Interactive impact of religiosity, spirituality and materialism on the consumer demand for spiritual brands in the emerging markets

Introduction

'Emerging markets' has become a popular term in recent years, representing economies with relatively lower-income levels but that are growing quite rapidly, and are acting as the main growth engines for the global economy, in the face of recent slowdown in the traditional developed economies (Economist 2017). However, much of the marketing research in the emerging markets still uses concepts, models and theories originating from the developed markets in North American and Western Europe, resulting in growing call for more research that provides the real picture of the consumers and marketers in the emerging markets using fresh theoretical perspectives and conceptual models (Burgess and Steenkamp 2013; Roberts, Kayande and Srivastava 2015; Sharma et al. 2018).

Recent studies address these calls by focusing on the impact of changing social values on consumer behavior in the emerging markets, such as materialism (Awanis, Schlegelmilch and Cui 2017; Sharma 2011), aspirational values (Javalgi and Grossman 2016), and status consumption (Shukla 2010). However, there is little research on the contrasting roles of religiosity and spirituality with materialism, on the brand choices and purchase decisions of the emerging market consumers, especially in the FMCG product categories. We extend nascent research in this area (e.g., Sardana, Gupta and Sharma 2018) by seeking deeper insights into the socio-psychological mechanism driving the effects of religiosity (intrinsic and extrinsic), spirituality and materialism on the demand for FMCG products promoted by spiritual leaders in two large emerging markets, namely India and Indonesia.

Relevance to the theme

This paper relates to the theme of this 'Special Issue and Thought Leaders Conference' on 'Managing Business and Innovation in Emerging Markets', by touching upon each of the seven points in the call for papers. For example, promotion of FMCG products by spiritual leaders represents a highly innovative branding and customer engagement strategy, which highlights the social impact of marketing strategies as a part of the complex marketing-mix dynamics in emerging markets. Studying the differences in the level and impact of religiosity, spirituality and materialism among consumers also helps unravel their individual journeys, which could have far-reaching implications for product managers in the emerging markets.

Research gaps

A few studies that do explore the effects of religion and religious values on the emerging markets consumers have a very narrow perspective, such as the consumption patterns of Muslim consumers (Cleveland, Laroche and Hallab 2013; El-Bassiouny 2014; Schneider, Krieger and Bayraktar 2011), role of halal branding (Butt et al. 2017; Jamal and Sharifuddin 2015), and impact of religiousness on ethical decision making (Arli 2017; Arli et al. 2017). As a result, there is little research on the impact of religion on the behaviors of consumers in other emerging markets, despite considerable evidence about its role in their everyday lives (Mathras et al. 2016; McAlexander et al. 2014). This is the first research gap we address.

Next, there is little research on the role of spirituality in the lives of consumers in the emerging markets, despite growing evidence about the impact of spirituality on the consumers around the world (Chowdhury and Fernando 2013; McKee 2003; Rindfleish 2005; Shaw and Thomson 2013). Hence, marketers and researchers continue to believe in the perceptions about emerging market consumers being materialistic, status conscious, and socially motivated (Arli and Tjiptono 2014; Lee 2003) but also value-conscious and price-

sensitive at the same time (Sharma 2011; Walters and Samiee 2003). These perceptions are clearly at odds with the rich spiritual heritage in many emerging markets (e.g., China and India) and merit further attention. This is the second gap we address.

Finally, past research on branding in the emerging markets mostly focuses on either the country-of-origin effects (Hamzaoui Essoussi and Merunka 2007; Jin, Chansarkar and Kondap 2006; Sharma 2011) or the performance of local versus international or global brands (Alden et al. 2013; Eckhardt 2005; Sun et al. 2017; Tanusondjaja et al. 2015) with very little research on the home-grown brands in the emerging markets and their unique marketing strategies that have made them household names in those markets, such as co-branding (Chen et al. 2017) and brand extensions (Fu, Saunders and Qu 2009). For example, 'Patanjali', a homegrown FMCG brand that is endorsed by a popular spiritual leader (Baba Ramdev), has become extremely popular in India, growing to a US$ 1.6 billion franchise in just ten years, while its MNC competitors like P&G and Unilever are finding it difficult to grow their businesses (Jaggi and Ghosh 2017; Mehrotra, Salunkhe and Chakraborty 2017). Thus, global marketers may not know enough about how local brands are built in the emerging markets and this prevents them from getting a stronger foothold in these highly competitive markets. This is the third research gap we address in this paper.

Conceptual framework and hypotheses

In this paper, we extend research on the impact of religiosity, spirituality and materialism on the emerging markets consumers (e.g., Sardana, Gupta and Sharma 2018), which shows that both intrinsic (INR) and extrinsic (EXR) religiosity as well as spirituality (SPR) have positive effects on the purchase of brands promoted by spiritual leaders (PBS). In this paper, we further explore the complex socio-psychological mechanism driving these effects by studying the impact of the perceived role of spiritual leaders (PRS) on the value perceptions (VAL)

and purchase (PUR) of products endorsed by these leaders. We also hypothesize that the positive effects of perceived role on value perceptions would be mediated by normative community pressure (NCP, H1) and product credibility (PCR, H2). Finally, we hypothesize that the mediating effects of NCP and PCR would be moderated by intrinsic (INR, H3) and extrinsic (EXR, H4) religiosity, spirituality (SPR, H5) and materialism (MAT, H6).

Methodology

We plan to test our hypotheses using data collected in two survey-based studies, in India and Indonesia, two large emerging markets, with about 1.32 billion and 260 million population, and US$ 2.36 and 0.93 trillion GDP, growing at 7.1% and 5.0% respectively (CIA World Factbook, 2017). We adapted well-establish scales to operationalize all the major constructs in our model, such as intrinsic religiosity and extrinsic religiosity (Allport and Ross 1967; Arli, Cherrier and Tjiptono 2016), spirituality (Delaney 2005), and materialism (Yang and Stening 2016). Ideas for other scales were adapted from published literature and adapted for our study, such as value perceptions and product credibility from Spry, Pappu and Cornwell (2011), normative community pressure from Bearden, Netemeyer and Teel (1989), and purchase behavior from Arli et al. (2016).

We began with a pilot survey of 54 respondents in India and used EFA to test the reliability of all the scales. Next, we conducted our main study (N=238) using an online platform www.surveygizmo.com. In both these studies, we used two focal brands, 'Patanjali' promoted by Baba Ramdev and 'Sri Sri' promoted by Sri Sri Ravi Shankar along with popular local and MNC brands in ten product categories, namely honey (Dabur, Himalaya), cheese (Amul, Britannia) biscuit (Britannia, Parle), cooking oil (Saffola, Sundrop), pain relief balm (Moov, Iodex), cold rub (Amrutanjan, Vicks), toilet cleaner (Harpic, Lysol), detergent (Ariel, Surf), shampoo (Clinic Plus, Sunsilk) and moisturizer (Nivea, Palmolive).

Data analysis and preliminary results

We use WarpPLS to test our hypotheses. First, the perceived role of spiritual leaders (PRS) has a positive effect on NCP (B = .23, p < .05), which in turn has a positive effect on value perceptions VAL (B = .21, p < .01) about the products promoted by spiritual leaders. Similarly, perceived role of spiritual leaders (PRS) has a positive effect on the credibility of products promoted by them (B = .17, p < .01) that has a positive effect on value perceptions (B = .53, p < .001) about these products. Moreover, value perceptions have a significant positive effect on the purchase of these products (B = .40, p < .001). These findings show preliminary support for both H1 and H2. Next, we find that both intrinsic and extrinsic religiosity negatively moderate the effects of NCP (B = -.13 & -.13, p < .05) and PCR (B = -.14 & -.12, p < .05) on value perceptions VAL but spirituality only positively moderates the effect of perceived role PRS on NCP (B = .14, p < .01) and materialism does not moderate any of the linkage. Thus, H3, H4 and H5 find partial support but H6 does not.

Discussion and next steps

This paper is among the first attempts to explore the recent phenomenon of FMCG brands being promoted by spiritual leaders in emerging markets like India and Indonesia. We find preliminary support for most of our hypotheses from our first study in urban India. We are now collecting data in rural parts of India as well as in Indonesia, which is expected to get over by mid-March. We hope to find even more useful insights from all these studies that would bolster our overall results and provide a more rigorous test for our hypotheses about the interactive roles of religiosity, spirituality and materialism on the purchase of brands promoted by spiritual leaders in the emerging markets. We believe this paper has a very good fit with the theme for this special issue and thought leaders conference, and we hope to learn more and improve our paper with the invaluable insights to be gain through this process.

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