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CHANGING TREND OF CONSUMERISM IN KERALA

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ABSTRACT

The world consumption has expanded at an unprecedented pace over the 20th century. Consumption is viewed by most South Indians as a path to better, freer life; it will bring social status, increased convenience and new forms of mobility and entertainment. Kerala, a state in southern India is known for its consumerism. This article explores the emergence and recent trend in the consumption pattern of Kerala. This paper argues that exposure to outer world, use of credit card, modern technology and advertising; money order economy, social prestige, globalization etc have contributed to the changes in the consumption pattern of people.

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INTRODUCTION

Consumerism may be defined as a belief system that promotes high and rising levels of personal consumption of material goods and services among a large segment of the population ascribing to consumption a central role in promoting individual happiness. Consumption habits and pattern are determined by a complex set of socio-economic, cultural, religious, psychological, ethical and environmental factors. Consumption boom could be witnessed across the world resulting from phenomenal progress of technology and business management. The consumption pattern in India underwent a sweeping structural change and now it tends towards assuming a new mobility (Sooryamoorthy, 1995). Market led globalization intensifies commodity exchange thereby capturing global markets promoting consumerism through lucrative promises such as fair and efficient use of resources to meet basic human needs, increased access to more goods. The rapidly globalizing economy has brought about important debate about consumption and socio-cultural change in countries of the south.

Consumerism: A Global Scenario

Consumerism is all about goods being purchased in excess and to stimulate the economy. This can be traced back to many ancient civilizations like the Greeks, Romans, and Egyptians. Consumerism started to become a problem right after the

Industrial Revolution (a time where industries were booming and changes were being made). During this revolution many goods were available at low prices and they were available to everyone. Everyone wanted in and wanted to buy things. Today Consumerism is used all around the world but mostly in the Western World Countries (Canada and America.) The entire economy of the 'developed' world is geared to consumption - a process that is driven by saturation advertising.

By virtually any measure—household expenditures, number of consumers, extraction of raw materials—consumption of goods and services has risen steadily in industrial nations for decades and it is growing rapidly in many developing countries. A growing share of the global consumer class now lives in developing countries. China and India alone claim more than 20 percent of the global total—with a combined consumer class of 362 million, more than in all of Western Europe. Developing countries also have the greatest potential to expand the ranks of consumers. China and India's large consumer set constitutes only 16 percent of the region's population, whereas in Europe the figure is 89 percent. Indeed, in most developing countries the consumer class accounts for less than half of the population—suggesting considerable room to grow. While the consumer class thrives, great disparities remain. The 12 percent of the world's population that lives in North America and Western Europe accounts for 60 percent of private consumption spending, while the one-third living in South Asia and sub-Saharan Africa accounts for only 3.2 percent. Economic growth of global consumers promotes global consumerism. Global consumers are becoming affluent

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with the rapid growth of economy, spending two third of a country's Gross Domestic Product (GDP). With accelerating globalization and advance in technology, consumers can have more chance for shopping in terms of marketing mix (e.g., product, price, place, and promotion). Accordingly, consumers are more sophisticated and have different levels of desire or needs, which lead to global consumerism with diverse claims over the world. Consumerism is further encouraged by increasing the usage of credit cards, loans, and other instruments of debt. According to ACNielsen study (2005), more than 627 million consumers have shopped over the Internet in 38 markets from Europe, Asia Pacific, North America, Latin America, and South Africa.

Recent Trend of Consumerism in India

India is so culturally diverse that it may seem impossible that there exists just one consumer ideal, but it appears that globalization has led to the transcending of this cultural boundary. The basic social institutions of India's countryside such as village, the joint family system and the caste and tribe relation are under great transformation. As India moves from a production oriented mixed economy to a consumer society, there is a need to understand the forces behind this transition. Unlike some of the other Asian countries like Malaysia, Indonesia, Thailand, and Taiwan, where the "consumer revolution" has already forged ahead, or is in progress, India has been a slow starter in this push for change. However, recent trends indicate that a wave of consumerism is spreading to India also (Venkatesh, Swamy 1994). Several authors have pointed out the growing economic and consumer power of India. Many multinational corporations are beginning to invest in India. In this respect, India is no different from many other emerging consumer economies, whether they are in Eastern Europe, Asia or Latin America (Arnould 1989, Belk 1988, Ger and Belk 1990, Witkowski 1993). This fact by itself does not give any special clue to the Indian scene unless one also examines what peculiar circumstances pertain to India. The attitude of Indian consumers has undergone a major transformation over the last few years. The Indian consumer today wants to lead a life full of luxury and comfort. The important factors that account for Indian consumerism are, Burgeoning middle class, and their changing values, Changing women's roles, their labor participation and the changing structure of the family, Media explosion, satellite and cable TV and the thriving film industry, entry of transnational corporations and increased consumer spending on luxury items aided by past savings and the entry of the credit system.

They (consumer) want to live in present and do not believe in savings for the future. An important and recent development in India's consumerism is the emergence of the rural market for several basic consumer goods. The Indian middle class has provided a big boost to the consumer culture during the recent past and it is hoped that their buying behavior will continue to change in the coming future. Due to fast growth of the services sector per capita income of people of India is also increasing. The number of middle class is increasing due to another fact that people are fast shifting from agriculture to the services and industry sector where growth prospects are reasonably high as compared to the agriculture sector which is showing slow growth. Consumer behavior is affected by a lot of variables,

ranging from personal motivations, needs, attitudes and values, personality characteristics, socio-economic and cultural background, age, sex, professional status to social influences of various kinds exerted by family, friends, colleagues and society as a whole. According to Techno park Advisors, The overall retail market in India has grown from US\$ 310 billion (ca. 237.000.000.000 euros) in 2006 to US\$ 470 billion (ca. 359.000.000.000 euros) in 2011 and is projected to reach US\$ 675 billion (ca. 515.000.000.000 euros) in 2016. Today, despite their lower incomes, rural households, due to their majority share of the population, are collectively India's largest consumers—57 percent of current consumption is in rural areas versus 43 percent in cities. However, by 2025 the Indian consumer market will largely be an urban affair, with 62 percent of consumption in urban areas versus 38 percent in rural areas. The Indian consumer trend is moving towards bulk buying (buying from hypermarkets) and living a stylish lifestyle, effect of the heavy western influence.

Kerala: Transition towards Consumer State

Kerala is one of the smallest states in the Indian union. Its area 38,863 square kilometers is just 1 percent of the total area of India. Kerala as a unique model of development because it has been able to achieve exceptional social development in such areas as health, education, and even the demographic transition, despite low economic development and low per capita income. The population distribution of Kerala according to religion is about 56.20 percent Hindu, 24.7 % percent Muslim and 19 % percent Christian. At present the state is administratively divided into 14 districts, which in turn are divided into 63 Taluks, 152 Blocks, 1532 Villages, 978 Grama (Village) Panchayats, 53 Municipalities and 5 Corporations. The preference of Kerala is changing. Changes in the pattern and trends are striking and obvious and become so prominent in the last two decades. Kerala's high consumption and low economic growth relative to the rest of India raises interesting questions about the reasons behind increasing consumption in Kerala.

Factors Facilitating Consumerism

The process of urbanization in Kerala has placed the state among the most urbanized places in India. As markets concentrate in and around urban centers, things are more accessible to the urbanites. This in turn exercised its impact on the consumption habit of the people. Kerala society received some unforeseen changes in its socio-economic environment due to large scale migration of gulf countries. The oil boom in the West Asian countries from the seventies led to a massive boom in migration. The economic consequences of migration and migrant remittances have found an increase in the household income of Keralites and changes in income distribution. Conspicuous consumption has become the hallmark of an emigrant, especially a Kerala emigrant. The present Kerala economy is often described as a money order economy. The total remittance in Kerala in 2011 was estimated to be approximately 55,000 crore compared with 43,228 crore in 2008. The economy was unable to take full advantage of the growth in consumption expenditures despite a potential increase in productive capacity by way of savings generated from the remittance inflows. Market led globalization indicates

the emergence of the free market (Aimaq, 2003). This produces consumers all over the world with an extensive range of products and services that were not easily available before (Niello, 2003). Another reason for the growth of consumerism is government policies. In the then socialist countries, for instance production of consumer goods was restricted by the state. In order to encourage industry the government of India initiated liberalization policies. These policy measures had a bearing on the advancement of consumer durable goods. Developments in the modern communication technologies (social media and internet) and the transport facilities cause the development of the society to a consumerist culture. Apart from government policies, the role of advertisement and media is very important. Consumerism is heavily dependent on advertising and the advertising is booming. Media is not only the mirror of society but also an instrument of social change. The KSSP study reveals that the influence of Tele Vision, Radio, Newspapers and Journals on Kerala society is very high. The unyielding use of advertisement of products compels the consumers to buy them without paying much attention to the absolute utilitarian aspects of the product. Television advertisement target women, youth and children, for they are the prime decision makers when it comes to the purchase of household items. Aging population and frequent divorce have lead to segmentation of households into smaller units which leads to further structural increase in consumption. Exposure to outer world, pressure from neighbours and friends, credit card, social prestige, mad craze for new products, growing middle class, influence of western culture and style of living etc are other factors.

Changing Consumption pattern

Consumption pattern of the people in Kerala exhibits some interesting features. Kerala has been undergoing an unprecedented consumption boom and increasing standard of living. (Ibrahim, 2002). The state ranks at the top among Indian states in per capita consumption expenditure though its rank in terms of per capita Net State Domestic Product (NSDP) is relatively lower. With only 3.4% of the country's population, it accounts for 10 % of the total consumption. The value of consumer articles flowing into the state is estimated to be in the range of 50-60 billion Indian rupees. For the past two decades, Kerala's market has been witnessing the domination of Multi National Corporations with their branded products and services compared to other states in the rural sector, Kerala has the highest MPCE. In 2004-05 the average rural and urban MPCE of India was Rs. 559 and Rs. 1052 respectively. During the same year the rural and urban MPCE of Kerala was 1013 (KSSP study-1059.2) and 1291(KSSP study-1397.1) (NSS 2004-05). Comparison of KSSP estimates for mean per capita expenditure with the NSS data for 2004.05 (61st Round) is shown in Table 1.

Table 1. Percapita monthly expenditure by Kerala and India

| Residence | Kerala | NSSO 2004-05 | NSSO 2004-05 |
|-----------|-------------|--------------|--------------|
| | Study(2004) | Kerala | India |
| Rural | 1059.2 | 1013.2 | 558.8 |
| Urban | 1397.1 | 1290.9 | 1052.4 |
| All | 1105.7 | | |

Source: K.P. Aravindan, RVG Menon (2010) *A Snapshot of Kerala, Life and Thoughts of the Malayalee People*, p.53.

There is a significant increase in the level of consumption of both food and non food commodities. During the last few

decades drastic changes have taken place in food habits items quantities of food consumption. When compared to 2000

Table 2. Percentage distribution of MPCE over broad group of consumption items by NSS round- Kerala (Rural)

| Sl.no | Items | Round | Oct 72- Sep 73 | July 77 June 78 | Jan - Dec 1983 | July 87 June 88 | July 93 June 94 | July 99 June 2000 | 2004-05 | 2009-10 |
|-------|----------------------------|-------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| | | | 27 th | 32 th | 38 th | 43 th | 50 th | 55 th | 61 st | 66 th |
| 1. | Cereals | | 32.01 | 23.71 | 23.17 | 17.89 | 17.53 | 14.5 | 11.01 | 7.96 |
| 2. | Gram | | 0.10 | 0.19 | 0.17 | 0.22 | 0.27 | 0.24 | 0.26 | 0.26 |
| 3. | Cereal Subs | | 5.46 | 2.83 | 1.63 | 1.54 | 1.07 | 0.66 | 0.47 | 0.34 |
| 4. | Pulses | | 1.28 | 1.51 | 1.61 | 1.76 | 1.84 | 1.77 | 1.50 | 1.67 |
| 5. | Milk & product | | 3.61 | 4.14 | 4.11 | 4.66 | 5.22 | 4.71 | 4.07 | 3.58 |
| 6. | Edible oil | | 1.95 | 2.13 | 2.71 | 3.20 | 2.89 | 2.75 | 2.63 | 1.64 |
| 7. | Meat egg & fish | | 4.56 | 5.39 | 6.18 | 7.43 | 8.46 | 8.05 | 6.70 | 8.72 |
| 8. | Vegetables | | 2.23 | 2.33 | 2.84 | 3.54 | 4.17 | 3.86 | 3.34 | 4.53 |
| 9. | Fruits & Nuts | | 4.25 | 5.20 | 5.59 | 6.17 | 6.12 | 5.03 | 4.80 | 4.08 |
| 10. | Sugar | | 2.49 | 2.03 | 2.03 | 2.17 | 2.55 | 1.58 | 1.59 | 1.43 |
| 11. | Salt & Spices | | 3.08 | 3.53 | 3.56 | 3.41 | 2.74 | 2.70 | 2.15 | 2.79 |
| 12. | Beverage | | 9.49 | 8.21 | 8.07 | 7.92 | 7.59 | 7.86 | 6.47 | 8.94 |
| | Food Total | | 70.50 | 61.20 | 61.67 | 59.64 | 60.46 | 53.71 | 44.97 | 45.93 |
| 13. | Pan. tobacco & intoxicants | | 3.75 | 3.44 | 3.10 | 3.24 | 3.33 | 2.5 | 2.23 | 2.84 |
| 14. | Fuel & lights | | 5.89 | 5.93 | 5.82 | 6.45 | 5.74 | 5.99 | 7.04 | 5.34 |
| 15. | Clothing | | 4.22 | 7.55 | 6.68 | 5.14 | 4.36 | 5.57 | 4.45 | 4.64 |
| 16. | Foot wear | | 0.12 | 0.35 | 0.65 | 0.73 | 0.91 | 0.79 | 0.75 | 0.75 |
| 17. | Misc. goods and services | | 13.29 | 15.16 | 16.42 | 18.48 | 20.08 | 24.59 | 31.83 | 31.29 |
| 18. | Durable goods | | 2.23 | 6.80 | 5.95 | 6.31 | 5.19 | 6.85 | 8.73 | 9.19 |
| | Total Nonfood | | 29.50 | 39.04 | 38.33 | 40.36 | 39.54 | 46.29 | 55.03 | 54.07 |

Source : NSSO Various Rounds

The consumption pattern of urban Kerala is similar to rural, though not exactly as rural.

Table 3. Percentage distribution of MPCE over broad group of consumption items by NSS round- Kerala (Urban)

| Sl.no | Items | Round | 27 th | 32 th | 38 th | 43 th | 50 th | 55 th | 61 st | 66 th |
|-------|----------------------------|-------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | | | | | | |
| 1. | Cereals | | 24.84 | 20.19 | 19.48 | 13.46 | 12.99 | 11.34 | 8.40 | 6.26 |
| 2. | Gram | | .12 | .27 | .19 | 0.25 | .31 | 0.27 | .24 | 0.27 |
| 3. | Cereal Subs | | 2.21 | 1.25 | .44 | 0.32 | .38 | 0.25 | 0.19 | 0.13 |
| 4. | Pulses | | 1.81 | 1.81 | 1.71 | 1.90 | 1.63 | 1.82 | 1.3 | 1.52 |
| 5. | Milk & product | | 5.37 | 5.26 | 5.12 | 6.11 | 5.60 | 5.28 | 4.42 | 3.44 |
| 6. | Edible oil | | 2.19 | 2.47 | 2.86 | 3.20 | 2.58 | 2.46 | 2.37 | 1.47 |
| 7. | Meat egg & fish | | 5.19 | 5.77 | 6.59 | 7.98 | 8.11 | 7.55 | 6.02 | 7.17 |
| 8. | Vegetables | | 2.25 | 2.39 | 2.83 | 3.37 | 3.43 | 3.56 | 2.97 | 3.73 |
| 9. | Fruits & Nuts | | 4.31 | 5.56 | 5.53 | 6.59 | 5.49 | 4.51 | 4.9 | 4.1 |
| 10. | Sugar | | 2.88 | 2.19 | 1.92 | 1.92 | 2.19 | 1.34 | 1.25 | 1.15 |
| 11. | Salt & Spices | | 2.46 | 3.17 | 2.21 | 2.53 | 2.13 | 2.27 | 1.67 | 2.05 |
| 12. | Beverage | | 12.66 | 11.30 | 10.46 | 9.46 | 9.05 | 8.39 | 6.86 | 8.91 |
| | Food Total | | 66.28 | 66.61 | 59.38 | 57.11 | 53.89 | 49.04 | 39.97 | 40.2 |
| 13. | Pan. tobacco & intoxicants | | 3.37 | 2.88 | 2.4 | 2.06 | 2.41 | 2.00 | 1.63 | 2.03 |
| 14. | Fuel & lights | | 5.52 | 6.29 | 5.80 | 6.02 | 5.54 | 5.82 | 7.36 | 5.20 |
| 15. | Clothing | | 4.96 | 6.95 | 8.14 | 4.83 | 7.33 | 5.77 | 5.65 | 4.63 |
| 16. | Foot wear | | .26 | .48 | .96 | 1.01 | 0.97 | 0.92 | 0.71 | .79 |
| 17. | Misc. goods and services | | 16.77 | 14.72 | 19.66 | 21.36 | 24.85 | 29.72 | 35.85 | 35.54 |
| 18. | Durable goods | | 2.84 | 7.07 | 3.66 | 7.61 | 5.00 | 6.73 | 8.83 | 10.95 |
| | Total Nonfood | | 33.72 | 38.39 | 40.62 | 42.89 | 46.11 | 50.96 | 60.03 | 59.80 |

Source : NSSO Various Rounds

increasing use of packaged foods are seen in 2011. No wide rural urban disparity in the consumption of food items. Majority of the household in Kerala shifted their purchase from local market to super and Multi nationals. Eating out habits of the people has also changed substantially. The proportion of food expenditure is 21% in 2001 which increased to 26% in 2010. The consumption of beef, mutton, chicken and fish has increased during the last three decades. The consumption of household goods and commodities are growing and changing rapidly in India. According to NSSO survey (2008-09), consumption of household durable goods in Kerala is four times the national average. Changing life style, income, social prestige, better health and standard of living led to the changing consumption pattern of non food items. The proportion of non food expenditure was 39.8% in 2000 which increased to 44.3% in 2010. The percentage increase in food and non-food expenditure in rural area remains more or less the same in both periods, but in urban area the increase is more in favour of non food items. Now Kerala is regarded as the hottest market for consumer goods. Nearly two thirds of homes have Mixer and gas connection and nearly one third have a refrigerator. But the effects of consumerism would be seen essentially in the social and economic spheres of life. Demonstrative and luxurious consumption has resulted in heavy financial commitment for the people. Unable to pay back the loan taken from individuals and financial institutions, many are driven to suicide. Unlimited consumption causes exploitation of natural resources and environmental problems in the form of limited resources and in the form of pollution.

Conclusion

The growth of consumption throughout the world has been unprecedented in its scale and diversity. As Kerala is characterized as a consumer society, consumption pattern and market trend determines the living standard of the people in rural as well as urban areas. Consumerism found favour with people especially among the middle and low income groups. Today the people in Kerala recognize consumption as a yardstick to measure socio economic status and prestige. There has been a significant increase in the absolute level of consumption of both food and non food items. The need for state intervention through the adoption of strict measures with respect to items of consumption so as to preserve environmental and ecological balance and also measures should be adapted to reduce the cost of production of items of mass consumption.

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