

B.B.A SEMESTER-IV
MARKETING MANAGEMENT-II

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UNIT -2 CONSUMERISM

- Concept of Consumerism,
- History & Evolution of Consumerism,
- Causes of Consumerism,
- Consumer Protection Act,
- Consumer Movement

Meaning

Consumers have become more critical of the policies and practices of Business Houses in recent years than ever before . Consumers are organizing themselves for the protection of their interests . Such a move to better the protection offered to consumer is called ' Consumerism ' .

Consumerism is defined as social force designed to protect consumer interests in the market place by organizing consumer pressures on business Consumerism challenges the very basic marketing concept .

Concept

" Consumerism is an organized movement of citizens and government to protect the rights and enhance the power of buyers in relation to sellers . " (Philip Kotler) '

Traditionally , the sellers or marketers were dominating as consumers had very little choice of products and services . This resulted in unscrupulous sellers resorting to unethical trading activities and cheating the gullible customers . According to them , it was the buyers ' responsibility to check and confirm about the product attributes the concept of ' caveat emptor ' or let the buyer beware . This attitude of marketers led to exploitation of consumers around the globe , through use of restrictive and unfair trade practices . Marketers were harming the consumers in many ways , including charging high prices , deceptive practices , high - pressure selling , shoddy or unsafe products , planned obsolescence and poor services . Though in isolation , these unethical marketing practices may look innocent , they have many adverse implications on the society at large . In order to protect themselves from unscrupulous marketers , and assert their own rights , consumers started organizing themselves into groups of activists . Understanding the genuine need to protect the consumers , the government also started several actions like legislations in these lines .

Consumerism had its birth in the United States . In 1900 , the first consumer movement was sparked by the rising prices , conditions in the meat industry and drug scandals . Next was

in 1930 fuelled by the upturn in consumer prices in the midst of the Depression and another drug scandal . The third , a much more organized movement began in the 1960s .

President John F. Kennedy emphasized in 1962 , that the consumers had the right to safety , to be informed , choose and be heard . President Johnson also reiterated this stand in 1965 .

Ralph Nader is considered the father of the modern consumer movement ' . He raised many issues through his book , " Unsafe at any speed " , pertaining especially to the automobile industry . He documented many auto deaths ' due to faulty car design rather than rash driving . Nader exposed unsafe conditions in the meat packing industry , fishing industry , drug industry and toy industry , in railroads and even buses . His actions have resulted in many new legislations to protect the consumers . Since then , many consumer groups have been organized in the U.S. , and the consumer movement has spread all over the world .

The traditional seller's rights include the following :

1 The right to introduce any product in any size and style , provided it is not hazardous to personal health or safety ; or if it is , to include proper warnings and controls .

2. The right to charge any price for the product , provided no discrimination exists among similar kinds of buyers .

3. The right to spend any amount to promote the product , provided it is not defined as unfair competition .

4. The right to use any product message , provided it is not misleading or dishonest in content or execution .

5. The right to use any buying incentive schemes , provided they are not unfair or misleading

The traditional buyer's rights included the following :

1. The right not to buy a product that is offered for sale .

2. The right to expect the product to be safe .

3. The right to expect the product to perform as claimed .

While comparing these rights , consumers believe that the balance of power lies on the seller's side . The buyer can refuse to buy . But the buyer has too little information and protection to make wise decisions when facing sophisticated sellers . So the consumer activists demanded for the additional consumer rights as follows :

1. The right to be protected against exploitation by unfair trade practices .

2. The right to be well - informed about important aspects of the product like quality and performance standards , ingredients , operational requirements , freshness of the product , possible side effects , etc.

3 . The right to be protected against questionable products and marketing practices .

4. The right to influence products and marketing practices in ways that will improve the ' quality of life ' .

5. The right to voice their grievance or suggestions , if any .

6 . The right to get redressing of their grievances .

7. The right to select the best product from a variety of offers .

8. The right to a clean and healthy physical environment that will protect and enhance the quality of life .

The balance of power in the market normally rests with the seller . Consumerism is society's efforts to set right this imbalance in exchange of goods and services between the sellers and the buyers .

Peter Drucker defines consumerism as follows : " Consumerism means that the consumer looks upon the manufacturer as somebody who is interested but who really does not know what the consumers ' realities are

According to P.F. Drucker , consumerism challenges four important premises of concept

(i) It is assumed that consumers know: needs .

(ii) It is assumed that business really cares about those needs and knows exactly how to find about them .

(iii) It is assumed that business does provide useful information that precisely matches product to needs .

(iv) It is presumed that product and services really fulfill customer expectation as well as business promises .

Consumerism is a protest of consumers against unfair business practices and business industries . It aims to eliminate those unfair marketing practices e.g misbranding . spurious products , unsafe products , adulteration , fictitious pricing , planned obsolescence , deceptive packaging , false and misleading ads , defective warranties . hoardings , profiteering , black - marketing , short weights and measures etc.

Consumerism covers the following areas of consumer dissatisfaction and remedial efforts

(1) Removal or reduction of discontent and dissatisfaction generated in the exchange relationships between buyers and sellers in the market .

(ii) Consumerism has interest in protecting consumers from any organization with which there is an exchange relationship .

(iii) Modern consumerism also takes keen interests in environmental matters affecting the quality of life .

The social demand that marketing deliver a rising standard of living to those who want better and enriched quality of life for all citizens will inspire marketers to make greater progress in

enhancing marketing efficiency and honouring ethical and moral values in production and pricing .

• HISTORY OF CONSUMERISM

In India , the movement of freedom fighting had shown its protest against import commodities by the British ruler and in the mid sixties ; the Chipko Movement in the North India showed the Indian Society's resistance against deforestation in the northern hills of U.P.

Consumer movement in India

The plight of consumers in India is similar to that of their counterparts in the U.S. and other countries . In fact , it is worse here , due to illiteracy , lack of information and inability to understand the complexities of marketing . Indian consumers are exploited by unethical marketers very often , and also become victims of defective or poor quality products and services , are misled by deceptive advertisements , packaging , poor after - sales service , high black market pricing , etc. Consumer awareness has been growing in India due to the above - mentioned reasons , and there has been an increasing demand for consumer protection . Consumerism as a movement has also been gathering momentum in India , and has now become a social force to protect consumers against the unfair and unethical marketing practices of marketers . It is said that Indian consumers are cheated to the tune of Rs.2000 crore annually through various means invented by the clever and unscrupulous traders .

With the transformation of India as a consumption economy , characterized by rapid increase in consumers ' earnings , fall in the savings rate , the consequent increase in disposable income , adoption of higher lifestyles and conspicuous consumption , the marketers have been enjoying a field day . The market was flooded with a variety of goods which made it difficult for the ordinary customer to ascertain the quality or utility before buying . Marketers also tried to capitalize on the situation by resorting to unfair and unethical marketing practices like fictitious pricing labels , price collusion , unsafe products , adulteration , misleading advertisements , black - marketing , false warranties , and so on After liberalization , the consumer goods market was again flooded with all sorts of goods , many of which were of poor quality standards made available at throwaway prices .

In US , the consumption passed through five stages such as :

In the 1900's - Consumption focused on the need for banking system , product purity , product shortages etc. During 1930-50 - Issues were raised for product safety , bank failures and deceptive advertising etc. In this 2nd stage , consumer groups and consumers unions were focused .

The third phase began between 1950-80 during which the consumerism came into being in the field of marketing and in this era US President Kennedy's consumer bill of rights : to information , to safety , to choice in product selection were introduced .

The fourth phase took place during 180's as consumerism entered a mature phase and an emphasis started on deregulation and self regulation of business . The federal government believed that most firms took consumer issues into account when devising and applying their marketing plans .

The fifth phase commenced in 1990. Since then , the federal government has been involved with consumer issues . Its goal is to balance consumer and business rights . Some national laws have been enacted and US agencies have stepped up enforcement practices

Unfair business practices , product safety and health issues are the major areas in which consumerism have been significant . In many nations outside the US , government , industry , and consumer groups are stepping up efforts relating to consumer rights : Some nations are making real progress , while others have a long way to go . The world wide challenge will be for government , business and consumer groups to work together so that socio ecological view of marketing ethical behaviour , consumer rights and and company rights are in balance .

CAUSES OF CONSUMERISM

Indian consumers face several problems requiring more involvement and support from the government and consumer organizations to protect their rights . The following are such causes that lead to consumerism in India :

- Shortage of essential commodities occurs very often in India . Such imbalances in demand and supply lead to hoarding , black marketing , profiteering and corruption .
- Majority of Indian consumers are not consciously aware of their rights , due to low literacy levels and limited information . This encourages marketers and traders to develop indifferent attitudes towards their customers . Though the market is flooded with a variety of goods and services , competition is imperfect and ineffective .
- in the absence of adequate information and familiarity with some new product features , many customers become easy victims and buy substandard , inferior or defective products .
- Consumerism is still in its infancy and hence not well organized and developed as in developed countries .
- The legal procedure in India is a time consuming and tiresome process which acts as a deterrent to consumers seeking redress for their grievances through the judicial system .
- Many of the public services are provided by the public sector undertakings run by the government , to serve the public interest . But their performance is very unsatisfactory like in case of water - supply , electricity boards , buses , railways , etc. Consumers have often to pay for poor services received .
- With the transformation of India as a consumption economy , characterized by rapid increase in consumers earnings , fall in the savings rate , the consequent increase in disposable income and adoption of higher lifestyles , the marketers have been using deceptive marketing tactics .
- The market was flooded with a variety of goods which made it difficult for the ordinary customer to ascertain the quality or utility before buying .
- Marketers also tried to capitalize on the situation by resorting to unfair and unethical marketing practices like fictitious pricing labels , price collusion , unsafe products , adulteration , misleading advertisements , black - marketing , false warranties , and so on

- The consumer protection laws are not being effectively implemented and enforced to achieve the objective of protecting the interest of the consumers at large .

In order to circumvent the above - mentioned special problems , there should be active participation in consumer protection activities by the marketers , the government and the consumers . The marketers must take up the responsibility to produce and supply high quality products and services . They must also abstain from resorting to unhealthy practices like charging exorbitant prices , or hoarding or black - marketing . The government can also come to the rescue of consumers and prevent them from being exploited by passing relevant legislation and setting up regulatory bodies to protect the consumers . The government can increase the awareness of the consumer rights using various media like the press , radio , or TV . Consumers themselves have to assert their rights and protect themselves to an extent from marketing malpractice .they should form themselves into consumer groups to work towards protecting their rights.

CONSUMER PROTECTION ACT , 1986

The Consumer Protection Act , 1986 was an important legislation passed by the Government of India , to ensure that a proper system is established for the protection of consumer rights and the redressing of consumer disputes . The Act applies to the whole of India except the state of Jammu and Kashmir , and save as otherwise expressly provided by the Central Government by notification , it applies to all goods and services . It was enacted after an in - depth study of the consumer protection laws in a number of countries and in consultation with the representatives of consumers , trade and industry and after extensive discussions within the government . All the provisions of the Act came into force from 1 July 1987 .

Objectives of the Act

1. To provide for better protection of the interests of the consumers .
2. To fulfil the above objective , make provision for the establishment of consumer councils and authorities for the settlement of consumers ' disputes and for matters connected therewith .

Although businessman is aware of his social responsibilities even then we come across many cases of consumer exploitation . That is why government if India provided rights to the entire consumer under consumer protection act . Salient features of consumer protection act are as follows :

Coverage of items :

This act is applicable on all the products and services , until or unless any product or services is especially debarred out of the scope of this act by the central government .

Coverage of sectors :

This Act is applicable to all the areas whether private , public or cooperative .

Compensatory Nature of Provisions :

Many Acts have been passed for the help of consumers. Consumers enjoy the benefits of these Acts but if a consumer wishes the Consumer Protection Act can provide extra help. As a result the nature of provisions of this Act is compensating for the loss or providing extra help. Consumer is totally free to enjoy the benefits provided in the Act.

Group of Consumer's Rights :

This Act provides many rights to consumers. These rights are related to safety, redressal, education etc. information, choice, representation,

1. Right to Safety :

According to this right the consumers have the right to be protected against the marketing of goods and services which are hazardous to life and property, this right is important for safe and secure life. This right includes concern for consumer's long term interest as well as for their present requirement. Sometimes the manufacturing defects in pressure cookers, gas cylinders and other electrical appliances may cause loss to life, health and property of customers. This right to safety protects the consumer from sale of such hazardous goods or services.

2. Right to Information

According to this right the consumer information about the quality, quantity, purity, standard and price of goods or service so as to protect himself against the abusive and unfair practices. The producer must supply all the relevant information at a suitable place.

3. Right to Choice :

According to this right every consumer has the right to choose the goods or services of his or her likings. The right to choose means an assurance of availability, ability and access to a variety of products and services at competitive price and competitive price means just or fair price. The producer or supplier or retailer should not force the customer to buy a particular brand only. Consumer should be free to choose the most suitable product from his point of view.

4. Right to be Heard or Right to Representation :

According to this right the consumer has the right to represent him or to be heard or right to advocate his interest. In case a consumer has been exploited or has any complaint against the product or service then he has the right to be heard and be assured that his / her interest would receive due consideration..

This right includes the right to representation in the government and in other policy making bodies. Under this right the companies must have complaint cells to attend the complaints of customers.

5. Right to Seek Redressal :

According to this right the consumer has the right to get compensation or seek redressal against unfair trade practices or any other exploitation . This right assures justice to consumer against exploitation .

The right to redressal includes compensation in the form of money or replacement of goods or repair of defect in the goods as per the satisfaction of consumer . Various redressal forums are set up by the government at national level and state level .

6. Right to Consumer Education : According to this right it is the right of consumer education to acquire the knowledge and skills to be informed to consumers , it is easier for literate consumers to know their rights and take actions but this right assures that illiterate consumer can seek information about the existing acts and agencies are set up for their protection ..

The government of India has included consumer education in the school curriculum and in various university courses . Government is also making use of media to make the consumer aware of their rights and make wise use of their money .

Effective safeguards :

This act provides safety to consumer regarding defective products , dissatisfactory services and unfair trade practices . So under the purview of his act there is provision to bin all those activities which can cause a risk for consumer

Three - tier Grievances Redressal Machinery :

- A. At District Level - District Forum
- B. At State Level -State Commission
- C. At National Level - National Commission .

Time Bound Redressal :

A main feature of the Act is that under this , the cases are decided in a limited time of period .

Consumer Protection Council :

To favour consumer protection and to encourage consumer's awareness there is a provision in this Act to establish Consumer Protection Councils .

• Consumer Movement

Consumer Movement , consumer is regarded as King in modern marketing . In a progressive market economy , the concept of consumer is given topmost importance , and every attempt is made to promote consumer satisfaction . However , this sovereignty of the consumer is only theoretical . In practice , he is not given any such importance Consumers are ignored in general . They are exploited and cheated .

Consumer Movement , consumers unite together for protecting their own interests . It is a peaceful and democratic movement for self - protection against their exploitation . Consumer movement is also referred to as consumerism . It is the movement of the consumers , by the consumers and for the consumers to safeguard and to promote their interest . The consumer movement was initially started in America followed by England

and other European countries . In U.S.A. , the consumer movement was started in 1920 though it is yet to gain tremendous momentum . Every year 15th March is celebrated as consumer day worldwide .

DEFINITION OF CONSUMER MOVEMENT

According to Philip Kotler and G Armstrong , consumer movement is defined as below : " Consumerism is an organised movement of citizen and govt to impose the rights and powers of buyers in relation to seller " ,

According to craven and hills , consumer movement is defined as below : " Consumerism is a social force within the environment designed to aid and protects the consumer by exerting legal , moral and economic pressure on business

Features of Consumer Movement

Features of consumer movement are as follows :

1. Voluntary Movement

Consumer Movement is a voluntary and collective movement of consumers . It is a movement of the consumers , by the consumers and for the consumers . A group of active consumers come forward . Forms a union and fight for the well being of the community . It is a non - political , non - religious organization of consumers started to promote and protect interest of consumers .

2. Democratic Movement

Consumer Movement is a movement of the consumers , by the consumers and for the consumers . It mainly aims at consumer protection , education , peaceful methods , and welfare by adopting peaceful methods

3. Comprehensive Movement

Consumer Movement is not restricted to purchase of goods and services by the consumers . It also encompasses the public utilities and service like transport and communication , banking medical and health . It is concerned with the quest of the consumers to achieve a best standard of - health .. living and a better quality of life .

4. Protection of Rights

Consumer Movement has the objective to make the business community and government to guarantee and enforce the legitimate rights of consumers .

5. Prevention of Malpractice

Consumer Movement has the objective is to prevent unethical practices within the business community , such as artificial scarcity , adulteration , black marketing , profiteering , etc .

6. Unity among consumers

Consumer movement aims at creating awareness and unity among consumers and thereby to take group actions on issue like , consumer laws , supply of information about marketing malpractices , deceptive and restrictive trade practices .

7. Enforcing consumer rights

Consumer movement aims at enforcing four basic rights of consumers are right to safety , right to be informed , right to choose and right to redress .

8. Seller beware

Before the commencement of the consumer movement , goods were sold on the assumption . Let the buyer beware . Every buyer was required to inspect the goods . Now the seller beware has become the prime principle . This is due to growth of consumer movement . The seller is required to give fair treatment to the consumers .

9. Prime Objectives

Consumer Movement prime objective is to ensure safety , security and welfare of the consumer.

