie acoustic tracks based on song tempo, instrumentation, and genre).
- **Hybrid Recommender Systems:** Synthesizes collaborative and content-based algorithms to overcome the "cold start" problem for new users or novel inventory items.

Generative Artificial Intelligence and Autonomous Agentic Commerce

The integration of Generative AI (LLMs) into retail interfaces shifts consumers from manual keyword searching to conversational natural-language interaction:

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- **Conversational Shopping Concierges:** AI assistants that synthesize unstructured user prompts (e.g., "Find an eco-friendly outfit for an outdoor mountain wedding under ₹8,000") into instant multi-brand recommendations.
- **Synthetic Personalization:** Generative computer vision rendering realistic 3D visualizations of apparel on digital avatars matching the consumer's exact physical proportions and skin tone.
- **Algorithmic Filter Bubbles:** The cognitive risk that hyper-personalized recommender systems trap consumers within narrow preference silos, suppressing serendipitous product discovery and polarizing consumption tastes.

Behavioural Retargeting and Psychological Reactance

Behavioural retargeting utilizes browser tracking cookies and mobile advertising identifiers to display customized display advertisements to users who previously abandoned shopping carts or browsed specific product pages. While retargeting boosts conversion rates, excessive or aggressive frequency triggers Jack Brehm's **Psychological Reactance**—the uncomfortable emotional reaction consumers experience when they perceive their personal autonomy, freedom of choice, or privacy boundaries are being manipulated by unseen algorithms. Consumers counter reactance by installing ad-blockers, clearing browser cookies, or deliberately avoiding the retargeted brand.

Algorithmic Dynamic Pricing and Perceived Fairness

Online retailers deploy dynamic pricing algorithms that adjust product prices continuously based on real-time market demand, competitor pricing scrapers, user browsing history, and localized demand surges. However, consumer perception of price fairness is evaluated through three justice dimensions:

- **Distributive Justice:** The perceived fairness of the ultimate economic price paid relative to what other consumers paid for identical items.
- **Procedural Justice:** The perceived fairness of the rules, transparency, and methods utilized by the firm to set prices.
- **Interactional Justice:** The respect, politeness, and transparency demonstrated by customer service agents when addressing consumer price complaints.

Deceptive UX Design: Dark Patterns in Consumer Interfaces

Harry Brignull coined the term **Dark Patterns** to describe deceptive user interface (UI) designs engineered to trick, manipulate, or coerce consumers into making unintended financial commitments:

1. **Roach Motel:** Making it extraordinarily easy for a consumer to enter an ongoing subscription or contract, but making cancellation nearly impossible through hidden cancellation links and labyrinthine phone menus.
2. **Hidden Costs:** Revealing mandatory delivery surcharges, administrative fees, or insurance add-ons only at the very final checkout screen after the consumer has invested significant time entering data.
3. **Confirmshaming:** Designing decline buttons that emotionally insult the consumer's intelligence or self-esteem (e.g., "No thanks, I hate saving money").

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4. **Forced Continuity:** Enrolling users in auto-renewing paid memberships following an initial "free trial" without prior notification or transparent billing reminders.
5. **Sneak into Basket:** Automatically pre-checking insurance boxes or supplementary accessories during the checkout flow without explicit affirmative consent.
6. **Bait and Switch:** Advertising an attractive, low-cost product to draw the consumer in, only to reveal it is out of stock and steer them toward a much higher-priced alternative.
7. **Disguised Ads:** Formatting commercial advertisements to resemble editorial articles, user reviews, or system navigation buttons.

4. Ethical Dimensions, Privacy Rights, and Consumer Protection

The contemporary commercial landscape raises profound ethical concerns regarding consumer vulnerability, surveillance capitalism, digital profiling, and algorithmic discrimination.

Surveillance Capitalism and Consumer Privacy Rights

Shoshana Zuboff conceptualized **Surveillance Capitalism** as an economic order that claims human behavioral experience as free raw material for translation into behavioral data. These data streams are processed into predictive behavioral intelligence and traded in lucrative "behavioral futures markets." Consumer privacy advocates argue that unchecked algorithmic profiling commodifies human privacy, deepens societal polarization, and creates severe informational asymmetries between tech monopolies and defenseless consumers.

Vulnerable Consumers and Digital Addictive Design

Ethical consumer research investigates how behavioral economics and digital interface architecture can exploit psychological vulnerabilities in distinct consumer cohorts:

- **Marketing to Children:** Exploiting young children's cognitive inability to discern commercial intent through immersive advergames, toy unboxing influencers, and interactive food cartoon apps.
- **Gamified Addictive Loops in Mobile Gaming:** Utilizing variable-ratio operant conditioning schedules (loot boxes, randomized virtual rewards, streak counters) that mimic slot-machine gambling mechanics, leading to impulsive child expenditure.
- **Predatory Financial Schemes:** Promoting "Buy Now Pay Later" (BNPL) micro-credit services that disguise interest rates and late fees, encouraging over-leveraging and default among financially vulnerable youth cohorts.

Greenwashing and Environmental Marketing Ethics

As consumer demand for eco-friendly sustainability expands, unscrupulous firms engage in **Greenwashing**—the deceptive practice of exaggerating, fabricating, or misrepresenting environmental credentials to mislead consumers. The "Seven Sins of Greenwashing" encompass:

- *Sin of the Hidden Trade-Off:* Claiming a product is "green" based on a single narrow environmental attribute while ignoring massive destructive impacts elsewhere.

- *Sin of No Proof:* Making environmental assertions that cannot be substantiated by accessible third-party scientific verification.
- *Sin of Vagueness:* Using ambiguous marketing terms such as "all-natural", "eco-friendly", or "pure" that lack regulatory definitions.
- *Sin of Worshiping False Labels:* Creating counterfeit endorsement seals or bogus eco-certifications to project non-existent compliance.
- *Sin of Irrelevance:* Highlighting environmental claims that are legally mandated anyway (e.g., claiming a CFC-free aerosol when CFCs are globally prohibited).
- *Sin of Lesser of Two Evils:* Promoting environmental features of inherently harmful product categories (e.g., "organic tobacco").
- *Sin of Fibbing:* Making outright false and fabricated environmental claims.

Consumer Protection Act 2019 (India): The Modern Legislative Framework

In India, the Parliament enacted the landmark **Consumer Protection Act 2019 (CPA 2019)**, replacing the obsolete 1986 statute to address the modern challenges of e-commerce, digital advertising, and unfair trade practices. Key statutory pillars include:

Statutory Feature	Regulatory Authority & Provisions under CPA 2019	Managerial Compliance Imperative
Central Consumer Protection Authority (CCPA)	Established as an apex executive regulatory body with sweeping powers to initiate suo-moto inquiries, recall defective goods, order refunds, and penalize false advertisements.	Enterprises must ensure all promotional claims are empirically verified and backed by scientific documentation.
Product Liability Regime	Holds product manufacturers, service providers, and product sellers strictly liable to compensate consumers for physical injury, death, or property damage caused by defective products or service deficiencies.	Instituting rigorous quality control systems and comprehensive product liability risk insurance.
Celebrity Endorsement Accountability	Empowers CCPA to fine celebrity endorsers up to ₹10–50 lakhs and prohibit them from endorsing products for up to 3 years if they participate in false or misleading advertisements.	Celebrities and marketing agencies must perform verifiable due diligence prior to signing commercial endorsement deals.
E-Commerce Consumer Rules	Mandates that digital marketplaces disclose country of origin, total transparent pricing breakdown, explicit return/refund policies, and appoint dedicated grievance officers.	E-commerce platforms must eliminate deceptive dark patterns and maintain transparent grievance redressal timelines.

Three-Tier Consumer Disputes Redressal Commission Hierarchy

Under CPA 2019, aggrieved consumers access a streamlined three-tiered quasi-judicial redressal mechanism:

1. **District Consumer Disputes Redressal Commission (DCDRC):** Pecuniary jurisdiction to adjudicate consumer complaints where the value of goods or services paid as consideration does not exceed ₹50 lakhs (or as revised up to ₹1 crore). Empowers mediation cells for amicable dispute settlement.
2. **State Consumer Disputes Redressal Commission (SCDRC):** Exercises original jurisdiction for claims exceeding ₹50 lakhs up to ₹2 crores (or as revised up to ₹10 crores), alongside appellate jurisdiction over District Commission orders.
3. **National Consumer Disputes Redressal Commission (NCDRC):** The apex national commission exercising original jurisdiction for claims exceeding ₹2 crores (or as revised over ₹10 crores), and appellate jurisdiction over State Commission determinations. Final appeals lie directly before the Supreme Court of India.

Six Cardinal Statutory Consumer Rights

The Consumer Protection Act 2019 formally guarantees six cardinal consumer rights:

- **1. Right to Safety:** The right to be protected against the marketing of goods and services that are hazardous to human life, health, or property.
- **2. Right to be Informed:** The right to be informed regarding the quality, quantity, potency, purity, standard, and fair price of goods or services to protect consumers against unfair trade practices.
- **3. Right to Choose:** The right to be assured access to a variety of competitive goods and services at competitive prices without monopolistic coercion.
- **4. Right to be Heard:** The right to voice grievances and receive assurance that consumer interests will receive due consideration in appropriate forums.
- **5. Right to Seek Redressal:** The right to seek fair legal remedies against unfair trade practices, exploitation, or defective products through a tiered dispute adjudication system.
- **6. Right to Consumer Education:** The right to acquire the knowledge, analytical skills, and awareness necessary to be an informed, empowered consumer throughout life.

The Digital Personal Data Protection Act 2023 (DPDP Act, India)

Enacted by the Indian Parliament, the DPDP Act 2023 establishes a statutory data privacy regime governing digital consumer profiles:

- **Data Principal Rights:** Grants consumers the right to obtain confirmation of personal data processing, the right to correction and erasure of outdated personal profiles, and the right of grievance redressal.
- **Data Fiduciary Obligations:** Obligates commercial enterprises to obtain clear, affirmative, unconditional consent before processing consumer personal data, maintain strict technical safeguards, and report data breaches to the Data Protection Board of India.
- **Strict Child Data Safeguards:** Explicitly prohibits enterprises from engaging in behavioral tracking, targeted behavioral advertising, or processing data likely to cause harm to children under 18 years of age.

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- **Statutory Penalties:** Prescribes financial penalties up to ₹250 crores for failure to take reasonable security safeguards preventing personal data breaches, establishing unprecedented corporate accountability.

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