networks."\textsuperscript{42} Even in its early form in India, advertising was intended to unite cultures and economies and was intended on the behalf of the British to appeal to Indians while promoting Western products.

\textit{Western Values Enforced Through a Commodity and Advertising: The Case of Soap}

Soap is an example of a non-Indian product that was transformed into a status symbol in colonized India due to advertising. Soap was a scarce commodity at the beginning of the 19\textsuperscript{th} century.\textsuperscript{41} British advertising combined images of domesticity with images of the empire. It took the private (scenes of domesticity) and made them public. Victorian advertising presented the empire as an organized system of images and attitudes and reached a large number of its subjects via mass marketing. This proved a way of redefining racial differences. The British used the images in advertising to support their dominance.\textsuperscript{42} Anne McClintock states, "Victorian cleaning rituals were peddled as globally as the God-given sign of Britain’s evolutionary superiority, and soap was invested with magical, fetish powers."\textsuperscript{43} Soap came to be a symbol British superiority due to its association with hygiene and its symbolism of progress.\textsuperscript{44}

This was the beginning of what Anne McClintock has termed "commodity racism," which she states, "Commodity racism became distinct from scientific racism in its capacity to expand beyond the literate, propertied elite through the marketing of commodity spectacle" and goes on to explain the significance of "commodity racism," "No pre-existing form of organized racism had ever before been able to reach so large and so differentiated a mass of the

\textsuperscript{40} Kajri Jain, "More than Meets the Eye," 67.
\textsuperscript{42} Anne McClintock, "Soft-Soaping," 305.
\textsuperscript{43} "Soft-Soaping," 304.
\textsuperscript{44} Anne McClintock, "Soft-Soaping," 305.
The ideas of racism reached a vastly broader audience due to the use of pictures and objects instead of literature. Due to Pear’s Soap varied consumer base consisting of native and European Indians, the massages of racism were subtly spread across classes and races.

**1991; A Year of Economic Liberalization**

Prior to 1991, post-Independence India became a very closed economy. This was partially a reaction to British imperialism and partially due to, “Mahatma Gandhi’s anti-industrialist tenets and Jawaharlal Nehru’s socialism, which together caused India to withdraw from the world economy.” During these years, the Indian economy subsided on its own with little trade flow either in or out of the country.

In 1991, India began to make significant economic reforms. In 1991, India was broke, inflation had reached 17%, and within the two previous years 110 million Indians entered into poverty. On July 1, 1991, Manmoham Singh, the Finance Minister to then Prime Minister Narasimha Rao, began to implement a series of economic reforms. He began by devaluing India’s currency by 9%. Within that week, the Commerce Minister P. Chidambaram stated that he would lift the restrictions on imports and begin implementing structural reforms that would encourage exports; Mr. Chidambaram also eliminated export subsidies, which distorted trade; interests rates in India were raised to 11%; Mr. Singh devalued the Indian currency by an additional 11%; and India was promised a $2 billion (US) loan.

Reforms continued after that week and resulted in a newly open Indian economy, and India began to market itself as an investment hotbed.

---

47 Robyn Meredith, “From the Spinning,” 38.
49 Rama Bijapurkar, We Are Like This Only: Understanding the Logic of Consumer India (New Delhi: Portfolio by Penguin Books India, 2007), 19.
Economic liberalization had many structural effects on employment in India. Before economic liberalization, there were four categories of occupations: government jobs (the most desired), factory jobs, and self-employed/agriculture. After liberalization, there were five different occupational segments: agriculture, manufacturing, government, service industry, and IT. After liberalization, new forms of employment arose. The most obvious of the new types of employment was IT, which was the first export-oriented job in India. The IT (Information Technology) sector also served to broaden middle class India’s ideas of the world due to Indian engineers being sent overseas. The service sector was also a new occupational segment, which consists of self-employed individuals and entrepreneurs and is the fastest growing sector within the Indian economy.

The economic liberalization also created many social changes. Liberalization allowed for a new social mobility: “Santoch Desai talks about the ‘unlocking of the social and economic fixedness of life.’ He says that the earlier thought process of ‘know your place, this is our place in the world, this is who we are not’, which was something we too great care to teach our children, is now no longer valid.” This sentiment reflects a change in mentality that developed after liberalization and led individuals to pursue newly created opportunities of social mobility. There were many other changes that occurred in Indian sentiments and desires after liberalization. Certain notable effects are as follows: the impoverished are better educated, there is a desire to keep pace with other countries, a desire to become international and to produce international exportable goods, efficiency and a willingness to buy things because they are cheaper as as opposed to producing it, a move from isolation to global interactions, free market economy and thus free choice, positive incentives instead of guilt, motivated, desire to improve,

---

50 Rama Bijapurkar, *We Are Like This Only*, 114-115.
51 Rama Bijapurkar, *We Are Like This Only*, 115-116.
52 Rama Bijapurkar, *We Are Like This Only*, 188.
encouraging competition instead of giving into the weak, and a desire to become technologically advanced. Cultural changes from liberalization include empowerment and enablement. The empowerment implies a desire of the poor to be competitive in terms of opportunities instead of the charity that the poor relied on pre-liberalization, and enablement is in terms of partnerships instead of the pre-liberalization philanthropy.

Other cultures were also beginning to rapidly enter into India through means of brands. Burges Dandiwala of Brand Catalyst, a brand agency based in Mumbai, says:

With this has come an inflow of foreign brands that are competing with the traditional, long-established Indian products. Before there was essentially a monopoly: one brand of soap for the low end, one brand for the high end, for example. People now find it difficult — there's a choice for everything.

The influx of Western brands gave the Indian consumer a wide variety of brands within the same consumer products categories to choose from; however, this only created more competition for the Indian consumer. However, this variety also gave the Indian consumer more freedom of choice and familiarity with Western brands.

Diasporic Indians also brought knowledge of Western cultures to Indians due to liberalization. Liberalization created business opportunities that attracted diasporic Indians to return to the country, especially since many of these Indians felt culturally displaced in other countries.

Diasporic Indians and liberalization created a Western middleclass lifestyle. This helped to make Indians more familiar with Western lifestyle and also perpetuated it as a status symbol in the 20th century when multinational brands were just beginning to market in India.

---

53 Rama Bijapurkar, We Are Like This Only, 176-177.
54 Rama Bijapurkar, We Are Like This Only, 185-187.
Many multinational companies quickly entered into India after 1991, because of favorable market signs. After market liberalization for five years, there was extremely large market growth. Growth rates for the majority of products available grew 20-30\% in volume, which created an expectation of 15-20\% growth for consumer markets. This was the start of the myth of the “Great Indian Middle Class” since it was supposedly fueling this extreme growth. This led to an influx in the mid-1990's of investments in India. The growth did not continue and was worsened in the late 1990's due to below average rainfall during the monsoon season and lagging rural demand.\(^5\) The rapid growth rate of the first five years is now attributed to the pent-up demand of the rich who suddenly had new products to buy.\(^6\)

The growth of the Indian middle class was one of the main reasons multinational companies entered into India; however, the Indian middle class was over estimated in size and spending power. It was believed that the middle class was 300 million (larger than the domestic market in the US) and that when combined with Indian upper class, these two groups would have equal in buying power to the American middle class.\(^6\) However, multinational companies received a weak response from middle class due to the fact that there are 5 classes in India not just three. The classes are as follows: 1) the very rich 6 million individuals (i.e. 1 million households); 2) the consuming class/the middle class 150 million, which is half of what was typically believed; 3) climbers/lower middle class 275 million; 4) the aspirants/poor, who are poor by developed Western standards, 275 million; and 5) destitute 210 million. Each groups is estimated to have gone up another 100m in the decade since research was conducted (1986-1994.

\(^5\) Rama Bijapurkar, *We Are Like This Only*, 20.
\(^6\) Rama Bijapurkar, *We Are Like This Only*, 21.
survey by the National Council of Applied Economic Research (NCAER). The numbers of individuals in the ‘middle class’ were lower than anticipated.

In addition to being smaller in size than anticipated, the Indian middle class was also not the same as middle classes in the developed world. The middle class in India is significantly less affluent than the middle classes in other countries such as, American, China, and Europe. In a study by the NCAER conducted between 2005 and 2006, households that made between US $1,900 and US $2,900 a year defined the Indian middle class. If the middle class is to be based on consumption comparable to other countries, then the middle class is defined as those consuming at least US $5,000 or above per household annually, which means that the middle class in India at the time of the study was estimated to be 21 million households who are actually part of the top 10% (upper class) in India. The group that many multinationals were initially unknowingly marketing to were not the middle class but a group of the wealthiest individuals in India who could afford the multinational products.

What also happened that was misleading for multinational companies in the 1990s was that consumers spent their incomes on obvious status symbols that were practical for the family (e.g. cars or refrigerators), and with the advent of credit, consumers spent money on the home and consumer durables but bought cheaper brands than before in other categories (e.g. fast moving consumer goods (FMCG), products that purchased frequently that are unessential (e.g. foods & toiletries) at low cost) and are sold in large quantities and at low costs.

Retail also failed in India specifically because retail in the developed world is based on a consumption structure until that in the developing world, but retailers failed to consider these differences when they entered the market. In the developed world, the consumption pattern

---

61 Shashi Tharoor, The Elephant, the Tiger, 8-9.
62 Rama Bijapurkar, We Are Like This Only, 87.
63 Rama Bijapurkar, We Are Like This Only, 23.
allows retailers to makes money from the price of the product due to a few people consuming a lot; however, in emerging markets, there are lots of people consuming but only consuming a small amount.\textsuperscript{64} Due to a failure to investigate consumption behavior in India, many retailers also initially failed to make the anticipated profits in India.

Multinational companies also initial failed to attract the Indian youth. Numerous Western based multinational companies misjudged the acceptability of their products by Indian youth partially because they over estimated the brand-awareness of the Indian consumer and partially because they assumed that youth was the same in terms of values and desires. Another failure of multinational companies was that the majority did not attempt to create a mass youth culture.\textsuperscript{65} By over estimating the international power of their branding and failing to attempt to appeal to Indian youth specifically, multinationals initially did not capture the youth market.

\textit{Why Multinationals are Still Interested in India: The Current Outlook}

Multinational companies are still interested in doing business in India for three main reasons. The first is that the Indian economy is growing and the economic conditions of its citizens are improving regardless of class. The second main reason is India will soon have the youngest population in the world, and the final reason is the vast number of Indians who have yet to become consumer. These reasons have kept multinational companies in India and continue to attract new multinationals.

The Indian economy is expanding every year. In terms of GDP in 2007, the Indian economy was increasing at a rate of 7.5\% per year,\textsuperscript{66} and India had the 4\textsuperscript{th} largest GDP in term of the Purchasing Power Parity.\textsuperscript{67} Private consumption accounts for more than 60\% of India’s

\textsuperscript{64} Rama Bijapurkar, \textit{We Are Like This Only}, 58-59.
\textsuperscript{65} Rama Bijapurkar, \textit{We Are Like This Only}, 197.
\textsuperscript{66} Shashi Tharoor, \textit{The Elephant, the Tiger}, 6.
\textsuperscript{67} Rama Bijapurkar, \textit{We Are Like This Only}, 3.
According to Nielson’s Global Consumer Confidence Index out of 48 countries, India is the second most optimistic in the first half of 2008, and according to B S Nagesh, chairman of the India Retail Forum ‘09 and vice chairman of Shoppers Stop Ltd., Indian consumers are continuing to purchase at a higher rate than other countries. By 2010, Indian consumer retail spending is expected to reach Rs. 18.1 lakh crore from the current Rs. 13.3 lakh crore now. Rural India’s consumption has increased; from 1999-2004, per capita expenditures in rural India reached a growth rate of 73%. The largest expenditure increase was on telephone calls per person, which rose 515% compared with a rise of 230% in urban India. In addition to consuming more, people are also getting richer since 1995 in both rural and urban India, the percentage of individuals in the lower income group is predicted to decreasing from 57.2 to 20.6% (2009-2010) in rural India and from 27.9 to 4.7% in urban India (see Appendix Fig. 5). The Indian economy is growing and Indian consumers are continuing to spend while their economic prospects continue to improve.

India’s youth are also attractive targets for multinationals. India’s younger generation (those born around 1990) are the first non-socialist generation in India and have no guilt about consumption, and this generation is beginning to come of age. Young Indians are willing to borrow money to afford their levels of consumption and are also more confident consumers. Outsourcing has created an environment where a younger generation of Indians have more money than their parents generation. Working for American companies and earning more

---

68 Rama Bijapurkar, We Are Like This Only, 38.
71 “What’s Hot,” India Today, November 9, 2009.
73 Rama Bijapurkar, We Are Like This Only, 50.
74 “What’s Hot.”
money has results in a desire to imitate Western lifestyles.\textsuperscript{75} The younger generation of consumers is interested in the type of lifestyle multinational companies promote.

Another attractive quality of India’s youth is their vast quantity. India has 450 million people under the age of 21, which is 40\% of India’s population.\textsuperscript{76} Each year the category of individuals under 21 grows by 400 million people, and 20 million babies are born,\textsuperscript{77} and by 2050, India will have the world’s largest working age population.\textsuperscript{78} This segment of the population has the desire to spend and is such a large percentage of the population that multinational companies are invested in attracting this consumer group.

However, all youth in India is not the same and merely because the youth group contains a large number of individuals does not mean that all have the same consumption habits. Out of the 187 individuals between the ages of twelve and nineteen, just below 60\% live in rural areas and are poor (divided evenly between R3 and R4 socioeconomic class). With respect to those between ages twenty to twenty-five, just under 60\% are in either R3 and R4 while only 3\% are urban class A.\textsuperscript{79} According to Rama Bijapurkar, there are four different classes of youth in urban areas: the creamy layer/rich brats class, the consuming class, the “stretch-a-bit” class, and finally the nameless mass. Premium youth brands (e.g. Levi and Wrangler) strongly target the elite urban youth (e.g. the creamy layer and rich brats). The elite youth are approximately 2 million and are in the socioeconomic classes A1 and A. Targeting this population has caused these brands to have limited success in India due to the relatively few consumers there are in this category; however, this segment did grow at a rate of 50\% from 1998-2007.\textsuperscript{80} Five million individuals compose the consuming youth class and are in socioeconomic classes A and B; this

\textsuperscript{75} Shashi Tharoor, \textit{The Elephant, the Tiger}, 17.
\textsuperscript{76} Rama Bijapurkar, \textit{We Are Like This Only}, 3 & 15.
\textsuperscript{77} Rama Bijapurkar, \textit{We Are Like This Only}, 37.
\textsuperscript{78} Vatsala Pant, “India: Meet a Billion,” 14.
\textsuperscript{79} Rama Bijapurkar, \textit{We Are Like This Only}, 198.
\textsuperscript{80} Rama Bijapurkar, \textit{We Are Like This Only}, 199.
is a youth group that conforms to the mentality and consumption behaviors of other countries around the global. "They have high aspirations and knowledge of brands they want to possess... but they disappoint marketers with their less-than-desirable quantum of consumption." The ‘stretch-a-bit’ consumers is the urban youth (12M) are the up and coming consuming class; however, it has not been determined when this class will start consuming more. The remaining 44M urban teens (larger than all three together groups combined) have exposure to what the upper classes consume and what is available via television, movies, and observing their richer peers: “They will only accept cheaper versions of the same look, styles and basic functionality. They are not willing to settle for less at a lower price especially on aesthetics." The Indian youth is a complicated and diverse market that offers multinational companies multiple different opportunities for targeting different types of consumers.

India not only has a large youth population, but India also has the world's second large population, which proves an attractive consumer base. This large population is what continues to attract new multinational companies to India. In an interview with a spokesperson for Admiral, an English sportswear company that is about to start franchises in India, named Justin Lin, he said that India’s population was the reason Admiral had decided to enter into India. By 2030, India is estimated to comprise 18% of the world’s population. However, the number of Indians is deceiving in that most Indians are considered poor. Based on consumption, 40% of India is in the lowest class. 1.1% of India is in the highest-class level A1. 8.3% of India is what is considered upper class (A1, A2, B1, and B2). The class with the largest percentage of the

---

81 Rama Bijapurkar, We Are Like This Only, 199-200.
82 Rama Bijapurkar, We Are Like This Only, 200.
83 Rama Bijapurkar, We Are Like This Only, 200.
84 Rama Bijapurkar, We Are Like This Only, 200.
86 Rama Bijapurkar, We Are Like This Only, 34.
87 Rama Bijapurkar, We Are Like This Only, 96.
population is the lowest class (R4) followed closely by the second lowest class (R3) with approximately 29.9% and 28% of the population respectively.\textsuperscript{89}

In addition, India is selling itself to other countries as a growing consumer hotspot and encouraging foreign companies to invest in India. In 2006, for the World Economics Forum, an organization was created called India Brand Equity Foundation with the task of creating a slogan for "New India." The organization came up with the phrase: "India: Fastest-growing free market democracy."\textsuperscript{90} That phrase emphasizes that India is an open powerful economy, and since the slogan was intended to connect with foreigners, it seems that this message was intended to create foreign interest in becoming involved in India.

**Marketing Techniques in India**

*Status Symbols in the Developing World and India:*

*Theories of Status and the Importance of a Western Lifestyle*

Status is important in a culture, because it is inherently limited in availability and valued by most members of the culture. The reason people want status is that the higher one's status the more one is associated with "approval, respect, admiration, or positive qualities" while lower social statuses are associated with disapproval and negative qualities.\textsuperscript{91} Murray Milner Jr. discusses status as a limited resource, which explains its coveted ness. To understand status as a recourse, one must first understand the nature of resources. There are two essential characteristics to consider when discussing resources: the amount of the recourse and its distribution. Within the concept of distribution there is inherently a concept of alienability (i.e. can the recourse be transferred from one social location/group to another?) and within the concept of amount is the idea of expansibility (i.e. can the amount be constricted or expanded.

\textsuperscript{89} Bussinessworld, *The Marketing*, 76.

\textsuperscript{90} Shashi Tharoor, *The Elephant, the Tiger*, 31.

However, a resources alienability and expansibility is not solely dependent on the technical ability of a recourse to be expanded or redistributed; the alienability and expansibility is also largely dependent on a cultures perception of that resources’ alienability and expandability. This perception is dependent on that cultures’ externalization (physical and mental activity of the surrounding external world), objectification (the process where products of the external world are viewed as object like and come to have an existence that is no longer dependent on humans), and internalization (“the appropriation by humans… of some given, socially defined, objectified reality”).92 According to Milner Jr., the definition of status is as follows: “Status is stereotyped approval (or disapproval), and is primarily ‘located’ in other people’s minds. To change your status or someone else’s, you must change other people’s opinions.”93 Status is relative and a system of rank. The more people consume something the less valuable it is as a status symbol.94 For instance, Literacy and the ability to speak English in India are symbols of status. However, these two abilities are only status symbols because the community believes they are. The community needs to objectify and internalize status symbols otherwise those symbols are irrelevant to the culture.95 Status symbols by nature need to exclude a large portion of the population, but the population, including the segment that does not posses this status symbols, must believe that the status symbol is desirable and relevant to status. This demonstrates that the definition of status; its values as a resource; and what resources define status for a culture are extremely dependent on the collective thought processes of masses that compose that culture. Due to this dependence on a cultures perception as a whole, status is typically relatively inalienable, consistent, and non expandable. There can be mobility of status in that the

difference with respect to status among groups can be reduced so that the groups have a more equal status, but this decreases the status of the former high status individuals. In this way, status is a system that subordinates individuals due to their lack of status, and according to J. M. Balkin, "A system of subordination cannot be stable if it is too easy to exit from the criteria of subordinate status." The Western or modern lifestyle is a system of subordination in that not every one can afford to own the products one needs to have that lifestyle. However, studies have indicated that familiarity and understanding of the consumption habits of the next higher social class can allow for social mobility. Although the a Western lifestyle can be imitated by purchasing knock-off products or less expensive brands that still give one a little status, Western lifestyle as a status symbol provides the upper class the ability to keep redefining the criteria. In addition, to merely appear to be informed enough to engage in the Western lifestyle one needs to be able to afford magazines, which are made to tell the consumer what is popular at the moment or what will be popular in the future. Even imitating or gaining social acknowledgement from knowledge about Western lifestyle is difficult. Status and even the imitation of status are difficult to possess due to the limited quantity of status and the higher status individual's ability to control status.

Due to status' inexpansibility, the higher status individuals have the motivation and resources to restrict and control status mobility. For example, by preventing the implementation of Hindi in government and business, the Indian middle class was able to maintain its status and preserve an advantage in employment. Resources are horded by those who have them, because once shared, the benefits, both socially and otherwise, are diluted.

The main determinant of status is conformity not necessarily one’s economic class. According to Max Weber, economics classes and status groups are separate entities. Status groups are based around a lifestyle not an economic position although status groups often contain individuals from the same economic classes. Obtaining a certain status requires conformity to the lifestyle of that specific status group. Lifestyle is the crucial determinant of status. In India, this is why during British rule and into the present one needed to adapt a Western lifestyle and to be able to afford the maintain that lifestyle to appear to be of a certain status. This is also why the middle class adopted a Western lifestyle, because that was the lifestyle the wealthy where living. Status also requires one to conform to the social norms, which are determined by the dominant group. However, in some cases, deviance from social norms and the ability to deviate without reproductions is a symbol of the highest class specifically deviance in the form of innovation. This is the case in India where the ability to afford the latest technology (technology which is imported from other countries) shows off wealth.

Status is particularly important in developing countries, and foreign products frequently become status symbols in such countries. In developing countries, foreign products in certain categories not only are attractive because they signal a certain level of quality but also because the product enhances status. Rajeev Batra et al. explain in a study on the effects of brand origin on consumer’s opinion of the brand that visible signs of status are particularly important in developing countries because “economic tension, income disparities and status mobility are high” and that the tendency to separate ones self from others through purchasing brands that are status symbols is heightened during times of transition and social mobility. Periods of economic development are also periods where individuals value categorizing them selves based on

102 Pavan Varma, The Great, 62.
104 Rajeev Batra et al., “Effects of Brand Local,” 83.
 POSITIONAL VALUES VIA VISIBLE CONSUMPTION AND DISPLAYS OF STATUS. ALL OF THESE CHARACTERISTICS OF DEVELOPING COUNTRIES ARE TRUE OF INDIAN, AND BATRA ET AL. NOTE THAT THE EFFECTS THESE CHANGES HAVE ON STATUS ARE EVEN MORE EVIDENT IN INDIAN, WHICH WAS WHERE THEIR STUDY PARTICIPANTS WERE FROM.

There are a variety of reasons that Batra et al. give for why foreign brands adopt a central role as status symbols. They are listed as follows: imports are often more expensive and more scarce; individuals in developing countries are relatively less wealthy than those in developed countries on average, which creates a sense of inferiority and insecurity that developing world consumers remedy via emulating a glamorized Western lifestyle that they become aware of through various forms of exposure to the Western world; an appearance of being knowledgeable about a foreign culture (e.g. a desire to be seen as cosmopolitan); and there is a desire to become a part of what the lesser developed world perceives as a global consumer community, which in actuality does not exist. This emulation of a Western or foreign lifestyle in expressed through consuming Western and foreign products, and there is a widespread desire to consume to the extent of the Western society in third world countries because of the desire to imitate the local Westernized elite, but only a small portion of elite can afford to consume to that extent. However, Indians in lower economic classes are not discouraged by their inability to afford the Western lifestyle. The more people in a given socio-economic class who posses a certain product, the more the members of that class who do not have that product aspire to own that product. When consumers cannot afford a status symbols, this leads to aspirational yearning, which is what has happened to many Indians. This exclusivity helps the concept of a Western lifestyle, including spending habits, maintain its association with status and the elite.

---

105 "Effects of Brand Local," 85.
106 "Effects of Brand Local," 85.
107 "Effects of Brand Local," 85.
109 Rama Bijapurkar, We Are Like This Only, 46.
110 Rajeev Batra et al., "Effects of Brand Local," 85.