



Rise of the Consumer

Leaders from business, policy and research share concerns about the changing global business environment.

By Michael R. Czinkota and Charles J. Skuba

HERE WE present more issues which will shape the future of marketing management in the changing global business environment. These are the latest findings from a study, using the Delphi method, in which senior executives from around the world rated key dimensions of the world economy that concern international marketing management. Our previous column identified terrorism, globalization and persistent corruption.

Now we address the demand side of global marketing and emerging trends in consumer behavior.

Rising Consumer Power

Consumers have provided the underpinning of global economic growth over the past two decades, as globalization has helped to spread prosperity over larger parts of the planet. Individual purchasing power has increased greatly as marketers have embraced the concept of customer as king. Consumers have remarkable influence on business decision making as marketers seek to learn more about their needs, wants, desires, dreams and frustrations. As companies look to Asia, central and eastern Europe, Russia, Latin and Central America and Africa for

increasing shares of revenue growth, the need for reliable research data is critical. Marketers must carefully weigh the costs of adapting products and marketing them to these growing markets.

At the same time, real or feared job loss, depleted individual savings and shaken confidence have stunted consumer spending. One of the most striking lessons learned in the past year has been how closely the world economies are linked. As individual insecurity has risen, so has the role of governments. Many eagerly seek dramatic solutions. Some in government look to import restrictions and “buy domestic” programs to keep home industries safe and to address global imbalances. In many of these approaches, the consumer may end up as the ultimate loser.

Consumer Behavior Issues

Whether the current crisis will persist or the “green shoots” of recovery are actually sprouting, one thing is certain—the global consumer will be the ultimate source of recovery. Our experts offer some interesting insights about their expected behavior.

1) Cultural adjustment. Our study

revealed a seeming dichotomy in regard to cultural assimilation. While there is a strong belief that cultures around the globe will become more similar to one another—particularly in macro issues such as accountability, performance expectations, freedom accorded within society and product preferences—there is also a perception that uniform ways of thinking, as influenced by the United States, will be less accepted due to increased assertion of regional and local idiosyncrasies and sovereignty.

The key task for governments is to identify cultural conflicts early on, and to prevent them from becoming irreconcilable. There must be an ongoing search for ways to keep society cohesive, connected and ready for collaboration. Governments must understand the investment models driving the behavior of firms, and provide a platform that allows businesses to mitigate the sometimes harsh market dynamics created by high risk conditions. There is also a need to reconcile the benefits of corporate growth with consumer expectations for an increased role in the marketplace.

The corporate challenge is to take advantage of the opportunities of global-

ization, while reflecting unique cultural preferences, tastes and values. Asian tastes and preferences will increasingly influence product design and corporate business practices. Also, look for corporations to opt for more use of soft power (such as corporate philanthropy) in coping with local requirements in the global marketplace. A challenge for companies will be the increasing expectations of societies and governments related to the extent and nature of corporate social responsibility programs and practices. What was once voluntary is quickly becoming compulsory with sometimes retroactive enforcement—if not by law, then by sentiment.

2) Conservation and sustainability. Green gains global marketing muscle, as consumers exercise the power of demand in the environmental arena. In

will dramatically reduce the advantages of firms to manufacture in China—with a resultant shift of investment.

A major consequence of China's and India's rapid growth will be an ongoing depletion of natural resources. Aspirations for economic progress and better lifestyles will cause shortages in vital commodities. In response, governments will often be sorely tempted to worship the false idols of protectionism, administrative shelter, subsidies and price controls. Food shortages will result in the attempt to put more land into grain production, which leads to downstream problems of water shortages and land exhaustion.

3) Information. As marketers seek local insights, local data will become even more essential. A greater diversification of information sources may typically

muscle, the increasing role of governments in the marketplace will inevitably have both positive and negative consequences. With growing global public anxieties over financial security and loss of domestic jobs, continued and increased protectionist policies may well result in decreased consumer options. The victims of these policies are not only global businesses but consumers as well. Whether it concerns Chinese families in need of banking services, American connoisseurs of Roquefort cheese, Europeans in need of a good American steak or Indian oenophiles, tariff and non-tariff barriers rob individuals of the opportunity to pursue product preferences. The commitment of governments to lowering trade barriers is key to a better life.

Our next article will address emerging economies, growth industries and demographic changes. We will further explore strategic requirements for success in light of these and other trends, as well as the need for reform in global marketing management. ■

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light of public concern about climate change, there will be a growing preference for energy-saving technologies and a reduction and limit to energy use. Public impressions and perceptions will lead to changes in living patterns and habits. Consumers will increasingly favor products and services from companies with strong sustainability practices.

While governments and companies adjust to both a stronger eco-consciousness and the realities affecting economic growth, there may emerge an uneven playing field.

In its drive to grow, China will demonstrate only limited concern toward the environment, even though environmental problems will have a major effect on its ability to compete as a global manufacturing center. At the same time, environmental, health and other social costs

provide for better knowledge evolution. But mergers, acquisitions, cost cutting or limited user willingness to pay will lead to fewer data sources offering increasingly similar data. Data users will demand more knowledge about the origin of information, in order to gauge its validity and trustworthiness.

Panelists also expect that there will be a decrease in the willingness of firms and people to offer information at no or low prices. Increased transparency requirements, along with laws and restrictions that raise the threat of law suits, will be coupled with a desire to participate in the financial benefits of knowledge transmission.

Trade Barrier Importance

Although our experts predict that consumers will continue to exercise more

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About the Authors

Michael Czinkota researches international marketing issues at Georgetown University in Washington, D.C., and the University of Birmingham in the United Kingdom. He served in trade policy positions in the U.S. Presidents George H.W. Bush and Ronald Reagan administrations. He may be reached at czinkotm@georgetown.edu. **Charles J. Skuba** teaches international business and marketing issues at Georgetown University. He served in international trade policy positions in the George W. Bush Administration. He may be reached at cjs69@georgetown.edu.