

CONSUMER BOYCOTT & THE ROLE OF GLOBAL MARKETING MIX



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Name of the Author:

Mr Rajnish Shankhdhar¹ & Dr Pragyan Dangwal²

^{1,2} Asst Prof, Amity University, Lucknow, India (INDIA)

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ABSTRACT

The requirement of a global marketing mix is highly imperative to understand the global consumers participation in a boycott act and experience a relationship often perceived by the manufacturers and the consumers as a thin line of a delicate marketing relationship at a global market place. Any initiation by consumers leading to a product boycott may be an outcome of a faulty issue perceived out of the four Ps by Consumers, highly detrimental to the brand image and producers business. Whatever the cause of consumer boycott may be is directly related to a single or a multiple set of 4 Ps of marketing factors involved. The release of an erroneous product or a faulty promotion may be the cause of a consumer protest but hazardous logistics and pricing mal practices can also lead to a consumer commotion and vociferous agitation paralyzing sales and market profitability of the targeted company worldwide.

This paper focuses on the intricate issues involve in the formulation of four Ps in the market with relation to tentative reasons leading to a consumer boycott act , how the marketing mix of four Ps become so important in a consumer boycott act shall be examined and how the dos and don't of 4 Ps must be considered by companies to mitigate consume unrest and boycott globally to minimize market chaos.

Keywords:

Boycott,
 consolidation,
 Four Ps

I. INTRODUCTION

The world of marketing rotates around the basics of four Ps that is product price promotion and place and their relevant strategies for various global giants and corporations at all times. The rising consolidation of Global nations thru globalization have tremendously increased the size of global market share embracing nations and integrating cultures all across the continents. This has caused an increased pressure on consumer goods as different areas across the globe require different adjustments to goods and services to be sold at a global market. Easier it may seem but the rising complexity of global marketing and manufacturing norms make it extremely difficult causing high volatility to products catered to global consumers servicing to varied demands at various global segments.

Inexplicably the global marketing factors consisting of endogenous and exogenous issues drastically impact upon the four Ps for any producer to produce at any foreign market. Even if the producers manufacture with the best of ingredients may not be acceptable to a global market segment or quality sustainable due to varied culture and geographical conditions. Almost in all the category of global business goods the companies persistently standardize and adapt within the same category of goods and services adjusting the marketing mix world wide. The tenuous capacity of consumers has increased globally to utilize new products and investigate about the product offered inside out with the manufacturers details thru various online sources and secondary sources. Various ways of content marketing, primary data tools assist consumers in knowing about their products purchased. Sooner or later media also exposes the issues of major market reforms required for the consumers and as a consequence more than the consumers the producers are exposed to market wide risk which can lead to a consumer boycott at times. In the present era of globalization, 1 boycotters either are customers or are trying to influence other firm's customers, and that's the reason the understanding of boycotts is important to marketing scholars. What changes, if any, should be made in product mix, pricing, or promotional strategies? What communication strategies are most appropriate for the firm before, during, or after a boycott? needs to be explored by marketers today 1, source Business Horizons.

Global boycotts can be classified as micro and macro level boycotts the micro level is mostly business entity based, for example European boycott of Shell as a result of its plan to sink the Brent Spar oil platform at sea (Klein et al., 2004), the boycott of Starbucks which was triggered by a remark made by the company CEO and the boycott of amazon.com because of Jerusalem post an Israeli news-paper was giving portion of its profits from its partnership with Amazon.com to Israeli soldiers (Armbruster, 2002). most studies have focused on micro-boycott such as Garrett (1987), Friedman (1995) and John and Klein (2003). While Macro level boycott is ignored, these are mostly based on Government policies and reforms mobilizing national population like boycott of Danish milk products by middle eastern nations due to cartoons of prophet Mohammad published in a Danish daily These boycotts may become surrogate and non surrogate A Surrogate boycott is the one that targets outlets not the originators while non-surrogate is reverse.

II. RESEARCH TOOLS

For the purpose of this article exploratory research method is used with descriptive study along with the help of secondary data, the topic has been explored from various dimensions of marketing basics and some tools such have been considered for certain outcome The paper is an exploratory and descriptive study on the basis of secondary data. It contains the combination of qualitative analysis primarily of various secondary sources which have been mentioned at the list of references.

III. EXPLANATION

Understanding the rising significance of consumer boycott in a global market

The rising significance of consumer boycott needs no explanation with the increase in global digital media and online apps including android apps globalization has linked nations exposing their businesses and products inside out at global level. If Israeli producers are facing global calls for boycott by Islamic nations the unethical practices by China also deters their global consumers to buy their products at global markets. Exploring consumer boycott it can be stated as that Every brand knows that establishing trust with their customers is vital, but this point has been reinforced by a new survey in UK that found ¹ a fifth (21%) of UK consumers have boycotted a brand following a scandal or negative press, furthermore, of those who stopped using a brand following adverse headlines, and as many as two-thirds (67%) have not returned to it, according to research firm.¹

Various boycotts have occurred world over both in the past and current times, data come from Broadstreet's, a business publication of the time that conducted a national survey in 1885 of boycotts of "unfair" shops and goods in American cities. The survey results revealed a total of 196 boycotts since 1883, with the state of New York alone reporting 59 in 1885. (Friedman 1991)

Impressive doctoral dissertations written by young economists in the second decade of this century is also significant "Boycotts and the Labour Struggle" was the 1913 contribution of Harry W.Laidler's book, while completing studies at Columbia University, and The Boycott in American Trade Unions, published just a year later, was Leo Wolman's dissertation at Johns Hopkins University. Laidler's scholarly study of boycotts continued for many years;

In general there are Social boycott, religious boycott and Ecological boycott and each boycott may involve similar actions but motives can be different with different end results. The ecological boycott focused on animal rights and environment issues like PETA on Benetton products in 1988 and Earth Island Institute on Heinz canned Tuna products to protect Dolphins while religious boycott focused on cultural violations and religion related sentiments.

Boycotts apparently have worked not because consumers stopped buying the boycotted goods but because the boycotters were able to secure news media coverage of the offending practices of the targeted companies.

Through the last decades gigantic food suppliers emerged conducting worldwide activities. Their budget even exceeds the gross domestic product (GDP) of some European countries. ² There are three international food companies making the highest profits (net receipts 2014): NESTLÉ made 14,5 billion USD, second is UNILEVER earning 5,5 billion USD third place is MONDELÉZ International (formerly Kraft Foods) making 2,2 billion USD. These food multinationals can partly be blamed for the uneven distribution of wealth on the world and the three companies have faced several boycott calls from time to time all over the world, for example McDonald's and the International Olympics Committee (IOC) are ending their long-running sponsorship deal three years early. The partnership has been met with broad and sustained public resistance at each successive Olympics game since 2012, as mentioned NESTLE also faced stiff resistance and boycott in Africa along with other multiple nations on many products category.²

Consequently the rising significance of boycott has mauled many global corporations and the participation of consumer boycott needs to be understood.

Exploring the increasing connection between the marketing mix and the boycott act of consumers

When understanding the magnitude of consumer boycott worldwide global corporations manipulate the combinations of marketing mix which at times may not be acceptable to certain consumer segments worldwide, for example in the case of Nestle infant baby formula the product ingredient was advertised to be a sufficient replica for natural mothers milk but in fact the natural mothers milk used for breast feeding of new kids was found to be much more nutritious than Nestle baby milk product as such the product was boycotted by the a large segment of global African consumers added to, faulty promotion also played a major factor in provocation of consumer boycott. Errors of faulty language terms, a malicious taboo picture on the product or sketch or product colour or the process of manufacturing contributes significantly to a boycott act by consumers. Numerous other examples of global product on ethical practices such as clothing cotton from Uzbekistan due to child labours, petroleum products due to environmental contamination, leather products made from animal skins and international products from hostile nations become other formidable reasons for consumers to participate in product boycott at global market examples of other products inflaming boycott protests globally can be numerous Surprisingly product motives and origin also do contribute to consumer protests as mentioned. What may be acceptable to certain parts of the global market may not be for other segments.

When we analyze the global markets it's the set of external and internal factors that influence the marketing practices and sales of products. External factors can be beyond the control of manufacturers at times it may vary from political and Economic reasons to cultural factors where many manufacturers are unaware of very minute but significant issues consequently despite best of the marketing mix sales of such many products do get influenced and fall beyond expectation. effecting the performance of companies globally.

The pricing mal practices may also contribute to consumers unrest and boycott protest, various grey market activities and dumping of goods into third world nations have caused Chinese goods loose its credibility in the global market. pricing too low in a predatory manner Chinese producers have damaged global competition and related industries in third world locations, With recent spurt in tax evasion and financial manipulations many MNCs have been instructed by courts to abide by the financial rules of host nations or leave and being charged heavy fines by host nations Government, before being allowed to function back normally.

The single one of the most important factor that has caused maximum consumers boycott globally has been faulty promotional practices corporations picking up any wrong selection of product logo, erroneous language sentence, display colour can create an adverse environment and harm consumer sentiments targeted³ What does it take for brands to maintain relationships with consumers? That's the central question of the third Earned Brand report from public relations firm Edelman, which found that 57 percent of consumers are more likely to buy from or boycott a brand because of its stance on a social or political issue. Consumers are also 30 percent more likely to make purchase decisions about a brand based on a brand's beliefs than they were just three years ago, according to the report. Edelman surveyed 14 countries and heard from 14,000 people to find out the status of consumers' brand relationships³

At times even though the product has been extremely famous globally it has faced an uncertain consumer boycott status in certain locations of the globe for example the launch of Toyota in Burma faced a boycott from the consumers when the Company started supporting the Military government regime, the Boycott of Tesco malls services in US because of Radio

frequency spy cameras embedded in shopping bags just to know about consumers taste which was highly objectionable and intruding into consumers privacy also resulted into a protest and boycott call for Tesco services.

Any innovation and launching of new strategies within four Ps must be tested in the new market before any full launch is applied.

Identifying various vital factors involved in devising of four Ps with relevance to consumer boycott

The strategies related to four Ps product price promotion and place as mentioned must match the consumer segment that the manufacturer is globally targeting, beginning from the manufacturing process till the point of distribution the grounds for marketing errors are enormous and that's where the devising of international marketing plan requires a careful consideration of various internal and external factors⁴ The HBR says research into local markets has to be aimed at understanding the market size, the challenges customers face, the solutions they currently have, and where your product can fit in. Many companies fail to think about these basics of product positioning at the country level and overlook things like strong local competitors.⁴

At all levels of global business the marketing mix faces sets of external factors known as PESTLE Issues these are the major factors, the consolidation of PESTLE factors stated as political Economic Social Technological legal and environmental play an instrumental role in global marketing and detecting consumer choice, the product issues as such needs an incorporation of all external factor in its product component model that is product internals, product externals and product aftersales issues, in majority of the incidents it is the product component model disparity with the global consumer segment that causes the global consumer boycott, if the product ingredient is hazardous or consisting of unhealthy elements or socially unacceptable nutrients it may trigger consumer unrest leading to a boycott consolidating with the help of media participation and digital promotion, externally if the product is constructed with any unfriendly packaging material and malicious colouring it can create dissent consumers protesting for example doritos products.

Environmental sustainability and business do not always go hand in hand, especially when it comes to product packaging. Some of the most common household packages – including potato chip bags, pizza boxes and toothpaste tubes – often aren't recyclable. For companies hoping to woo sustainability-minded customers, this can be a real problem. Even though it makes up a small part of a product's environmental impact packaging is the first thing that consumers see, and it can heavily influence their buying decisions⁵

The pricing issues must incorporate the local income levels and purchasing power of the consumers in separate national markets because different currencies have different values and culture creating varied demands of the same product As business continues to become more global, companies can gain competitive advantage by focusing their marketing efforts on targeting the right international markets and adapting their products and pricing strategies to appeal to local customers.⁴ the pricing issues not only must incorporate supply of raw material and demand by consumers but also local competition and logistical requirements, the climatic. Condition and impact upon the modes of transport along with storage of stock consequently influencing the prices,⁵ Global Economic indicators provide no insight into many consumer lifestyle issues Some critics even argue that GDP is not intended to gauge a country's health, but merely serves as a measure of a nation's productivity. By this perspective, GDP has nothing to do with a country's standard of living. Economic production provides no insight into the literacy rate, life expectancy, access to healthcare, leisure time or general level of happiness among a given populace⁵.

As per the international business school HULT one must consider costs to remain competitive, while still ensuring profit. Researching the prices of direct, local-market competitors can give you a benchmark, however, it remains essential to ensure the math still works in your favour. For instance, the cost of production and shipping, labour, marketing, and distribution, as well as your margin, must be taken into account for your business to be viable.

⁶ Pricing can also come down to how you choose to position your brand — should the cost of your product reflect luxury status? Or will low prices help you to penetrate a new market? Swedish furniture giant Ikea, known in Europe for its low-cost value, struggled initially in China due to local competitor costs of labour and production being much cheaper. By relocating production for the Chinese market and using more locally sourced materials, the company was able to successfully cut prices to better reflect its brand among target consumers.⁶

The promotional issues are the most sensitive issues when dealing with global consumers it deals not only with verbal and nonverbal communication but also with issues like consumer emotions, product endorsement and overall ethical contributions.

⁶ Cultural differences applied in promotions can also influence market demand for your product or service. The need your business may address at home may already be met or not exist at all overseas.⁶ Local market insight is the key, and there are a number of successful brands whose business models simply weren't viable in overseas markets. For instance, American coffee company Starbucks seriously struggled in Australia, where the demand for local, independent cafes and coffee shops vastly outweighed the appeal of the corporate giant.

Small practical considerations can also be easily overlooked, such as creating quality translations of product and marketing materials, and even ensuring your brand name works well abroad. A number of well-known companies have had to consider adapting the names of their brand or product when launching in a foreign market.

In most of the cases it is the inadequacy of the practical considerations that trigger consumer protest leading to a boycott ,at varied global markets Boycotts have become a regular feature in many nations as the giant media channels and on line news sites grip the business companies with the sensitivity towards diffusion of commercial errors applied by several global companies and within no time one small faux pas can create a massive consumer protest, media in fact plays the biggest role in triggering a consumer boycott From consumers' perspectives, product- and company-related blunders lead to consumer boycotts that are the results of corporate negligence, deception, and insensitivities. Regardless of the blame game and other complexities, consumer-based activism emanates from a multitude of factors such as consumer complaints, economic nationalism/ethnocentrism, product failures, consumer animosity, and negative publicity.⁷ Other causes are corporate blunders, consumer frustrations, social/human rights problems, and acts of war. Additional research topics and literature that relate to consumer boycotts encompass issues of activism, consumer ethnocentrism, consumer animosity, economic nationalism, product ethnicity and negative brand publicity and product harm issues. Other topics are national boundaries and border zones, national character and culture, customer revenge and avoidance, etc. There is a strong need in international marketing to understand consumer boycotts from multidisciplinary and interdisciplinary perspectives.⁷ but overall the effect is directly upon the manufacturers knowledge of the marketing mix which is applied on the product or services catered to the targeted consumers globally encountering uncertainties of the new turf.

IV. OBJECTIVE

Understanding the rising significance of consumer boycott in a global market.

Exploring the increasing connection between the four Ps of marketing and the boycott act of consumers.

Identifying various sensitive factors involved in devising of four Ps with relevance to consumer boycott.

V. LITERATURE REVIEW

Consumer boycott is defined as “An attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace”.

(Friedman1985,97). Consumer boycott is also described as the refusal to conduct market transactions with the boycott target (Garrett 1987). Though most studies have focused on micro-boycott such as Garrett (1987), Friedman (1995) and John and Klein (2003)., Baron (2002)considers that the action of boycotting consist of some consumers who provide information to the other citizens about the seriousness of a situation. Boycotting is also said to constitute a way for consumers to signal their private information by Diermayer and Van Mieghem (2005) who describe coordination between boycotting consumers as a stochastic process with threshold effects. Consumer boycotts are also described as a form of anti consumption behavior, where boycotters are market activists who forgo the consumption of certain products and services because of environmental ,political, ethical, or social issues (Chatzidakis and Lee 2013;)

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