Chapter - 4
ISSUES IN CONSUMERISM

4.1 INTRODUCTION TO THE CONCEPT

Consumerism is a social movement that seeks to ensure increased rights and powers to the consumers as against those of sellers.

The Consumer Protection Act of 1986 of India especially ensures the following rights to the consumers(1):

- **Right to safety**: This means that consumers have the right to be protected against marketing of goods, which are hazardous to life and property. Before buying goods, a consumer should insist on purchasing quality or safe products with guarantees such as ISI or AGMARK symbols.

- **Right to be informed**: This means that every consumer has the right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices.

- **Right to choose**: This means that the consumer has the right to be assured, wherever possible of access to a variety of goods and services at a competitive price.

- **Right to be heard**: This means that due consideration shall be given to a consumer's interests. It also includes right to be represented in various forums formed to consider the consumers' welfare.
- **Right to seek redressal**: This means that consumers have the right to seek redressal against unfair trade practices or unscrupulous exploitation.

- **Right to Consumer Education**: This means that consumers have the right to acquire the knowledge and skill to be informed consumers throughout their life.

**Brief History of the Concept**

Consumerism as a concept has its origin in United States of America. The development can be traced through four different time periods.

The beginning of this was the 'Muckraking Era' (2) that happened between 1879 and 1905 in United States. This time period was characterised by introduction of a large number of bills in U.S. Congress with an aim towards regulating the sale of Food and Drugs so as to protect the consumer from the growing power of large business houses. However very little progress was possible mainly because the congress members had neither the will nor any true intention of protecting the interest of consumer and even the big business houses used their clout to prevent such bills to pass through. The real beginning took place only after Upton Sinclair's Book *The Jungle* got published in 1905. This book brought in significant change in people's mindset. Although the prime focus of the book was to bring to light the apathetic conditions under which workers worked in a meat packaging and processing unit in United States, people in general seized this opportunity to wake up to the reality of the gruesome conditions of the meat packing environment. People soon realised the need
for protection. The term muckraking is appropriate since the time period was characterised with searching out and publicising business malpractices.

Then came the Information Era ushered in by the book 'Your Money’s Worth' (3) written by Stuart Chase and F.J. Schlink in 1927. This book dealt with for the first time the pitfalls of ambiguous and vague information through advertisements thereby misleading common man. Independent testing agencies emerged in the 1930s and for the first time Consumer Union was formed.

There was however nothing that happened between the end of World War II and 1965. Consumers were however very much concerned with growing product proliferation, inadequate quality and absence of adequate information. Absence of proper mechanism to voice their opinion added to the crisis.

The beginning of Modern Consumer Movement can be attributed to the book ‘Unsafe at Any Speed’ written by Ralph Nader in 1965 bringing into public knowledge the facts relating to an automobile (Convair) by General Motors in United States. In fact such was the nature of public outrage that James Roche the then President of General Motors was forced to tender public apology.

**Life Cycle Theory of Consumerism**

The Life Cycle theory of consumer movement as advocated by Mauss(4) is in line with product life cycle. The stages are as follows:

a) Incipiency: concern with the problem begins to grow.

b) Coalescence: organisations gradually begin to form.
c) Institutionalisation: Nationwide organisations appear. Legislation is passed aimed at solving the problems underlying the movement.

d) Fragmentation: interest and support begin to fall away.

e) Demise: the movement shrinks to a hard core.

Any consumer movement reaches its peak during the Institutionalisation stage. During this stage the political establishment become aware of the movement and get concerned in it. The programme of the movement is adopted and integrated into usual political developments. During the period of fragmentation interest in the movement lessens, either because the objectives have been reached or interest gradually goes on to other matters. Disagreement about the policy to be adopted springs up and the major leaders leave the movement. During the phase of demise the movement dwindles to a "hard core", which eventually alienates the rest of society. Bloom and Greyser(5) views consumerism is the stage of maturity. In the product life cycle we see, in this stage, the existence of product differentiation for different market segments. Analogous to this they refer to the fact that consumerism has developed from a "narrow" to a "broad" movement and is covering far more areas (products) now than some ten or fifteen years ago.

The major reason for Consumerism over the years has been because of the following (6):

a) Disillusionment with the system
b) The performance gap
c) The consumer Information gap
d) Antagonism towards advertising  
e) Impersonal and Unresponsive marketing institutions  
f) Intrusions of privacy  
g) Special problems of the disadvantaged  
h) Different views of the marketplace

**Consumer Awareness**

The doctrine of consumer sovereignty presupposes that the consumer is king in the marketplace. His alleged kingship rests on the notion that, through his/her decision to buy or not to buy, the consumer determines which products will succeed or fail in the market. The doctrine, in our opinion, is closely related to the concept of laissez-faire, the doctrine of "government non-intervention in the economy beyond what is necessary to maintain peace and property rights". Advocates of laissez-faire such as Adam Smith and Friedman argue that, if each individual consumer and producer/seller pursues his or her own self-interest, the invisible hand of the capitalist price mechanism will ensure that the interests of society as a whole will thereby be served.

However, the prevalence of market imperfections and the attendant power inequalities in the seller-buyer dyad make it difficult for the practice of laissez-faire to promote the welfare of all. Quite often, these imperfections make the consumer helpless. Other factors which have contributed to the relative helplessness of consumers in relation to sellers are product complexities which make it difficult for the consumer to make reasoned comparisons. In addition to this, lack of interest and capability
on the part of consumers to obtain and evaluate necessary product information, inequalities in income distribution, consumer ignorance and lack of expertise adds to their misery. This disadvantaged position of the consumer vis-à-vis the seller has directly or indirectly and in combination with other factors evoked four major kinds of reaction. The first reaction is consumer protection which is an attempt by government to protect its consumer-citizens through legislation aimed at the regulation of the activities of business organisation and the exchange relationships between buyers and sellers. Examples of these enactments are sale of goods acts, anti-trust laws, laws regulating product quality, packaging, labelling, hire-purchase, prices and laws relating to the sale of foods and drugs, to name just a few. These laws vest some rights in the consumer in his transaction with the seller. The second major development aimed at curbing the excesses of sellers was the emergence of the doctrine of social responsibility which demands that the business enterprise should not only behave in a manner that is not detrimental to the overall interest of society, but that it should also help in finding solutions to societal and environmental demands. It would appear, however, that many business engage in social responsibility mainly, if not solely, as a means of pre-empting consumer activism and regulatory activities by government. The third major reaction to the disadvantaged position of the consumer in relation to the seller is consumerism which, in Kotler's words, is "a social movement seeking to augment the rights and powers of buyers in relation to seller". The traditional
The rights which consumers seek to augment and enforce include what President Kennedy referred to as the right to be informed, the right to safety, the right to choose and the right to be heard. Finally, increased competition and increased consumer awareness have resulted in the emergence of the marketing concept which, in a nutshell, requires the producer/seller to be oriented towards the satisfaction of its customers as a means of satisfying the long-run objectives of the firm. If adopted, the concept enhances the position of the consumer in his exchange relationships.

As a result of these four interrelated developments (but more particularly because of consumer activism and consumer protection by government), a considerable number of laws enunciating a similarly large number of consumer rights exist in most capitalist and the so-called mixed economies of the world today. For consumers to enjoy these rights, they must be aware of their existence and provisions and be prepared to invoke them when they are breached. However, there are reasons, particularly in developing countries, to doubt whether most of the consumers whom the laws are intended to protect are aware of their existence and provision and, if so, whether they actually do initiate corrective actions when they should.

The problem of unwillingness and inability to complain and that of unawareness of rights does not appear to be limited to developing countries. A study(7) in the United Kingdom revealed that, although sixty one per cent of their one hundred respondents indicated that they had cause to complain, only two per cent had visited the Consumer Advice Bureau to do so.
Furthermore, they reported “a low level of awareness of (consumer) rights”. Another study (8), but this time in the United States of America, found that the overall percentage of correct responses to consumer rights questions was relatively low and that most of the respondents probably tried to guess. Therefore the following questions require attention in a developing economy:

1. How much do people know about their rights as consumers as provided for in various consumer protection laws?
2. Does the level of awareness of consumer rights vary with age, sex, and level of formal education?
3. How and to what extent do consumers seek redress for perceived injustices inflicted on them by the seller/manufacturer?

The reported low level of consumer awareness is not surprising in a developing country when the general level of formal education is low, where consumer organisations are almost completely non-existent, where essential commodities are scarce and where neither the government nor any other body engages in any noticeable form of consumer education and information. What is surprising, however, is that the levels of consumer awareness of their rights in Britain and the USA, both with active consumer organisations, do not appear to differ much from that in a developing country such as Nigeria (9).

In the case of factors influencing the level of awareness, education stands out clearly. The reason for the positive correlation is fairly obvious; highly educated people, perhaps.
tend to have more access to, and pay more attention to (by
reading), consumer rights information.
In the area of complaining behaviour, the same study(10) reveal
that in developing countries that consumer suffer in silence and,
second, that the legal process is considered too expensive as an
avenue for seeking redress for infringements on consumers’
rights.

New issues in consumerism
Development in human civilisation and technological
advancements has opened up new frontiers of consumerism.

a. Access to information
Consumerism could be stimulated afresh by technological
innovations or social changes. On the one hand, fresh demand
for information and advice could arise from this; on the other this
could bring new sources of dissatisfaction. One could think, for
example, of the information society which could open up many
new horizons, but also give cause for new discontent, like the
rising costs of having access to information.

b. More refined measuring methods
Advanced measuring methods make it possible to find ever more
refined matter in foodstuffs. With such analysing equipment the
chances of discovering dangerous matter increase strongly, which
could result in political unrest and initiatives for political
decisions. The history of consumerism show that “small
scandals” can have big consequences and can cause the increase
in the membership of consumer organisations. Besides more refined analytical methods we can also think of the possible detection of accumulated effects, such as the intake of low doses of artificial colours, preservatives, pesticides, heavy metals and so on over a period of decades. In the same vein, smoking only got into discredit when its so-called "delayed effects" could be proved. Also with smoking the effects of a more refined analysing apparatus can be demonstrated. Thus recent research of cigarette smoke showed very small amounts of radioactive material, which is stored in the pulmonary tissues and can cause tumours in the bronchial tubes, which is usually called "cancer of the lungs"(11).

In United States 1970s were the years of "legalism"(12), of trying to accomplish better consumer protection, especially by means of government. If we look at the past, it emerges that consumer movements have always been coupled with a stronger anti-business attitude. In a like situation it is interesting to ascertain what other ways there are for consumer organisations to realise their objectives. Whether consumer organisations could take stronger action as a market-party, that is to say as an organisation of consumers in direct contact and negotiating with their natural opponent, trade and industry. For the consumer organisations, which have grown by being independent and keeping their distance from business, this has been successful co-operation with trade already, like in the field of terms of delivery and handling of complaints. Consumer movements can therefore borrow policies from workers trade unions for a much more effective discharge of activities.
The approach described above is that of the harmonisation model, where the starting point is the common interest of consumers and those of firms. In firms where more than only lip-service is paid to the marketing concept such an approach should not cause too many problems.

Secondly consumer organisations might sometime exert pressure on certain firms selectively, and keep them under pressure, in order to come to a solution for certain problems. Consumers, by definition, are less eager to start a (buyers') strike or boycott than employees. The main means of pressure in the hands of consumer organisations are giving information and influencing public opinion.

A third possibility for operating effectively in the market in favour of the consumer may lie in using the combined power of the members to obtain exclusive facilities.

Ultimately, the future of any movement and organisation lies in the extent of their linking up with social trends and needs. The increased satisfaction of the consumer might decrease the vigour of consumerism. The possibility of strengthening the position of the consumer via the government could be diminished by the growing attention of the government to the worsening situation in trade and industry. In a situation of decline of income the principle of “value-for-money” will gain in importance. Consumer organisations that manage to offer concrete advantages can be expected to maintain their positions, but interest in general-social subjects and idealistic organisations will decline.
Economic difficulties cannot turn back the emancipation of the citizens, and this effect, also created by consumerism, is an important reason why consumerism has still got a future.

**Consumerism and Marketing Management's Responsibility**

The right to be informed and the right to safety are two essential rights that consumers and their representatives have been fighting for over the past decades.

In the 1980s in United Kingdom consumers were more health conscious and knowledgeable, eat less meat, less fat and sugar than in the 1970s and were preoccupied with levels and types of sugar, salt, fat, calories and vitamins in the food they buy. Whether consumerism addresses itself to the middle class or to a wider audience, what are currently needed are simple, easy-to-read symbols on food packaging. Therefore, while companies may, in the future, benefit from consumers' professional handing of information, those already using imagination and creativity in their approach to information can look forward to more immediate consumers' interest in their offerings. In India one can say that such emancipation among the Indians have taken place among a very small section of consumers confined to metropolitan cities and that too after twenty years since it happened in United States.

In United Kingdom companies like Tesco(13) introduced in 1980s stamps of various colours on its food packaging. Each colour represents a special characteristic of the product; i.e., high in fibre, sugar-free or salt-free, thus providing consumers with
quick, useful and usable information about what to expect in the food they buy. Ultimately, however, the consumer would benefit more fully from similar schemes if they were to extend to the whole industry rather than remain isolated. This suggests that manufacturers and distributors could investigate the possibility of working together to develop a form of industry-wide standardised scheme. Similar programmes have been put into practice, for example, in the cosmetic industry, where most sun-care products are packaged according to a common colour code:

- Yellow / brown for sun lotions,
- Blue / white for after-sun lotions.

The above discussion concentrates on the food industry but is applicable to other industries also such as the electrical appliances industry. Manufacturers of electrical appliances need to provide their customers with clear instructions regarding the use and care of their products.

Towards effective implementation of consumer policy the following areas also deserve attention(14):

a) Effective protection against hazards to consumer health and safety;
b) Effective protection against damage to consumers’ economic interests;
c) Adequate facilities for advice, help and redress;
d) Consumer information and education;
e) Consultation with, representation of consumers in the framing of decisions affective their interests.
In summary, one needs to make effort to improve the quality of the products and of the information they offer to consumers who increasingly demand value for money, and whose interests are increasingly protected by legislation. At the same time, the effort of reconciliation between the parties involved in consumerism will have to be systematically pursued befitting the interest of the consumer. All parties will have to work together to improve consumers’ quality of life and living environment.

Parallel with consumer information there is a need for consumer education so that consumers can learn to make better buying decisions.

Consumerism is that “social movement seeking to augment the rights and power of buyers in relation to sellers” is part of a marketers’ environment and has to be considered in the formulation of marketing strategies. To ignore this particular expression of consumers’ needs and wants is another form of marketing myopia strongly decried by Levitt(15). It is realistic to say that consumerism does create problems and additional costs, but it is also realistic to say that it provides opportunities to the marketing company willing to take consumers’ concern into account. It has become marketing management’s responsibility to incorporate consumers’ rights, together with their needs and wants, into product offerings and marketing practices. In parallel, consumerism is opening up new segmentation possibilities as well. Successful marketing is related to the flexibility necessary to adjust rapidly to 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 have 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. This is the message which has been at least to some extent, received by European marketers who feel it is their responsibility to provide consumers with adequate information and products of quality (16).
4.1 INTERNATIONAL SCENARIO

Internationally the first phase of active consumerism can be traced to the dawn of the twentieth century in both America and Europe. Social writer Upton Sinclair in his famous book; *The Jungle*, (17) succeeded at the turn of the century in bringing to light public scandals in which both workers and consumers were victims of big industry. The result has been a series of laws enforcing product purity and repression of fraud. The First World War and the Roaring Twenties in its aftermath, left little time for consumer activism. The Great Depression of the 1930s brought to light the hapless condition of the consumer and the sellers might. Gradually consumer movements started developing an image of social justice and protection of the little guy against ruthless giants prone to easy rip-offs, which climaxed in the 70's. The start was however made by President John F. Kennedy through introduction of Bill of Rights in 1962 in US Senate seeking better rights for consumers as against those of sellers. Later on, heralded by Ralph Nader in the United States, crusades against abuses by Big Business succeeded in attracting smart young professionals in the legal trade. It generated massive legislative advances in the field of consumer rights in many countries. Legal action ran alongside enough successful consumer boycotts to convince business that it made good sense to be more responsive to consumer demands. By the 1980s, consumerism had roots in social activism, in legal activism, in the green movement and even in advanced marketing. The word consumer society no longer had a negative connotation among
people considering themselves socially advanced, but had become
a re-emerging dream for many victims of a new and structural
economic crisis generating a two-speed society. Most managers
know this and have learned to deal better with occasional crisis,
including offering excuses to consumers as well as recalling
products, that is, salving wounds in addition to correcting
economic short-changes.

R. Bigelow and B. Kleiner in Journal of Business and Society,
state (18); 'Corruption continues world-wide. In many countries,
it is getting worse. Even relatively well developed countries have
great difficulty in controlling corruption.' One of the most famous
examples of this new attitude on the part of business is Lee
Iacocca's public apology through advertisement in 1987. This
followed after the attack by the press and consumer activists
accusing Chrysler of tampering with odometers after some cars
had been torture tested, reconditioned and then sold as new.
This was when Iacocca realised that consumers not only demand
quality of products, but also total quality of information. At a
fairly high cost, a system of tracing car numbers was set up, and
compensation was offered in the form of product exchange or
extended warranty. A similar situation was encountered by the
consumers in 70s regarding the Firestone 500 case in France.

It gradually became obvious that free market operations require
checks and balances. Organised consumer pressure is a major
force capable of achieving this. The concept of defending the
consumer existed long before consumerist movement arose, but
the new development of the 1960s and 70s was the transition
from individual defence to organised and institutionalised
collective action. However even then there existed many such examples of consumer abuse by the marketers. The case of Ford Pinto in 1972, when a large number of accidents occurred, causing death; because of a faulty tail-pipe and poorly protected gas tank. In another such incident nearly 1000 deaths occurred in 1937 in US because of the selling of Sulphanilamide Elixir, a registered medication by S.E. Massengill Co., without proper toxicity studies being conducted by the seller. In France in 70s many babies died because of the highly toxic hexachlorophene contamination in the talcum powder sold by two firms Mohrange and Setico.

Marketer’s reaction to consumer defence groups has been varied in nature. Some adopted a wait and watch approach, some an attitude of individual defence, some adopted an attitude of collective defence, while some adopted an attitude of adaptation. However almost all resorted to the policy of adhering to the legal minimum. Very few, only the handpicked, individuals like Anita Roddick of Bodyshop demonstrated voluntary initiatives towards civilised, societal and broad based consumer orientation. Hence even today the complaints of consumer groups vis a vis manufacturers are many and the realistic approach taken by many firms does not eliminate all claims or complaints. Rather it is in the process of giving birth to more responsible consumerism.
Consumerism in England

The mood of the English consumer is one of obvious disaffection. That mood permeates opinions about most aspects of the marketing system. Current marketing practices concerning standards of product quality, truth in advertising and fairness of prices are neither praised nor endorsed. The undercurrent of disaffection is strong enough among the consumers in England to advocate not just price controls but controls over promotion and product quality as well. Manufacturers, who ignore such criticism, especially when foreign-made goods are readily available in the market, are courting trouble.

It is difficult for a consumer, confronted by a political economy which is operating at a stuttering pace, to accept personal responsibility for imperfections in the marketplace. These perceived imperfections are meaningful to consumers and are ones which they feel deserve institutional attention. Their frustration may help explain the impatience reflected in their attitudes about certain business practices. Also while there is no basis for estimating the exact influence of inflation on customer attitudes, it is conceivable that rising prices have partially offset changes in business and government activities which were intended to protect and promote consumer interests.
Consumer Protection: the story of China

We have taken China as a country for our discussion and explorative research in the area of consumer protection since very often we are compared to China on every single count in our march towards global supremacy and dominance in the twenty-first century.

The Communist Party came to power in China in 1949. It was a time when the Chinese economy was devastated by wars. Consequently, China was keenly interested in breaking out of the poverty level on which it had lived for centuries.

In the pursuit of rapid industrialisation, China had adopted a planned imbalance policy between consumer and producer goods outputs in which consumer goods production was limited in favour of producer goods. An unavoidable consequence was a prolonged scarcity of consumer goods around the country. The general scarcity of consumer goods implied that there was no need to identify consumer needs or to aim to satisfy the consumer as an individual. Consumer sovereignty, and for that matter consumer protection, was an issue virtually unheard of in China.

In the economic realm, the most notable change has been a de-emphasis of central planning in favour of encouraging people to compete for business and profit in the country. The architects of the economic reform have, in fact, on various occasions stressed the need for China to use capitalist methods to help boost production. As a result of the change in economic orientation, China is currently practising what can best be described as a
planned economy supplemented by market forces. Although central planning remains the backbone of the system, managers are increasingly allowed to utilise the marketplace to distribute their products, and enterprises are judged by their profits and losses. Wage adjustments are geared to productivity improvements. Private enterprises are allowed more freedom. There were 400,000 private enterprises in China when Mao Zedong died in 1976; there are now more than 11 million, providing stiff competition for state shops. The net result of the economic reform has been an increase in buying power of the populace and also an increase in the goods available.

With the rise in China's economic activities, at least two characteristics have emerged as far as the local consumer market is concerned.

First, as a result of the gradual rise in the prosperity of the population, the consumer market continues to flourish.

Secondly, the buying habits of the Chinese consumers have also changed. People in China are spending more money on a wider variety of goods that make daily life more comfortable. Developments in the rural areas carry particular significance. Farmers' Daily predicted that in 1986, 81 per cent of the rural purchasing power will be spent on consumer goods such as food, clothing and other necessities. Against this backdrop, the trend towards consumer orientation was gaining ground progressively. A greater responsiveness to consumer needs was therefore called for. The business sector that was production-oriented once upon a time started paying more attention to the consumer goods sector by churning out more consumer products after having
changed to being market oriented in the hope of sharing more of the consumer's expenditures.

**Consumer Protection in China**

The foregoing discussion has indicated that China’s efforts to revitalise its economy has resulted in, among other things, a thriving consumer market and more free choice for the consumer. At the same time, as demand in the consumer market increased, the enterprises found it more and more difficult to satisfy the consumers in terms of meeting the demand with adequate supply.

In an interview with China Daily, the Deputy Minister of Commerce admitted that “in 1985, the domestic market has withstood unprecedented pressure spurred by the new market-oriented business sector and by the sharp growth of purchasing power” and further admitted that “a serious shortage of some consumer goods would persist as the growth rate of national purchasing power was still surpassing that of production”.

Against a shortage of consumer products and in the pursuit of greater profits, malpractices on the part of the enterprises at the expense of consumers also surfaced. Malpractices which are causing particular concern to the public and which have received the widest press exposure seem to fall into three areas(19). They are:

a) **Deceptive Advertising** – Public are increasingly concerned about the numerous cases of exaggerated and fraudulent advertising claims.
b) **Trademark violations** – Large number of trademark violation have been uncovered, many of which involved counterfeit goods in which poor products were disguised under the names of popular brands.

c) **Unethical business practices** – Some production and sales departments have sold poor-quality products at very high prices and forced consumers to buy what they wanted them to buy. A symposium reported a case of a company in Beijing that forced consumers to buy 30 pairs of poor-quality trousers if they wanted to purchase a 14-inch colour television.

In the face of a rise in cases of profiteering to the detriment of consumer welfare, the Chinese Government was quick in its response. The China Consumer Council was formed by the government in December 1984. It was formed to discharge the following tasks:

(a) Overseeing the performance of goods and services;
(b) Protecting the interests of consumers;
(c) Guiding the consumption of the public, and
(d) Promoting the development of the commodity economy under socialism.

In the short span of one year, more than seventy (20) such consumer groups have already emerged around the country, and some concrete measures have been taken to counter profiteering producers and tradesmen.

The current status of consumer protection by looking back at the work done by the council since its inception brings out the following developments:
Consumer protection remedies were categorised into three groups as follows:

a) Prevention aimed at eliminating an abuse prior to its introduction.

b) Restitution of property rights or to restore to the former state.

c) Punishment and redress for aggrieved consumers and to deter future misconduct.

As far as the work of the China Consumer Council is concerned, measures have been taken in all three directions. In respect of the first, the council conducts regular checks on the quality, prices, safety and hygiene of products to avoid substandard goods winding up in consumers' hands. After every checking programme, the councils publish the results to warn consumers of possible hazards. Moreover, a weekly newspaper devoted to consumer issues is also published by the council to disseminate information that is of concern to its readers(21).

As regards restitution, the councils receive complaints and act as go-betweens in consumer disputes with producers and tradesmen. If producers and tradesmen do not act on consumers' complaints, the councils criticise them publicly in the press or exert pressure, in conjunction with judicial and administrative departments, to urge them to make amends. Most of the complaints usually meet with a quick response for fear of further mediation by the councils.

It seems that much attention has been paid to the importance of legislation for protecting Chinese consumers. An early symposium, organised by the council, was devoted to an
exploration of enacting laws as a means of consumer protection. Participants generally agreed that consumer protection laws should be enacted as soon as possible. Echoing the same idea, a signed article in the Chinese legal system journal states: The public should be better informed of the role legal department plays in protecting their rights. Above all, a consumer-protection law should be enacted to co-ordinate with other laws and regulations, such as those on administration of medicine, advertisement and the price of goods.

Although consumers in China have only been exposed to a consumer market with greater choice for a relatively short period, they have demonstrated that they are vocal and critical consumers who are ready to voice their dissatisfaction. There is no doubt that the concept of consumer protection is growing in China very rapidly and that people have developed a consumer consciousness.

A difficult problem influencing the consumer's position in China is that of inadequate supplies of consumer goods. Although great efforts have been made to gear up production to satisfy the increasing material and cultural needs of the public, consumers sometimes have to accept unfair terms forced on them by the enterprises because of shortages of certain commodities(22).

Some instances of Consumer Boycotts in International scenario

Two cases(23) are presented here in a summary form. They describe the boycott of Barclays over its involvement with South
Africa and the international boycott of Nestle over its marketing of baby milk to the Third World.

**Barclays and South Africa**

There are probably more consumer boycotts in Britain over South Africa and its system of apartheid than any other issue. Business has been attacked on other fronts as well, particularly by ethical investment, and is frequently criticised in the press for having links with South Africa. The most well-known consumer boycott, of course, is of Barclays Bank(24).

The trend towards indirect forms of investment in South Africa has singled out the banks for attack. All the major British banks lend to South Africa, but Barclays has a subsidiary there and is particularly vulnerable because of its high visibility, with branches on most British high streets. Barclays defended its involvement with the constructive engagement argument. Although it had a disproportionately small number of black employees, there was evidence of some improvement in the face of ongoing consumer protests. Finally recognising public opinion was going against it, the firm chose to respond less antagonistically. However, it did not address the issue but attempted more effectively to defend its position using public relations activities.

**Nestle**

This happened when Nestle started marketing baby milk in the third world countries(25). Agitation erupted worldwide against the advertisements that would possibly encourage mothers to go
for milk sold by Nestle for their babies rather undermining the importance of breastfeeding a baby. When the World Health Organisation (WHO) became involved in the cause, Nestle found, particularly as the concerned pressure groups were directly participating, that it could not avoid restrictions on its marketing practices. Its more surreptitious attempts to influence this by trying to co-opt WHO officials came to light, as did its role in organising a pro-Nestle article in Fortune, were to no avail. The group monitoring Nestle’s (and others’) activities in the Third World, the International Baby Food Action Network (IBFAN), continued to identify abuses. Yet when, in 1981, the firm gave its support to the WHO code, it could not convince its critics of its intentions to deal seriously with the issue. The pressure groups wanted to be sure the code was enforced and used the boycott to this end. Efforts were even made to increase the international scope of the boycott.

In 1982, Nestle announced that its policy was then in accordance with WHO guidelines and that its practices were to be monitored by the Nestle Infant Formula Audit Commission (NIFAC), an independent body. Many of the firm’s critics dismissed this as no more than a public relations exercise, but for others, and increasingly so, it came to be recognised as a genuine effort to tackle the issue. When, in January 1984, the firm agreed to meet four outstanding grievances identified by the pressure groups mediated by UNICEF, the boycott was suspended. It was officially ended in October 1984.

The Nestle boycott was plainly successful. Its economic impact was claimed to be substantial, though this is difficult to
establish. More important was the impact on corporate image and employee morale, and the costs of giving management attention to the boycott. Its success was acknowledged as showing how corporations may be called to account via the marketplace and it serves as an example for similar campaigns.

In each of the two cases cited above, consumers have sought to assert their sovereignty in the marketplace. While in the first case in South Africa it was spearheaded by the groups representing the blacks, in the second World Health Organisation got itself directly involved. They have expressed concern about and attempted to remedy, perceived shortcomings in corporate social responsibility. This suggests, in these specific circumstances at least, an extension of consumer sovereignty beyond its mere technical meaning within economics to a more literally accurate meaning; closer, indeed, to the more ideological position earlier criticised. The circumstances permitting this extension need, however, to be noted – in particular, the role of consumers’ organisation in providing the necessary information on the social responsibility issue.

A novel perspective on consumer sovereignty is suggested by consumer boycotts. Consumer authority in the marketplace may not simply refer to the more immediate characteristics of the offering such as product features or price but, as boycotts show, other characteristics such as whether the firm has investments in South Africa. Here, a distinction can usefully be made between the degree and the domain of consumer sovereignty.
Put otherwise, it is not the degree of consumer sovereignty, how much influence the buyer has, but the jurisdiction of consumer sovereignty, the issue over which the buyer may have influence. As for an example consumers may choose to buy Spanish oranges in preference to South African oranges because they taste better or are cheaper. They may, alternatively, choose to buy Spanish oranges in preference because they do not wish to support apartheid. In either case there must be consumer choice, there must be competition to provide some degree of consumer sovereignty. The domain of consumer sovereignty, however, refers to whether consumers can only express concern about such features as the price, colour or taste of the product, or whether they can express concern about much wider issues. Country of origin, dubious activities of the firm in some remote sphere of its operations, and many other ethical considerations can or could feature in purchase behaviour. Whether they do or whether they could, in specific instances, depend on the domain of consumer sovereignty.

As an over-simplification, consumers have to be concerned, willing and able for a boycott to be effective. They have to know and be concerned about the issue in question. They have to be willing to use their purchasing on the issue, and they must be able in the sense of being capable of transferring to another firm's product. In short there must be consumer choice. (The only alternative is where absence of consumer choice is refraining the consumer from purchasing the item altogether.) It is these requirements which point to a role for pressure groups in the marketing system to enhance consumer sovereignty. While they
can do little to ensure competition, they can provide the necessary information and encouragement required for consumer boycotts.

So, consumer boycotts may be usefully understood as consumers exercising consumer sovereignty. This suggests that consumer sovereignty may be seen as having two dimensions: degree and domain. Degree refers to the amount of consumer authority relative to producers. Domain refers to the jurisdiction of that authority. The domain of consumer sovereignty is seen in the consumer boycott cases to have been enhanced by the provision of information by concerned pressure groups. By illustration, the article has also shown how the more central concerns of marketing – as the study of markets – may be addressed. It may even in such a way confirm consumer sovereignty as the paradigm for the discipline.
It is important for us to now understand how things are shaping up in India on the issue of consumerism, how much protected Indian consumers are and what role they play in securing their legitimate rights. For completely different reasons, consumerism as a social phenomenon is gradually gaining considerable force in India. The scarcity of consumer goods and the rising prices gave a fillip to the consumer movement in some sporadic forms over the years in India. The consumers' problem here, unlike in the advanced countries, is not an abundance of products; he/she encounters shortages, adulteration, black-market prices etc. Some of the indicators of such a movement include presence of consumer groups, consumer protection legislation and journalistic exposes of business behaviour reflecting neglect of the interest of the consumer. Formation of consumer guidance societies, fair trade practices associations and constitution of Statutory Consumer Protection Councils under the Consumer Protection Act 1986 are some such effort towards upholding consumers' interests.

The movement however is still to make a real dent in the attitude and behaviour of executives at the helm of affairs of many companies in India. These executives are generally indifferent to consumers' concern about rising prices, poor quality, callous service, deceptive claims, inadequate information and artificial shortages. Companies operating in an environment of total consumer ignorance can afford to ignore consumers' interest unless otherwise compelled. This is primarily because of lack of
awareness and in many occasions consumers unwillingness to pursue a cause.

**Brief History of Consumer Movements in India**

Consumer Movement in India was lacking in strength primarily because of ignorance, illiteracy, lack of information and general apathy\(^{(26)}\). The journey in Indian context can be traced back to the formation of Passengers and Traffic Relief Association (PATRA) in 1951 in Mumbai with an objective to reduce the hardships and trouble faced by passengers travelling by steamer and railways. In 1956, Indian Association of Consumer was set up in Delhi. The history so far has been very chequered and there was no significant uprising as one should suggest in a consumerist environment when studies\(^{(27)}\) suggest there is so much of scepticism regarding marketers in India. It was only in early 1960s first major consumer movement was witnessed in West Bengal because of abated price rise of Fish, one of the staple diets of the people in the state. In the face of absence of reports in press and government playing the role of mute spectator people took upon themselves to go for mass boycott of buying fish. Common man was persuaded and such was the response that prices came down by themselves very soon. Popularly known as 'Dum Dum Dawai' (Dawai means 'Treatment'), 1966-67 was witness to large scale consumer uprising against food grain shortages in the city of Calcutta and its neighbouring areas. Another such instance was the organisation formed in Delhi by nine housewives in 1966 after
the Pakistan war was over. In the face of spiralling price rise and shortage of availability of daily necessities, these housewives took upon themselves to build consumer awareness. This spontaneous movement gave Consumer Guidance Society of India an opportunity to reach out to common man. Soon ISI standards were formed and became mandatory to ensure quality of goods. Recently in 2008, the state of West Bengal witnessed an uprising among the common people in the rural belts against the profiteering and hoarding practices of Ration Shop Dealers (Public Distribution System). Local bodies took shape (For example; in 1969 Surat Consumer Association was formed, Karnataka Services Society was formed by ten housewives in 1970 to develop consumer awareness, and Akhil Bharatiya Grahak Panchayat was formed in Poona in 1974 with an objective of waging war on price rise) in different corners of the country but absence of their reach and mainly because of their elitist character they remained far away from the access of common man. This was the reason why very few instances of consumer uprisings were noticed in India. Eventually Consumer Protection Act (COPRA) came into existence in 1986.

**Consumerism in India: Findings from various earlier studies**

Studies of consumers’ in India reveal existence of very high level of consumer’s scepticism regarding the operating philosophy of business, discontent with marketing practices, and support for the consumer movement and greater government regulation. In the field of consumerism India belongs to the Incipiency stage of the life cycle. It should, however, be noted that mass discontent
and public support for social change do not necessarily produce an active social movement. As pointed out by Bloom and Greyser(29): "To maintain vitality, social movements must be led by well-managed organisations that can mobilise resources and support." The same study(30) also reveal that the consumer movement is gaining strength in the developing world as a result of the efforts of the International Organisation of Consumers Union and grass-roots consumer groups. Furthermore, the studies note that these institutional changes signal an increasingly vigorous international consumer movement and presage an ever-closer scrutiny of the impact of developed would products and practices in Third World markets.

With regard to consumers' attitudes towards advertising the studies(31) highlight the need for an increased level of resource commitment in regard to two action programmes voluntarily undertaken by associations representing advertisers and advertising agencies in a number of countries:
(a) The continuing need for educating consumers on the role of advertising in the free-enterprise systems;
(b) Even stricter self-regulation to minimise the incidence of questionable advertising practices.

Despite such enlightened collective efforts, at any point in time, there is bound to be a small minority of firms engaging in questionable marketing practices such as deceptive advertising, deceptive sales promotions, etc. A thought-provoking article, entitled "You Can Defend Advertising – But Not Every Advertisement", succinctly summarises this predicament.
Pricing happens to be the most important cause of concern for Indian consumers. Relentless price rise over the decades have put Indian consumers almost on the threshold starvation and death for the millions who live in sheer poverty. Indian economy as reported in press off late is paying for such unprecedented price rise across various daily use commodities. This is primarily due to the opening up of commodity market for future trading which is in line with the World Trade Organisation agreement requirements. In addition to this in the sphere of medicines and pharmaceutical products the shift from process patent regime to product patent regime hit Indians hard with skyrocketing medicine prices taking medical care facilities out of reach of common man and thereby contributing toward opening up of the floodgates for other avenues of consumer exploitation such as in areas like medical insurances and treatment expenses in hospitals.

A Brief summary of the achievements of Ministry of Consumer Affairs in India so far:
The Consumer Protection Act, 1986 (hereinafter to be referred to as the ‘Act’) is one of the benevolent social legislations intended to protect the large body of consumers from exploitation by the seller. The Act has come as a ray of hope for consumers all over the country and has assumed the shape of practically the most important legislation enacted in the country during the last few years. It was intended to become the vehicle for enabling people to secure speedy and inexpensive redressal of their grievances. With the enactment of this law, consumers should
have felt that they are in a position to declare “sellers beware” whereas previously the consumers were at the receiving end and generally were told “buyers beware”.

The Act postulates establishment of Central Consumer Protection Council and the State Consumer Protection Councils for the purpose of spreading consumer awareness. Central Council is headed by Minster in charge of the Consumer Affairs in the Central Government and in the State it is the Minister in charge of the Consumer Affairs in the State Government who heads State Council. To provide cheap, speedy and simple redressal to consumer grievance, quasi-judicial machinery is set up at each District, State and National levels called District Forums, State Consumer Disputes Redressal Commission and National Consumer Disputes Redressal Commission respectively. At present, there are 604 District Forums, 35 State Commissions with apex body as a National Consumer Disputes Redressal Commission (NCDRC) having its office at New Delhi(32).

The entire system of grievance redressal operates at three different levels; District Forums, State Commission and the National Commission. The District Forums are headed by the person who is or has been or is eligible to be appointed as a District Judge and the State Commissions are headed by a person who is or has been a Judge of High Court.

In the year 2002, ‘Consumer Awareness and Redressal and Enforcement of Consumer Protection Act, 1986’ was taken as one of the items of priority agenda for the year 2003-04 by the
Department of Consumer Affairs in their Annual Review Meeting. A resolution was also taken to prepare a National Action Plan. Increased decibel of Consumer Awareness Advertisements like ‘Jago Grahak Jago’ is the resultant outcome of such plan. In fact the figures relating to the speed of disposal of consumer complaints gives a clear evidence to the degree of emphasis put upon timely delivery of verdicts to consumer complaints. This to everyone starting from the consumer surveys and other study reveals is THE most important bone of contention in the effort to provide better security and justice to the consumers in India. Efficient functioning of Consumer Forums can be judged by considering the disposal of complaints within the stipulated time frame of 90 days and 150 days (depending upon whether independent report is required from external agency or not). In this regard the study reveals that time frame has hardly been adhered to. In fact, only 19 per cent (16% new and 3% old) of overall cases at State Commissions, 9 per cent (8.04% new and 0.52% old) at District Forums Urban and 21 per cent (18.50 new and 2.50 old) at District Forums (Rural) were disposed within the stipulated time period.

Some recent developments
Advertisements keep claiming to provide great benefits for consuming products. The Government of India as reported in press intends to bring legislation preventing various food and beverage companies from making ‘tall’ claims about the benefits of their products through advertisements
At present there is no legal framework in the country regulating the advertising standards of the Food and Beverage companies. The Advertising Standards Council has in place a voluntary code for advertisers in general, with no specific guidelines for food and beverage advertisements.

The Government now plans to restrict and curb wrong, unfair and misleading advertisements by food companies. It will draw restrictive and penalising powers for the deceptive and misleading food advertisements from the Food Safety and Standards Act passed in 2006.

The reports in press suggests that the draft code formulated by the government would include provisions wherein Advertisements should not encourage excessive consumption of foods high in sugar, fat and/or salt and these should not be portrayed in any way as to suggest that they are beneficial to health. All claims made by the companies should be supported by scientific evidences and meet requirements of basic food standards laid under the Food Safety Standards Act. Advertisements should not disparage good dietary practice or selection of healthy options such as fresh fruits and vegetables. Also, excessive consumption or inappropriate large portion of any particular food should not be encouraged. Companies should not exploit the lack of experience or knowledge when selling products in rural areas.
References (Chapter 4):


(3) Chase, Stuart and Schlink, F. J.; *Your Money’s Worth*, *Macmillan*, 1927.


(6) Kaptan, Dr. Sanjay; *op. cit.*


(8) *ibid.*

(9) *ibid.*

(10) *ibid.*


(12) *ibid.*


(14) *ibid.*

(16) Nicoulaud, Brigitte M.M.; *op. cit.*


(20) *ibid.*

(21) *ibid.*

(22) *ibid.*


(24) *ibid.*

(25) *ibid.*

(26) Kaptan, Dr. Sanjay; *op. cit.*


(28) Varadarajan, P. Rajan and Thirunarayana, P.N.; *op. cit.*

(29) Bloom, P. and Greyser, S.; *op. cit.*

[31] ibid.