

Marketplace literacy as a pathway to a better world: Evidence from field experiments

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If you are a consumer and/or entrepreneur who can make decisions based on cost, competition, supply and demand, you probably possess an element of marketplace literacy.

"Marketplace literacy" is defined as the knowledge and skills that enable individuals to participate in a marketplace both as [consumers](#) and entrepreneurs. San Diego State University marketing professor Nita Umashankar, along with professors Madhubalan Viswanathan (Loyola Marymount University), Arun Sreekumar (University of Illinois at Urbana Champaign) and Ashley Goreczny (Iowa State University), explored the impact on marketplace literacy on approximately 1,000 people in 34 remote villages in India and Tanzania.

The four researchers set out to find how marketplace literacy would affect the villagers' psychological wellbeing, [consumer confidence](#) and decision-making ability, as well as the entrepreneurial outcomes for those with limited marketplace access. Their research, titled "Marketplace Literacy as a Pathway to a Better World: Evidence from Field Experiments in Low-Access Subsistence Marketplaces," was published in the *Journal of Marketing* in February 2021. This was the first research of its kind to demonstrate the effect of marketplace literacy on multiple forms of wellbeing.

"While many multinational companies have increased their efforts to engage subsistence consumers like those in our study, we found a disconnect in the consumers' ability to participate in the marketplace efficiently and in a manner that offers them maximum benefit," said Umashankar. "Without marketplace literacy, consumers are often cheated by marketers. They buy higher-priced and lower quality products, and they cannot advocate for themselves. In addition, as entrepreneurs, they lack the skill to attract customers, distribution expertise, and the ability to learn from other entrepreneurs."

Entrepreneurship Arises Out of Necessity

According to the research, marketplace literacy is important to subsistence consumers like those involved in the study because

consumption and entrepreneurship are deeply intertwined within the culture. "Consumers in subsistence environments face chronic resource constraints including the lack of access to financial resources and technical skills while they may be subject to periodic surges in household expenses," said Umashankar. "With this in mind, subsistence consumers become microentrepreneurs out of necessity to meet unexpected expenses. For example, they may sell fruits and vegetables, create handicrafts or manage a pop-up restaurant to gain additional capital, but their lack of marketplace literacy may compromise their profitability, product quality or ability to make impactful business decisions."

To test their hypotheses, the researchers worked with an established field team in a rural area of the state of Tamil Nadu, India, to test the effect of marketplace literacy on the psychological wellbeing of 392 women farmers in 18 different villages in the area. Half of the women participated in two half-day marketplace literacy education sessions, while the other half attended no sessions, or they attended educational sessions that were not focused on marketplace literacy. All participants were surveyed about their psychological wellbeing, their consumer confidence, and their existing marketplace literacy before the educational intervention process and again nine weeks afterward.

Both groups reported similar survey results prior to participation. However, after the educational intervention, those receiving the marketplace literacy education reported higher levels of psychological wellbeing, greater consumer confidence, and greater marketplace literacy. This is especially the case for participants who lacked easy access to a marketplace. In other words, the most remote participants benefitted from the most from marketplace literacy.

In the second phase of the research (field experiment 3), the setting was moved to Tanzania where the team identified four tribal villages that

ranged from 0 to 30 kilometers (18.64 miles) from a weekly marketplace. In this case, 248 men and women participated in the research trials with half the participants engaging in a marketplace literacy program while the others (the control group) participated in a sustainability literacy program. As in the Indian study, the Tanzanian participants were surveyed prior to the administration of the educational program as well as three weeks afterward, however, in this case, consumer decision-making ability and entrepreneurial behavior of the Tanzanian participants were measured as opposed to the psychological factors for the Indian participants.

Those Who Benefit Most from Marketplace Literacy

When the results of the post-education survey were tabulated, the researchers found that not only did those with marketplace literacy engage in greater entrepreneurial behavior, but that many of the participants started their own enterprise three weeks after the educational programs. The benefits of marketplace literacy for those who started income-generating microenterprises were greatest for those who had access to a marketplace. They also found that those receiving the marketplace literacy education said they were now able to assess a product's quality and negotiate for a better price and that the educational programs had their greatest positive impact on the participants that lived the furthest from the weekly marketplace.

At the conclusion of the research, the researchers determined that:

- Improvements in marketplace literacy can improve wellbeing, which could have broad ripple effects
- Marketplace literacy in subsistence environments can improve individuals' lives and livelihoods
- Marketplace access must be considered in improving long-term positive outcomes

While the research was conducted in India and Tanzania, the findings also had implications in the U.S. as well. "During the COVID-19 crisis, many Americans have become micro-entrepreneurs out of necessity. They've become Lyft or Uber drivers, started selling products on Etsy or eBay, or have picked up construction or cleaning jobs to make ends meet," says Umashankar. "However, most Americans lack the marketplace literacy to operate a business. They don't know how to efficiently sell products or services, how to attract consumers, how to provide quality service and how to address consumer needs."

Potential remedies to improving marketplace literacy, according to Umashankar and the other researchers, is to scale up educational programs by advocating for policies that reward organizations for adhering to consumer protection standards. They also recommend that additional research be carried out in developing economies that further explore issues like gender roles, income, market access level and education, and how those attributes may contribute to the effectiveness of [marketplace literacy](#).

More information: Madhubalan Viswanathan et al, EXPRESS: Marketplace Literacy as a Pathway to a Better World: Evidence from Field Experiments in Low-Access Subsistence Marketplaces, *Journal of Marketing* (2021). [DOI: 10.1177/0022242921998385](https://doi.org/10.1177/0022242921998385)

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