Chapter 1

INTRODUCTION

1. 1 Nature of Problem

'Marketers say they give people what they want. Critics say marketers get people to want what they don't need and often can't have.' (1)

With gradual evolution of marketing practices, the concept of "Product and Sales orientation" was replaced by the "Marketing" concept around mid 1950's. The sales concept aimed at increasing profits through concentrated selling effort supported by effective promotion and push strategy. On the contrary the marketing concept is said to take consumers' needs and wants as a starting point and primary focus. It is therefore visualised as a customer needs and wants orientation backed by integrated marketing efforts, aimed at enhancing consumer satisfaction as the key to realise organisational goals. The avowed effort is to make consumer the king.

Over the years, however, this claim has been proved to be hollow in nature. It gradually became evident through experience that marketers only give lip service to consumers' interest. The exploitation of consumers ranges from absence of information, irregularity of supply, to poor quality and soaring prices, etc. Consumers' dissatisfaction arising from disregard to consumers' interest increased globally over the years and gradually snowballed into a form of organised movement, which came to be known as consumerism. The hollowness of marketers' claim of
customer orientation was exposed by the growth of consumerism, described by none other than Peter Drucker as 'The shame of Marketing' (Marketing Communications, Aug. 1969).(2)

At the outset it is necessary to dispel a popular idea regarding Consumerism, which speaks about increasing propensity of consumption of consumer goods by the consumers in today's environment.

The present study however deals with the concept of Consumerism in another sense. Consumerism, as defined by Philip Kotler is an 'Organised movement of concerned citizens and government to enhance the rights and power of the buyers in relation to sellers'. (3)

The movement gained strength in the U.S.A. and other Western countries during 1960's. The recent trend in this movement is to cover not only those issues which directly affect consumers' interest, but also broader matters like environmental degradation.

Western literature generally views consumer movement as confined to the affluent societies and attributes its present momentum to the following factors:

1. Increasing consumer education and income.
2. Product proliferation and complexity.
3. Increased public awareness of the problems of environmental degradation.
4. Changing social values relating to consumption and quality of life.

The major aspects of consumer complaint have also been identified to include:
1. Product complexity.
2. Poor product quality.
3. Inadequate information.
4. Deceptive and misleading marketing practices directed towards the consumer.
5. Expensive promotional activities leading to higher prices, and the like.

It gradually became evident from the nature of consumer movement that the changed social environment created increasing pressure for ethical, socially responsible behaviour and marketing practices from marketers.

This entire issue has two dimensions:

a) Being faithful to the buyer, regarding which there is no debate.

b) Taking care of the broader social issues like environment, employment, etc. It is in this context that the marketers find themselves in a dilemma to make a trade-off between ethical parameters and maximum profit.

It therefore became necessary to take a close look into various elements of marketing environment and marketers' objective. It has been accepted in the capitalist system that the primary objective of business is to maximise profit for its owners. Marketing, being a major element in this process of profit maximisation, receives a primary focus of attention. Driven by this, marketers often indulge in deceptive practices disregarding society's and consumers' interest. This creates an environment where the state is required to intervene often through legal measures. Business is found to take care of consumers only to the extent of this compulsion. It has been pointed out by Paul
Donham (Gvishiani, 1972)(4) that the basic precondition of one’s success in capitalist environment is the failure of the other. This necessarily prompts a marketer to indulge in various unethical marketing practices. Donham further goes ahead to comment that in business and marketing; “legal minimums are ethical minimums”. (Gvishiani, 1972, page 421)(5). In this context let us also examine the broader domain of ethics. Ethics may be defined as a set of moral principles or values, norms and standards of conduct, governing an individual, group or an organisation. In the words of Carl Skoogland, Vice-President and Ethics Director at Texas Instruments, USA, ‘Ethics is the ground rule of how we are going to relate to other people – the expectations and understandings that define how we are going to deal with others. And by others we mean customers, suppliers, governments, communities, but most of all, one another.’ (Trevino and Nelson, Page 12)(6).

Social Marketing on the other hand refers to the role of Marketing in the area of social causes and marketing with social responsibility. The primary effort is to alter the beliefs, attitudes, values and behaviour of target group of public. The first element in the process of social marketing is communicating ideas. However, effective communication is only one part of the total task required to successfully market an Idea. The adoption of an idea, like the adoption of a product, requires a deep understanding of the needs, perception, preferences, reference groups and behavioural pattern of target audience and the tailoring of the messages, media, costs and facilities to
strengthen the case of adopting the idea. The term social marketing is used to cover these tasks.

It has been observed for some time now that despite the presence of various consumer protection regulations there exists enormous urge among the corporate houses to exploit the hapless consumer on the smallest available opportunity. Organised consumer movement therefore definitely lacks the teeth and bite to ensure better protection and security for the consumer. In broader social perspectives and ethical parameters the marketer is found more and more wanting. Social marketing initiatives are too few and are hardly visible leaving the consumer absolutely in the dark about his or her right to be properly informed and be properly aware. Coordination in this regard is definitely missing both from the state as well as the marketer, who definitely visualises this as an opportunity to 'make hay while the sun shines'.

1. 2 Review of Existing Literature

Albert Carr in his article “Is business bluffing ethical” published in HBR in 1968,(7) presented some flagrant cases of consumer deception by business houses, large and small alike and suggested that “the game of business has its own moral notions and its standards of right and wrong differ from the prevailing traditions of morality in our society”.

Adam Smith in his famous work 'Wealth of Nations' also, expressed doubts about whether a firm can maximise profit without disturbing the interest of the society. As a matter of
reference in this context even noted experts like Theodore Levitt suggested that the primary objective of business is 'to make money and not sweet music'.(8) The argument finds further support when Levitt in his article “The Danger of Social Responsibility” published in HBR in the year 1958 writes that 'When it comes to choosing between the small Arkansas supplier whose town would be ruined if orders stopped and the Minneapolis supplier who can make it cheaper, there is no doubt that even the most socially responsible corporation will take the latter. Welfare and society are not the corporation's businesses.'(9)

A thorough review of reports presented by various organisations engaged in protecting consumers right reveals that in Indian environment marketers make promises that exist only in papers. P. Rajan Varadarajan and P.N. Thirunarayana in their study on Consumers' attitudes towards government practices in European Journal of Marketing (Volume 24, 6; 1990) reveals a very high level of consumer scepticism existing among Indian consumers regarding the operating philosophy of business, discontent with marketing practices, and support for consumer movement and greater government regulation.

Even in the global platform, a cross national study by Barksdale et al (Journal of Consumer Affairs, Volume 10, 1976); investigating consumer attitudes towards marketing practices, consumerism and government regulations in Australia, Canada, England, Israel, Norway and USA revealed that negative attitudes prevailed in all six countries.
The issue gets further support from Brigitte M. M. Nicoulaud (European Journal of Marketing, Volume 21, 3; 1987)(12) where the author emphasizes that consumerism provides opportunities as well for the marketers who are willing to take the consumers' concern into account. Nicoulaud further states that successful marketing is related to the flexibility necessary to adjust rapidly to the changes, in terms of both risk and opportunities, in a constantly monitored environment. Consumerism should be regarded as one of the uncontrollable variables that constitute the firm's environment. In the past, management styles evolved from a production to a marketing orientation. Now, marketing must develop to incorporate consumerism, in whatever form it takes, as part of its ever changing environment. The message is apparently understood today by the marketers' world over that it is their responsibility to provide consumers with adequate information and products of quality.

1.3 Research Gap

The review of existing literature has revealed that no such work has been done or published primarily based on Calcutta. At this point it may be noted that in 1999, Indian Government suddenly woke up to the cause of consumers and somehow stitched together a Department of Consumer Affairs under the Ministry of Consumer Affairs in 2000 that started functioning in 2001. It has also been noted that Social Marketing initiatives primarily concentrate on common social issues like smoking, drug addiction, alcohol addiction, child immunisation, child labour.
One can hardly ascertain in this context whether there has been any large scale effort to educate consumers and remove various doubts and misgivings they harbour regarding the sellers, except in 2005 when a significant ‘Jago Grahak Jago’ (Wake up, Buyer, Wake up) campaign (Annexure IV) was launched by the Ministry of Consumer Affairs to enlighten the consumers of their rights and power as against the producers. The specific messages sought to make buyers aware and alert about issues like weights and measures, dates of expiry of product, and a few other common areas of deception by sellers. This aspect of social marketing also was not found being mentioned much in the literatures surveyed. Calcutta has historically always remained in the forefront of all patterns of movements and agitations against any form of atrocities and deceptive practices against society and mankind. The present study tries to find relevance in the above mentioned backdrop of Calcutta.

1.4 Objectives of the Study

The study therefore is two pronged in nature; 
a) To assess the state of Consumerism and Social Marketing separately in the city of Calcutta and
b) To assess if there is any relationship between the two and whether better and enlightened Social Marketing campaigns can in some way enlighten consumers further towards exercising their rights and ensure healthy consumer oriented environment.
The objective of the study is to find out from a representative sample within the jurisdiction of the city limits of Calcutta Municipal Area:

a) The major grounds of discontent from a group of consumers with regard to various brands encompassing five commonly used convenience product categories like:

   **DETERGENTS**
   **SHAMPOO**
   **TOILET SOAP**
   **COSMETICS**
   **TOOTHPASTE**

b) Whether the information provided by marketers along with the product is adequate, credible and not misleading.

c) The marketers’ response to these grievances.

d) The reasons that lead to relative absence of awareness among the consumers about their rights or of the urge to exercise them even where objective conditions exist.

e) The nature of impact of various social marketing campaigns by government departments on the target audience.

f) Whether adopting good values because of social marketing campaigns has any significant relationship with a relatively higher level of awareness for consumer rights and thereupon forming consumer groups towards generating higher degree of responsibility among the marketers.

The study has specifically focussed on the existing ground conditions, tried to analyse them and arrive at some findings from the facts collected through field study regarding marketers’
social responsibility and sense of ethics. It has made an attempt to generalise from the consumer reaction regarding the brands in the five product categories as already mentioned in order to highlight the prevailing attitude regarding social responsibility and ethical behaviour in the marketing environment of the city. The study has also tried to explore the state of consumerism in other parts of the world particularly with a focus on China since in the present century China is being considered as a major powerhouse and role model to the rest of the world and very importantly every aspect of Indian performance is benchmarked against that of Chinese standards. The study concludes with an assessment of the state of consumer awareness in Calcutta and future of consumerism in the city. The study also throws light on the attitude of business executives in response to the new challenges along with the improvements required in the frontier of social marketing to ensure better response from the target audience.

1.5 Research Methodology

It is important to mention here that this research proposal was approved by the University authority in February, 2000. However, since January 2001, the name of the city of Calcutta changed over to Kolkata. I have therefore used the name Calcutta in my entire work since the title of the research was already approved by that name.
The present study is both explorative and empirical in nature. The explorative part is based on the findings out of books on the issue written by various authors, articles published in journals, magazines, periodicals and dailies.

For the empirical part of the study, the entire city of Calcutta is divided in terms of the number of Municipal Wards existing within the jurisdiction of Kolkata Municipal Corporation. In each of 141 Wards that make up the jurisdiction, 10 individuals (5 Men, and 5 Women, to avoid gender bias) were chosen on the basis of Non-Probabilistic (Convenient) sampling, totalling to a sample size of 1410 comprising 705 Males and 705 Females. The questionnaires were then provided to them for their individual response. The time period of the first survey was from January, 2001 to December 2003.

The second survey commenced in January 2006 and lasted till the end of 2008 and was conducted on the same sample after the 'Jago Grahak Jago' campaign from the Ministry of Consumer Affairs went into air for over six months in 2005. This was done to find out the impact of the campaign on the sample on various parameters mentioned in the questionnaire.

For the purpose of understanding the marketers' viewpoint a list of Twelve Fast Moving Consumer Goods producing companies was made primarily taking into consideration; a) the products and brands mentioned in the survey and b) the existence of a Zonal/Regional/City office of the company in Calcutta. The seniormost person representing the Marketing department of
each company was interviewed for the purpose of collecting
response from the Brand Managers.

The Consumer Forum related data were, however, collected from
the office of the Consumer Forum and the relevant personnel
were approached for necessary information. The data collected
were then processed through appropriate statistical tools for
analysis and interpretation.

1.6 Plan of Work

The entire work has been arranged into the following chapters:
1. Introduction
   a. Nature of the problem
   b. Review of existing literature
   c. Research Gap
   d. Objectives of the study
   e. Research Methodology
   f. Plan of work
2. Marketing Concept
3. Social issues and Ethics in Marketing
4. Issues in Consumerism
   a. International
   b. Indian
5. Outcome of the Survey
6. Limitations of the study
7. Conclusions and Suggestions
   a) Conclusions
   b) Suggestions
8. References/Bibliography
9. Annexures
References (Chapter 1):


(2) Drucker, P.F.; The Shame of Marketing, Marketing Communications, Volume 297, 8, page 60-64, 1969.


(5) ibid.


(9) Ibid.
